

MONTHLY REPORT  
31 JULY 2021



**Irish Life**

# SUMMIT MUTUAL FUNDS



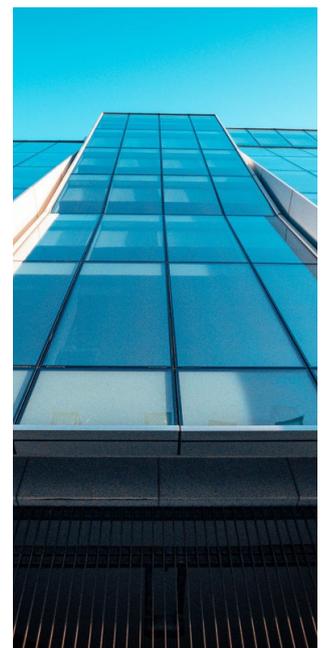
Summit Mutual Funds plc is authorised in Ireland and regulated by the Central Bank of Ireland

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## MARKET REVIEW

Despite a mid-month fall of 2.5%, global equities edged higher in July, thanks to a strong second-quarter earnings season and ongoing support from the European Central Bank and Federal Reserve. Although global growth may be close to peaking, it remains strong in absolute terms and well above trend, which also helped boost equities. Bonds gained and yields (which move inversely to prices) fell back to February levels due to worries that the US economy was petering out. Cautious statements from the European Central Bank also pushed yields lower too.

### EQUITIES

The MSCI AC World equity index rose 0.7% (0.7% in euro terms). The US rose 2.4% (2.4% in euro terms) due to a strong second-quarter earnings reporting season and suggestions from the Federal Reserve that asset purchases might not be scaled back until the first quarter of 2022. European equities rose 1.8% (2.1% in euro terms), due to dovish interest rate guidance from the European Central Bank. Emerging markets fell -6.0% (-6.7% in euro terms), impacted by more stringent regulations in the Chinese technology sector. Japan fell -2.4% (-1.3% in euro terms) as Covid-19 case numbers rose and new restrictions were implemented.

### BONDS

Eurozone >5-year bonds rose 2.7% in July. The German 10-year yield fell to -0.46% as the ECB indicated that interest rates will not be raised for several years and that asset purchases will continue. Peripheral spreads drifted higher, with Italian and Spanish 10-year spreads rising to 108 basis points (bps) and 73bps, respectively. The euro rose slightly to 1.1870 against the US dollar.

### CURRENCIES AND COMMODITIES

Commodities rose 1.6% (1.6% in euro terms) with West Texas Intermediate (WTI) oil rising 0.7%. Commodities were supported by positive demand as global growth continued to recover from last year's recession. Meanwhile, oil was supported by the OPEC+ announcement that supplies will continue to be managed until September 2022. Gold rose 2.4%, as US real yields fell to new lows..

### MARKET SNAPSHOT

#### Market returns (EUR)

Equity Markets (EUR)	MTD Return (%)	YTD Return (%)	2020 Return (%)
MSCI Ireland	1.77	13.53	5.97
MSCI United Kingdom	0.92	17.18	-17.83
MSCI Europe ex UK	2.15	18.24	2.43
MSCI North America	2.26	21.49	10.64
MSCI Japan	-1.26	3.36	5.42
MSCI EM (Emerging Markets)	-6.66	3.60	8.89
MSCI AC World	0.73	16.98	7.18

10-Year Yields	Yield Last Month (%)	2020 Yield (%)	2019 Yield (%)
US	1.22	0.91	1.92
Germany	-0.46	-0.57	-0.19
UK	0.57	0.20	0.82
Japan	0.02	0.02	-0.02
Ireland	-0.06	-0.30	0.11
Italy	0.62	0.54	1.41
Greece	0.61	0.63	1.43
Portugal	0.17	0.03	0.43
Spain	0.27	0.05	0.46

FX Rates	Current	2020 Rates	2019 Rates
US Dollar per Euro	1.19	1.22	1.12
British Pounds per Euro	0.85	0.90	0.85
US Dollar per British Pounds	1.39	1.37	1.33

Commodities (USD)	MTD Return (%)	YTD Return (%)	2020 Return (%)
Oil (WTI)	0.65	52.41	-20.54
Gold (Oz)	2.36	-4.23	24.40
S&P Goldman Sachs Commodity Index	1.57	33.47	-23.72

Source: ILIM, Bloomberg. Data is accurate as at 1 August 2021

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## MARKET OUTLOOK

### IRISH LIFE INVESTMENT MANAGERS' (ILIM'S) VIEW – LOOKING AHEAD

The outlook for equity markets over the next 12 months depends on several factors, including central bank policy, inflation (both expected and realised) and the evolution of the Covid-19 pandemic.

While equity markets are expensive in absolute terms, they are still attractive in relative terms, given the low yields available on bonds and cash. The current low level of bond yields, even allowing for recent rises, justifies higher-than-average valuations in equities. We believe global equities can trade on a 12-month forward price-to-earnings (PE) multiple of 18.5–19 times at the end of 2021. With the global economy in the initial stages of a new cycle and strong economic and earnings growth forecast over the next two years, upside of around double digits in global equities is expected over the next 12 months.

Potential risks to the positive outlook include unexpected central bank policy tightening, further significant rises in bond yields (which would diminish the relative valuation case for equities) or a resurgence in Covid-19 cases with vaccines proving to be ineffective in treating new variants. We see the probability of these occurring as low. Given elevated valuations, volatility will be a feature of markets if any of these issues become a cause for concern over the next 12 months.



Outlook dependent on economic and earnings growth. Monetary and fiscal policy are supportive.



Global economy estimated to have contracted in 2020 by -3.6% due to Covid-19 with a 6.2% rebound expected in 2021.



Covid-19, monetary/fiscal stimulus will be key for growth. Vaccine developments supportive of growth.



Equity valuations appear expensive on an absolute basis but remain attractive in relative terms.



Double digit upside possible over 12 months with economic and earnings recovery and supportive policies.



Volatility likely to remain a feature.

# SUMMIT GLOBAL LEADERS FUND

Information is correct at 31 July 2021

## FUND DESCRIPTION

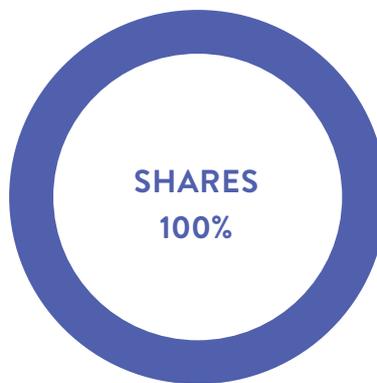
The Summit Global Leaders Fund invests in stocks with large market capitalisations. From July 2014, equity management has been sub-advised to Setanta Asset Management.



## FUND UPDATE FOR JULY

The Summit Global Leaders Fund rose 2.18% in July. Leading performers included Alphabet and Pfizer. Huge year-on-year growth in advertising revenues helped to drive impressive results for the former in the second quarter. The latter also delivered strong second-quarter results and significantly raised sales guidance for its Covid-19 vaccine.

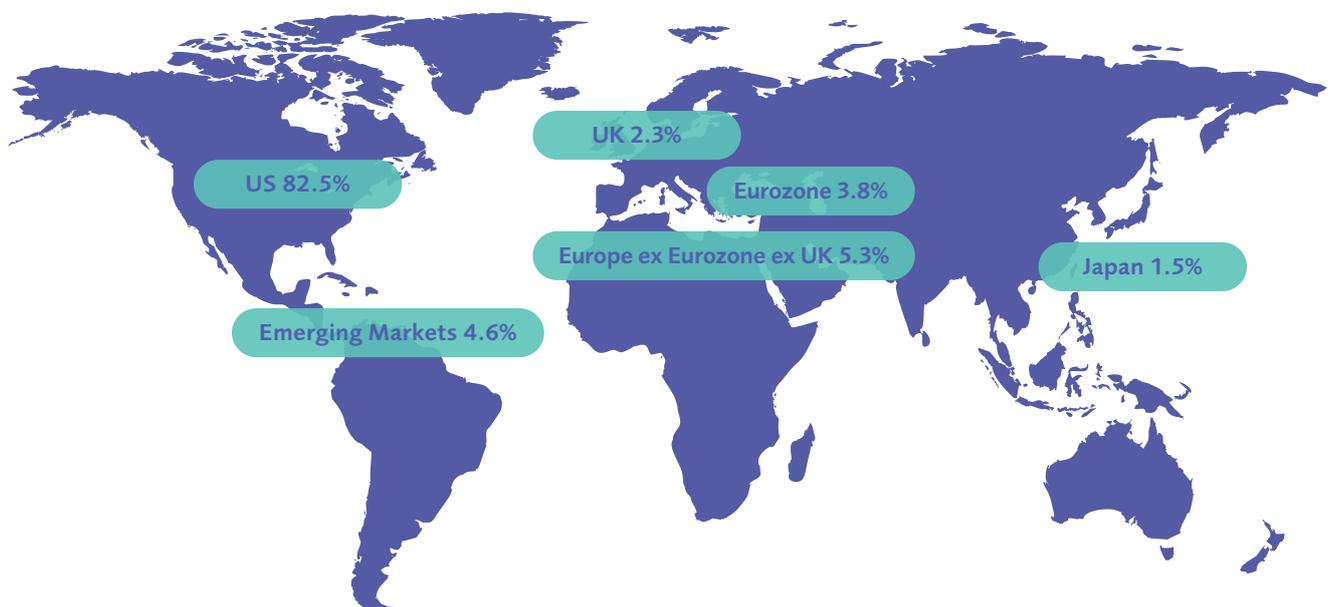
## ASSET ALLOCATION



## TOP TEN SHARE HOLDINGS

Stock name	% of fund
Microsoft Corp	9.0%
Alphabet Inc	8.8%
Apple Inc	8.5%
Amazon.com Inc	7.9%
Facebook Inc	4.9%
Nvidia Corp	3.1%
Tesla Inc	3.1%
JP Morgan Chase & Company	2.8%
Johnson & Johnson	2.7%
Visa Inc	2.5%

## SHARE REGIONAL DISTRIBUTION



# SUMMIT GROWTH FUND

Information is correct at 31 July 2021

## FUND DESCRIPTION

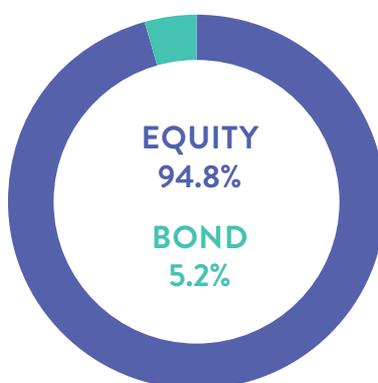
The Summit Growth fund aims to achieve growth by investing exclusively in global equities. From July 2014, equity management has been sub-advised to Setanta Asset Management. Equities are managed under the Setanta Global Equity Strategy.



## FUND UPDATE FOR JULY

The Summit Growth Fund was 1.34% in July. From a sector perspective, the consumer discretionary and financials sectors contributed the most to performance. The technology and industrials sectors detracted from performance. The stocks contributing most to the fund's return during the month were Oracle Corp, Alphabet Inc, Microsoft Corp and Nike Inc. The stocks that detracted most from the fund's return were Playtech Plc, Ericsson, O-I Glass Inc and Samsung Electronics.

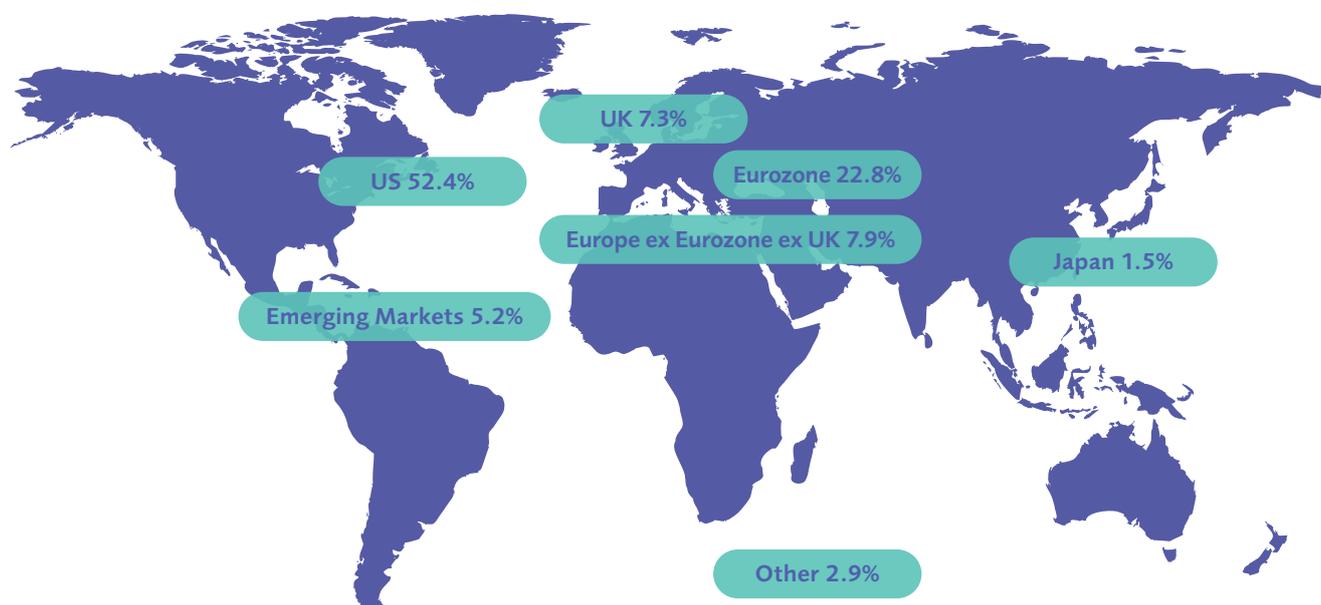
## ASSET ALLOCATION



## TOP TEN SHARE HOLDINGS

Stock name	% of fund
Microsoft Corp	4.8%
Alphabet Inc	3.4%
Berkshire Hathaway Inc	2.9%
Oracle Corp	2.9%
McDonald's Corp	2.7%
Johnson Controls International Ord	2.6%
Nike Inc	2.6%
DCC Plc	2.4%
Johnson & Johnson	2.3%
Samsung Electronics Co Ltd	2.2%

## SHARE REGIONAL DISTRIBUTION



# SUMMIT BALANCED FUND

Information is correct at 31 July 2021

## FUND DESCRIPTION

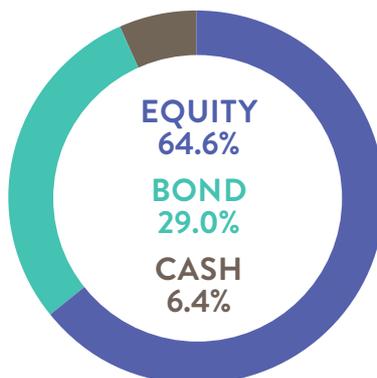
The objective of the Summit Balanced Fund is to avoid volatility to a large degree, while still providing solid returns over the medium to long term. The fund invests in global equities but also maintains a minimum of 33% invested in a mix of fixed income and cash. From July 2014, equity management has been sub-advised to Setanta Asset Management. Equities are managed under the Setanta Global Equity Strategy.



## FUND UPDATE FOR JULY

The Summit Balanced Fund returned 1.49% in July. This contributed to the relative performance of the fund and was driven by stock selection. From a sector perspective, the consumer discretionary and financials sectors contributed the most to performance. The technology and industrials sectors detracted from performance.

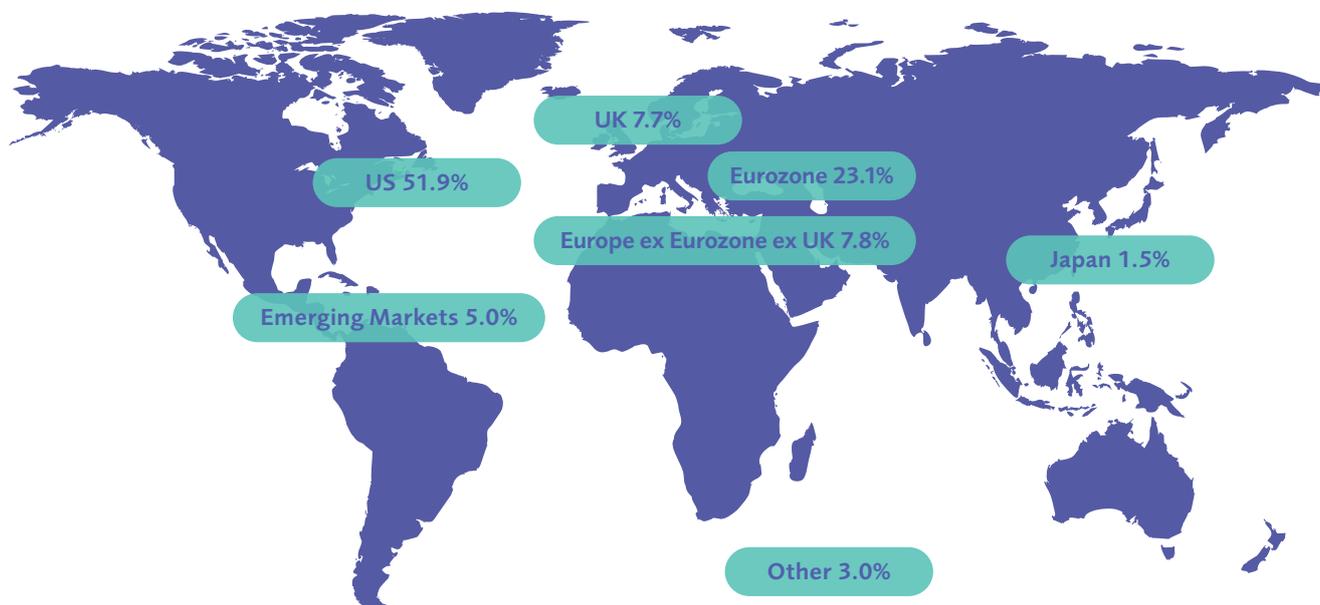
## ASSET ALLOCATION



## TOP TEN SHARE HOLDINGS

Stock name	% of fund
Microsoft Corp	4.5%
Alphabet Inc	3.0%
Berkshire Hathaway Inc	2.7%
Nike Inc	2.6%
Oracle Corp	2.6%
McDonald's Corp	2.4%
Johnson Controls International Ord	2.4%
DCC Inc	2.4%
Johnson & Johnson	2.4%
Costco Wholesale Corp	2.2%

## SHARE REGIONAL DISTRIBUTION



## SUMMIT FUND PERFORMANCE AT 31/07/2021

Fund Returns after fund management fee	Balanced	Growth	Global Leaders
1 Month	1.49%	1.34%	2.18%
QTD	1.49%	1.34%	2.18%
3 Month	3.06%	3.65%	7.44%
YTD	10.85%	17.78%	17.59%
1 Year	18.70%	30.53%	28.88%
2 Years pa	5.17%	8.27%	18.93%
3 Years pa	5.06%	7.03%	16.84%
5 Years pa	4.94%	7.72%	14.87%
10 years pa	5.94%	7.86%	11.24%

Source: ILIM Performance Team

**Warning: If you invest in these funds you may lose some or all of the money you invest.**

**Warning: These funds may be affected by changes in currency exchange rates.**

**Warning: The value of your investment may go down as well as up.**

**Warning: Past performance is not a reliable guide to future performance.**

## ILIM'S CREDENTIALS

Irish Life Investment Managers (ILIM) are recognised internationally for their expertise, innovation and track record:



Summit Mutual Funds plc is managed by Summit Asset Managers Limited. The Investment Manager is Irish Life Investment Managers Limited. Summit Asset Managers Limited and Irish Life Investment Managers Limited are both part of the Great-West Lifeco group of companies, global leaders in financial services.



# Irish Life

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