

MONTHLY REPORT
31 OCTOBER 2020



Irish Life

SUMMIT MUTUAL FUNDS



CONTENTS

| | |
|----------------------------|----|
| Market Review | 03 |
| Market Outlook | 04 |
| Summit Global Leaders Fund | 05 |
| Summit Growth Fund | 06 |
| Summit Balanced Fund | 07 |
| Summit Fund Performance | 08 |
| ILIM's Credentials | 09 |



MARKET REVIEW

Global equities fell for a second consecutive month due to increasing fears that growth would slow as Covid-19 case numbers surged to new highs. This led to lockdowns being reintroduced across much of Europe. The failure on the part of US Congress to agree an additional fiscal package and uncertainty ahead of November's US Presidential election also caused equity markets to decline. Eurozone sovereign bonds rose as yields fell in the more 'risk off' environment. Suggestions by the European Central Bank that it will announce additional stimulus measures at its December meeting also contributed to lower yields.

EQUITIES

Over the month, the MSCI AC World equity index fell -2.5% (-1.8% in euro terms). Emerging markets rose 1.5% (2.8% in euro terms), supported by a weaker US dollar (which tends to be positive for flows into emerging markets). Hopes that trade tensions would relax in the event of Joe Biden winning the US Presidential election helped too. The Pacific Basin ex-Japan index gained 0.7% (0.1% in euro terms), benefiting from the ongoing improvement in the Chinese economy. European equities fell -5.4% (-5.1% in euro terms), as new lockdowns were imposed following a surge in Covid-19 cases. The UK fell -5.1% (-4.4% in euro terms) as it too reintroduced lockdown measures in response to rising rates of infection. Meanwhile, Brexit-related uncertainty was also a drag.

To date, the third-quarter earnings season has exceeded expectations, with earnings 14% ahead of forecasts in both the US and Japan. Meanwhile, European earnings are 11% ahead. The strong reporting season, however, has been outweighed by growth concerns and election-related uncertainty.

BONDS

Eurozone >5-year bonds rose 1.3%, as the German 10-year yield fell to -0.63%. Short-term Eurozone growth forecasts were lowered on the back of lockdowns following a second wave of Covid-19. Indications by the ECB that additional stimulus would be forthcoming in December also contributed to lower yields. Peripheral spreads were flat, with Italian 10-year spreads at 139 basis points (bps), while Spanish spreads ended the month at 77bps.

CURRENCIES AND COMMODITIES

The euro fell against the US dollar to 1.1647 as the ECB hinted at further policy measures at December's meeting. Meanwhile, the US dollar benefited from its 'safe haven' characteristics. Commodities fell -3.6% (-2.9% in euro terms) on concerns over the demand outlook in the slower growth backdrop. West Texas Intermediate (WTI) oil fell -11.0% due to a deteriorating demand/supply imbalance – inventories rose, with increasing levels of supply. Despite the 'risk off' backdrop, gold fell -1.0%, negatively impacted by the stronger US dollar.

MARKET SNAPSHOT

Market returns (EUR)

| Equity Markets (EUR) | MTD Return (%) | YTD Return (%) | 2019 Return (%) |
|-----------------------------------|----------------------|----------------|-----------------|
| MSCI Ireland | -0.10 | -2.27 | 40.60 |
| MSCI United Kingdom | -4.41 | -29.92 | 23.40 |
| MSCI Europe ex UK | -5.15 | -12.09 | 28.20 |
| MSCI North America | -1.98 | -0.03 | 33.90 |
| MSCI Japan | -0.94 | -5.49 | 22.30 |
| MSCI EM (Emerging Markets) | 2.76 | -2.53 | 21.10 |
| MSCI AC World | -1.75 | -4.29 | 29.60 |
| 10-Year Yields | Yield Last Month (%) | 2019 Yield (%) | 2018 Yield (%) |
| US | 0.87 | 1.92 | 2.68 |
| Germany | -0.63 | -0.19 | 0.24 |
| UK | 0.26 | 0.82 | 1.28 |
| Japan | 0.04 | -0.02 | 0.00 |
| Ireland | -0.26 | 0.11 | 0.90 |
| Italy | 0.76 | 1.41 | 2.74 |
| Greece | 0.95 | 1.43 | 4.35 |
| Portugal | 0.11 | 0.43 | 1.71 |
| Spain | 0.14 | 0.46 | 1.41 |
| FX Rates | Current | 2019 Rates | 2018 Rates |
| US Dollar per Euro | 1.16 | 1.12 | 1.15 |
| British Pounds per Euro | 0.90 | 0.85 | 0.90 |
| US Dollar per British Pounds | 1.29 | 1.33 | 1.28 |
| Commodities (USD) | QTD Return (%) | YTD Return (%) | 2019 Return (%) |
| Oil (WTI) | -11.01 | -41.39 | 34.50 |
| Gold (Oz) | -1.01 | 23.38 | 18.90 |
| S&P Goldman Sachs Commodity Index | -3.57 | -35.76 | 17.60 |

Source: ILIM, Bloomberg. Data is accurate as at 1 November 2020

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied upon as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

MARKET OUTLOOK

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

The outlook for equity markets over the next 12 months depends on a number of factors including the evolution of Covid-19, the scale of recovery from the first-half recession, the level of stimulus provided by global authorities and the outcome of political events, especially the US Presidential election.

A major threat to the global economy emerged with the outbreak of Covid-19. Severe restrictions on travel and general activity were introduced to contain the virus. But these containment measures brought much of the global economy to a standstill, which resulted in the sudden onset of recession. Our base case is that after a very severe but short recession, the global economy will continue to rebound in the second half of 2020 and in 2021, supported by the large levels of fiscal and monetary stimulus. The expectation of a vaccine at some point next year should also enable activity levels in the global economy to return close to normal over the course of 2021.

Even after the modest correction in equities markets in September, upside in markets in the short term could be limited. This is due to recent concerns that have emerged

in relation to the slowing momentum in global growth, delays in passing additional fiscal packages in the US, rising Covid-19 case numbers and growing fears over the potential for a contested or delayed US Presidential election result in November. On a 12–15-month timeframe, however, the outlook is more positive, with upside potential in equity markets of mid to high single digits.

Volatility is expected to stay in equity markets over the next 12 months, and some of the risks outlined above could potentially give rise to sudden market moves in either direction from time to time. Other issues could also contribute to market volatility, including political tensions in the Middle East and North Korea, rising US-China tensions and the potential for fiscal drag as governments face pressure to reduce debt levels following the unprecedented amounts of fiscal stimulus provided this year. Overall, however, given the positive growth backdrop, attractive relative valuations and ongoing provision of liquidity by central banks, equity markets are expected to generate positive returns over the next 12–15 months.



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



Global economy expected to contract in 2020 by -4 to -4.5% due to Covid-19 with a 5% rebound in 2021.



Covid-19, central bank policies, fiscal stimulus and politics will be key for growth.



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



High single to double digit upside is possible on 12-month view if an economic recovery continues in 2021 and policy remains supportive.



Volatility to remain a feature given US election uncertainty, rising Covid-19 cases, questions on growth outlook.

SUMMIT GLOBAL LEADERS FUND

Information is correct at 31 October 2020

FUND DESCRIPTION

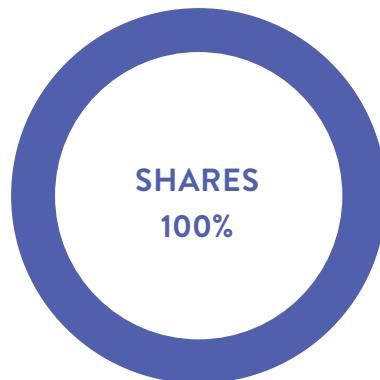
The Summit Global Leaders Fund invests in stocks with large market capitalisations. From July 2014, equity management has been sub-advised to Setanta Asset Management.



FUND UPDATE FOR OCTOBER

The fund declined 3% in October amid concerns about a second wave of coronavirus cases and restrictions necessary to counteract the spread. The fund benefited from not owning two significant fallers in the period – SAP, which was down 31%, and Amgen, which fell 14.6%.

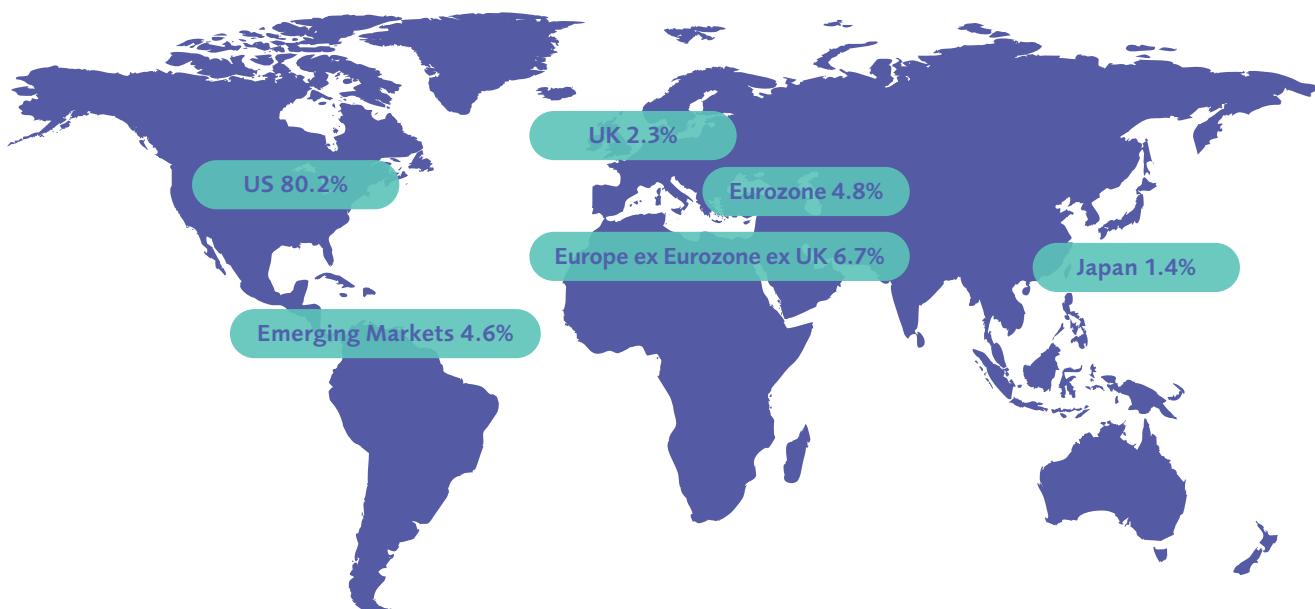
ASSET ALLOCATION



TOP TEN SHARE HOLDINGS

| Stock name | % of fund |
|---------------------------|-----------|
| Amazon.com Inc | 9.7% |
| Microsoft Corp | 9.6% |
| Apple Inc | 9.1% |
| Alphabet Inc | 7.0% |
| Facebook Inc | 4.4% |
| Johnson & Johnson | 3.2% |
| Nestle SA/AG | 2.9% |
| Procter & Gamble Co (the) | 2.8% |
| Visa Inc | 2.8% |
| Nvidia Corp | 2.7% |

SHARE REGIONAL DISTRIBUTION



SUMMIT GROWTH FUND

Information is correct at 31 October 2020

FUND DESCRIPTION

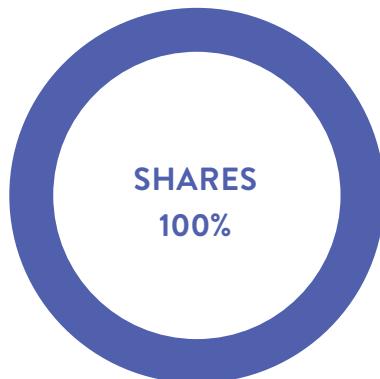
The Summit Growth fund aims to achieve growth by investing exclusively in global equities. From July 2014, equity management has been sub-advised to Setanta Asset Management. Equities are managed under the Setanta Global Equity Strategy.



FUND UPDATE FOR OCTOBER

The fund fell -2.04% during October. From a sector perspective, the technology and financial sectors contributed the most to performance. The materials and communication Services sectors detracted. The stocks contributing most to the fund's return during the month were First Citizens Bancshares, Federated Hermes and Keysight Technologies. The stocks that detracted most from the fund's return were DCC Plc, Alfresa Holdings and Groupe Bruxelles Lambert.

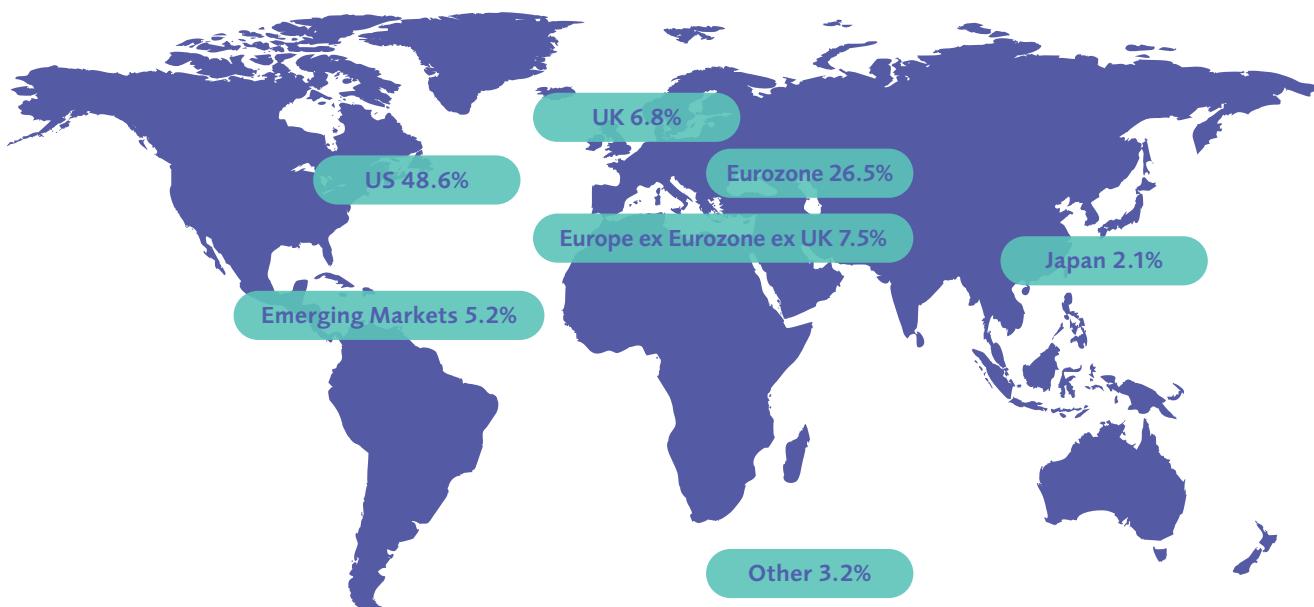
ASSET ALLOCATION



TOP TEN SHARE HOLDINGS

| Stock name | % of fund |
|------------------------------------|-----------|
| Microsoft Corp | 4.9% |
| Berkshire Hathaway Inc | 3.5% |
| DCC Plc | 2.9% |
| Oracle Corp | 2.6% |
| Johnson Controls International Ord | 2.6% |
| Telefonaktiebolaget LM Ericsson | 2.6% |
| Johnson & Johnson | 2.6% |
| Nike Inc | 2.4% |
| Keysight Technologies Inc | 2.4% |
| Groupe Bruxelles Lambert SA | 2.3% |

SHARE REGIONAL DISTRIBUTION



SUMMIT BALANCED FUND

Information is correct at 31 October 2020

FUND DESCRIPTION

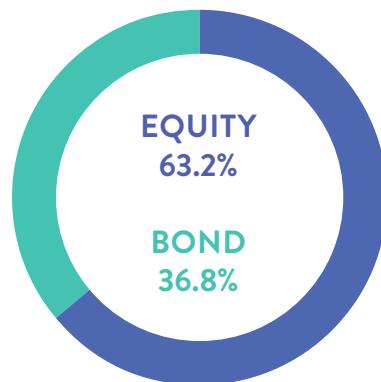
The objective of the Summit Balanced Fund is to avoid volatility to a large degree, while still providing solid returns over the medium to long term. The fund invests in global equities but also maintains a minimum of 33% invested in a mix of fixed income and cash. From July 2014, equity management has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



FUND UPDATE FOR OCTOBER

The Summit gross Balanced Funds fell -1.02%. From a sector perspective, the technology and financial sectors contributed the most to performance. The materials and communication services sectors detracted. Eurozone sovereign bonds rose as yields fell in the more 'risk off' environment. Suggestions by the European Central Bank that it will announce additional stimulus measures at the December meeting also contributed to lower yields.

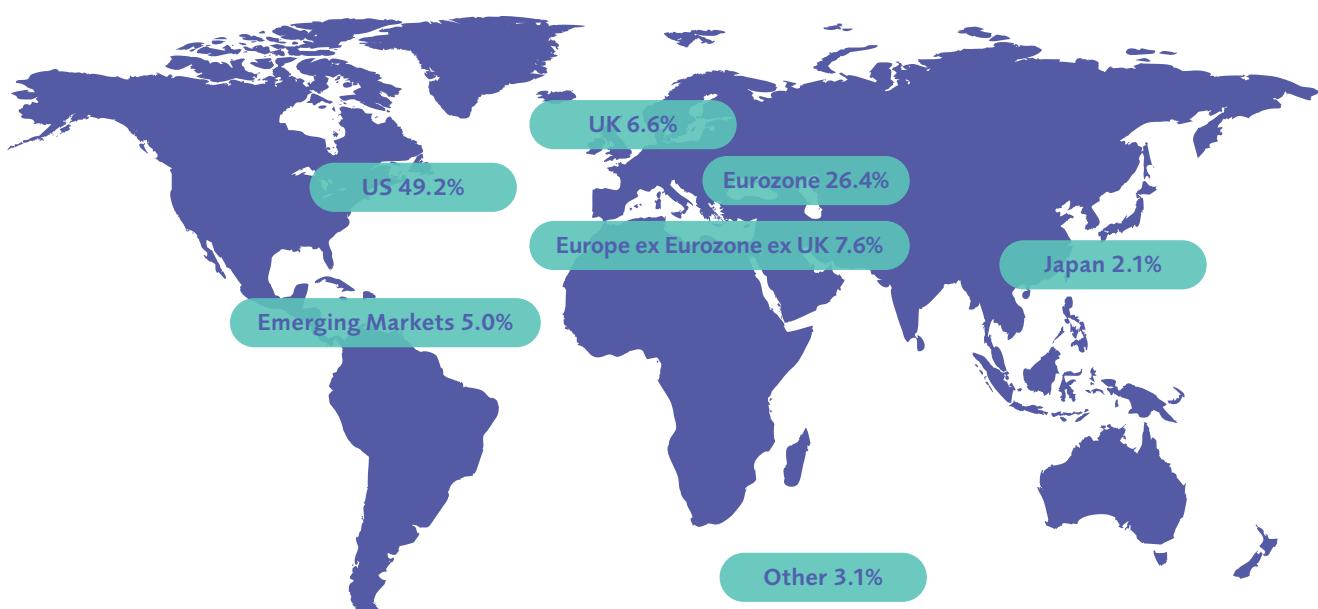
ASSET ALLOCATION



TOP TEN SHARE HOLDINGS

| Stock name | % of fund |
|------------------------------------|-----------|
| Microsoft Corp | 5.0% |
| Berkshire Hathaway Inc | 3.8% |
| DCC Plc | 2.9% |
| Oracle Corp | 2.6% |
| Johnson Controls International Ord | 2.6% |
| Johnson & Johnson | 2.6% |
| Telefonaktiebolaget LM Ericsson | 2.5% |
| Keysight Technologies Inc | 2.5% |
| Nike Inc | 2.4% |
| Steris Plc | 2.2% |

SHARE REGIONAL DISTRIBUTION



SUMMIT FUND PERFORMANCE AT 31/10/2020

| Fund Returns after fund mgt fee | Balanced | Growth | Global Leaders |
|---------------------------------|----------|---------|----------------|
| 1 Month | -1.14% | -2.16% | -3.15% |
| 3 Month | -0.91% | -1.86% | 0.00% |
| Year to date in 2020 | -9.67% | -15.68% | 1.50% |
| 1 Year | -7.87% | -12.32% | 7.55% |
| 2 Years pa | -0.73% | -2.70% | 10.87% |
| 3 Years pa | -0.40% | -1.51% | 10.27% |
| 5 Years pa | 2.15% | 2.51% | 9.77% |
| 10 years pa | 4.28% | 5.42% | 9.25% |

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: PASSIVE MANAGER OF THE YEAR – European Pensions Awards 2018 and 2019, INVESTMENT MANAGER OF THE YEAR – Irish Pension Awards 2019 – PROPERTY MANAGER OF THE YEAR and PASSIVE MANAGER OF THE YEAR – Irish Pension Awards 2018.



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.

This is intended as a general review of investment market conditions. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person.

The author cannot make a personal recommendation for any person and you should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally, and not in relation to its suitability to any specific person.

ILIM may manage investment funds which may have holdings in stocks commented on in this document. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates. Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.

Figures referenced herein have been sourced from ILIM and Bloomberg. Forecast figures have been prepared by ILIM based on reasonable assumptions, internal data and data sourced from Bloomberg.