



June 2025 in review

Summit Mutual Funds

Summit Mutual Funds plc is authorised in Ireland
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Helping people build
better futures

MARKET REVIEW

MARKET ROUND-UP

Market Review

Global stock markets rallied in June, with the S&P 500 and NASDAQ reaching new all-time highs as sentiment was supported by improving trade relations and the potential for Federal Reserve rate cuts. US-China trade relations continued to improve, with confirmation that tariffs would be reduced on the two countries' exports as outlined during May's meeting between officials in Geneva.

Bond yields diverged over the month. US bond yields fell due to expected monetary easing; Eurozone bond yields, on the other hand, rose amid expectations of increasing government debt due to likely hikes in defence spending as well as the European Central Bank's easing cycle nearing its end.

The US dollar declined against the euro, reflecting the differing central-bank rate expectations.

Middle East tensions came into focus in June as Israel and Iran launched multiple air strikes against each other. The US also got involved, and attacked some of Iran's nuclear facilities. Later in the month, there was a de-escalation in the conflict as a ceasefire was agreed.

Equities

Global stock markets rallied in June, supported by further easing of US-China trade tensions. The MSCI All Country World index ended the month up by 3.9% (1.1% in euros), with the MSCI USA rising by 5.1% (1.7% in euros) to a new historical high supported by expectations that a recession will be avoided, improving news flow on tariffs and downward earnings revisions stabilising. Easing trade tensions helped push up the MSCI Emerging Markets (EM) index by 5.0% (2.6% in euros). European stocks underperformed the US for a second consecutive month, with the MSCI Europe ex-UK lower by 0.8% (-1.1% in euros) in June.

Bonds

US Treasury yields fell across the curve amid rising expectations of easier monetary policy from the Fed, with the 10-year US Treasury yield down by 16bps in June to 4.23%. By contrast, bond yields in the Eurozone were up slightly as rising government debt in the region appeared likely due to a commitment to increased defence spending and Germany's larger-than-expected fiscal plans in its draft budget. Eurozone government bond returns were negative as capital losses from increased bond yields offset carry, with the 10-year German Bund yield up by 9bps in June to 2.60% and the ICE BofA 5+ Year Euro Government bond index returning -0.4%.

MARKET SNAPSHOT

Market returns (EUR)

Equity Markets (EUR)	QTD Return (%)	YTD Return (%)	2024 Return (%)
MSCI Ireland	7.6	20.0	22.8
MSCI United Kingdom	0.0	5.2	14.7
MSCI Europe ex UK	3.7	10.3	7.7
MSCI North America	2.6	-5.9	32.9
MSCI Japan	2.5	-1.2	15.9
MSCI EM (Emerging Markets)	3.2	1.9	15.3
MSCI AC World	2.8	-2.7	25.9
10-Year Yields	Yield last month	2024 Yield (%)	2023 Yield (%)
US	4.23	4.57	3.88
Germany	2.60	2.35	2.02
UK	4.49	4.56	3.54
Japan	1.44	1.09	0.61
Ireland	2.90	2.63	2.38
Italy	3.47	3.51	3.69
Greece	3.26	3.23	3.06
Portugal	3.04	2.84	2.66
Spain	3.17	3.04	2.99
FX Rates	End last month	2024 Rates	2023 Rates
U.S. Dollar per Euro	1.17	1.04	1.10
British Pounds per Euro	0.86	0.83	0.87
U.S. Dollar per British Pounds	1.37	1.25	1.27
Commodities (USD)	QTD Return (%)	YTD Return (%)	2024 Return (%)
Oil (Brent)	-9.5	-9.4	-3.1
Gold (Oz)	5.5	25.3	27.1
S&P Goldman Sachs Commodity Index	-2.8	1.9	9.2

Source: ILIM, Bloomberg. Data is accurate as at 1 July 2025.

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MARKET OUTLOOK

Irish Life Investment Managers' (ILIM's) view – looking ahead

The fundamental backdrop for global equities on a 12-month view remains positive despite uncertain US policy. The expected eventual agreement of trade deals, avoidance of a recession, positive earnings growth, strong consumer balance sheets, ongoing disinflation in Europe, rate cuts and a corporate-friendly stance from the US government should mean a favourable environment for the asset class. Divergence within regional equity performance, however, is likely to remain a feature as policies in the US and the rest of the world are set to remain in flux.

Global equities valuations are above long-term averages, trading on a 12-month forward P/E multiple of 18.6x against a long-term average of 16.2x. However, with a positive growth and earnings backdrop, multiples can remain close to current levels. The 12-month forward P/E for the MSCI USA is 22.3x against a long-term average of 16.5x. Equities outside the US offer better relative value. Europe ex-UK equities trade at a multiple of 15.1x against a long-term average 13.4x; Japanese equities trade at 14.8x versus a long-term average of 15.1x; UK equities trade at 12.7x against a long-term average of 12.5x; and emerging markets are trading at 12.9x against a long-term average 11.4x. Equities remain expensive against both bonds and cash given the high yields currently available on these assets.

Despite equities appearing fully valued, the outlook on a 12-month view is constructive. With growth expected to remain positive and US corporates eventually set to benefit from growth-friendly policies from the new administration later in 2025, earnings are forecast to rise over the next one to two years, which should be supportive. Additional rate cuts in a positive fundamental backdrop can also contribute to further gains. Over the medium term, the rollout of AI should boost efficiencies and earnings across the whole market and allow equities trade at higher valuation levels. Any short-term volatility in markets is likely to be offset by the above factors resulting in positive returns on a 12-month time frame.

Sovereign bond yields have been volatile over the past year amid somewhat sticky inflation, but both German and US 10-year yields are below their October 2023 highs. With inflation having fallen significantly, central banks can cut rates further through 2025, enabling bond yields to decline over the next 12 months.

On a 12-month view, our base case is that German and US 10-year government bond yields fall from current levels of 2.60% and 4.23% to 2.25% and 3.75%, respectively. We believe fixed income offers a strong risk-reward profile at this stage in the cycle, with the potential to offer protection if the economy slows. The asset class is attractive from an income perspective while also providing potential for capital gains via falling yields. We believe that the risks of materially higher bond yields have reduced and, if the economy falters, major central banks will be able to cut rates to support growth. In that scenario we would expect bonds to outperform to a greater extent.



Resilient growth has been supportive of equity markets. Growth decelerated slightly to 2.8% in 2024 from 2.9% in 2023 and to ease to a still robust 2.3% in 2025. In DM regions, the US economy has been strong despite some recent moderation in growth while Europe has struggled as higher interest rates have impacted activity levels and demand. Lower ECB policy rates can help stabilise European sentiment and growth, as can recent fiscal stimulus measures.



Chinese growth has been lacklustre and the authorities have recently announced a range of additional stimulus measures to boost growth.



Steady growth, strong consumer balance sheets, ongoing disinflation, rate cuts and corporate-friendly policies continue to provide a positive backdrop for equities. The Trump policy agenda has broad implications across regions, with trade in focus, and will be key in determining the growth path.



Equities are above long-term average valuation multiples. With positive economic and earnings growth in 2025/26, the asset class could continue to move up, with higher multiples supported by the AI theme.



Structural long-term benefits from the AI theme and evidence of earnings being boosted by AI-related initiatives can support higher equity valuation multiples.



Volatility is likely to remain a feature due to uncertainty over implementation of Trump policies, the eventual growth outcome, inflation path, monetary policy and geopolitical tensions. Modest short-term drawdowns in markets are possible, which could provide opportunities to add to exposures.

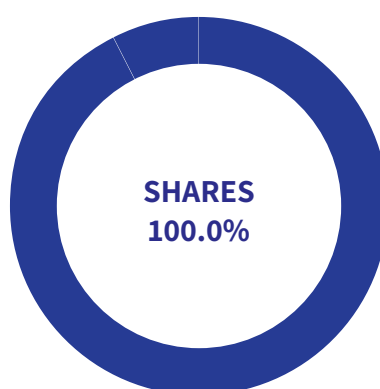
SUMMIT GLOBAL LEADERS FUND

The Summit Global Leaders Fund invests in stocks of international companies with large market capitalisations, operating in different geographical regions and business sectors. From July 2014, equity management has been sub-advised to Setanta Asset Management. While Setanta has discretion in selecting appropriate investments that conform to the fund's investment policy, the fund is passively managed in reference to the Dow Jones Global Titans 50 Index, an index comprised of fifty of the largest (by market capitalisation) multinational companies traded on major exchanges.

Fund update for June

The Summit Global Leaders Fund returned 1.9% net of fund management fee in June. Leading performers included Oracle (+32.1% in US dollars) and NVIDIA (+16.9% in US dollars). The former expects its cloud infrastructure business to grow more than 70% in its next fiscal year with orders more than doubling in the same period. NVIDIA's CEO gave a bullish outlook on the company's growth prospects over the next decade, citing AI and robotics-related demand. Laggards included Nestle (-10.1% in Swiss francs) and Toyota Motor (-10.0% in Japanese yen). Nestle's shares have been under pressure on concerns about its growth prospects and underwhelming cash conversion. Toyota Motor is subject to ongoing uncertainty about the impact of US tariffs.

Asset allocation

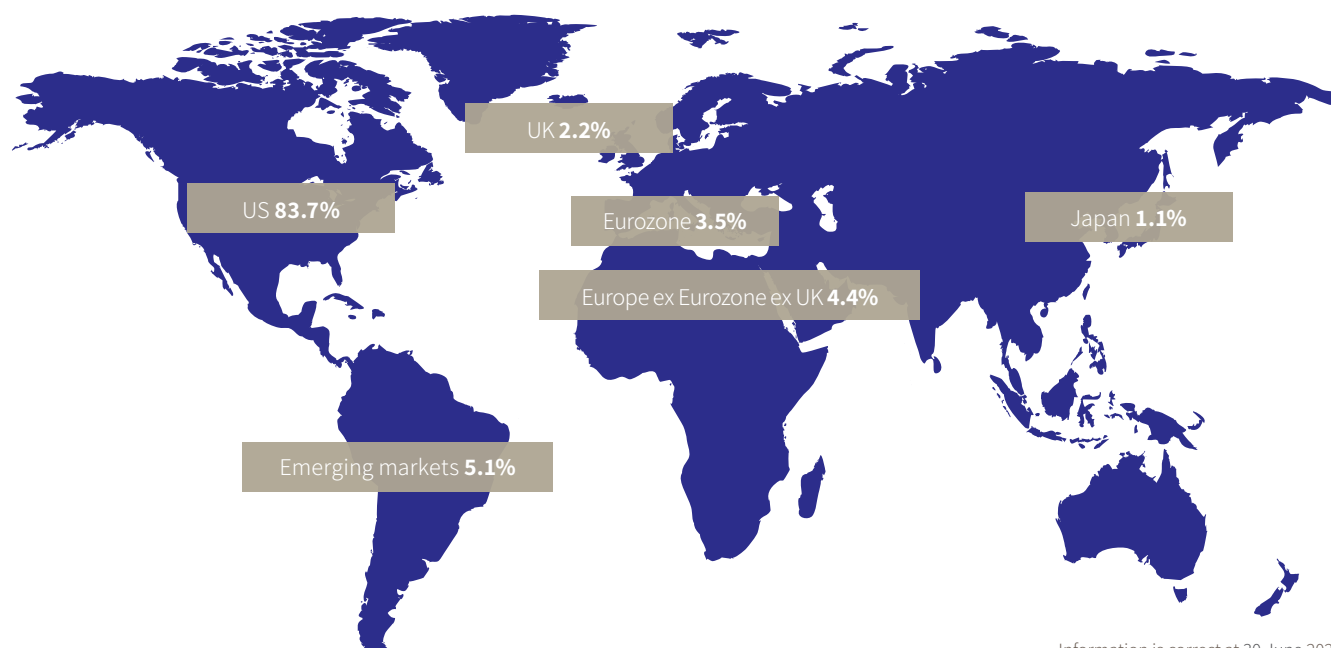


Top 10 share holdings

Stock name	% of fund
Nvidia	9.4
Microsoft	8.8
Amazon.com	7.6
Alphabet	7.1
Apple	6.7
Broadcom	5.1
Meta Platforms	4.9
Taiwan Semiconductor	4.0
JP Morgan	3.5
Tesla	3.0

Source: ILIM, Factset.
Data is accurate as at 30 June 2025.

Share regional distribution



Information is correct at 30 June 2025

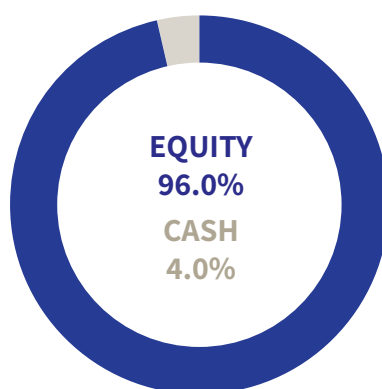
SUMMIT GROWTH FUND

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 June

The Summit Growth Fund returned +1.5% net of fund management fee in June. From a sector perspective, technology, industrials and energy were the best performers. The Consumer Staples, Materials and Healthcare sectors lagged over the month. The stocks contributing most to the fund return were Oracle Corp, Taiwan Semiconductor Manufacturing Company, Nike Inc and Ferguson Enterprises. The stocks that detracted most from the fund return were Berkshire Hathaway, Marsh McLennan, Mc Donald's Corp and Nestle.

Asset allocation

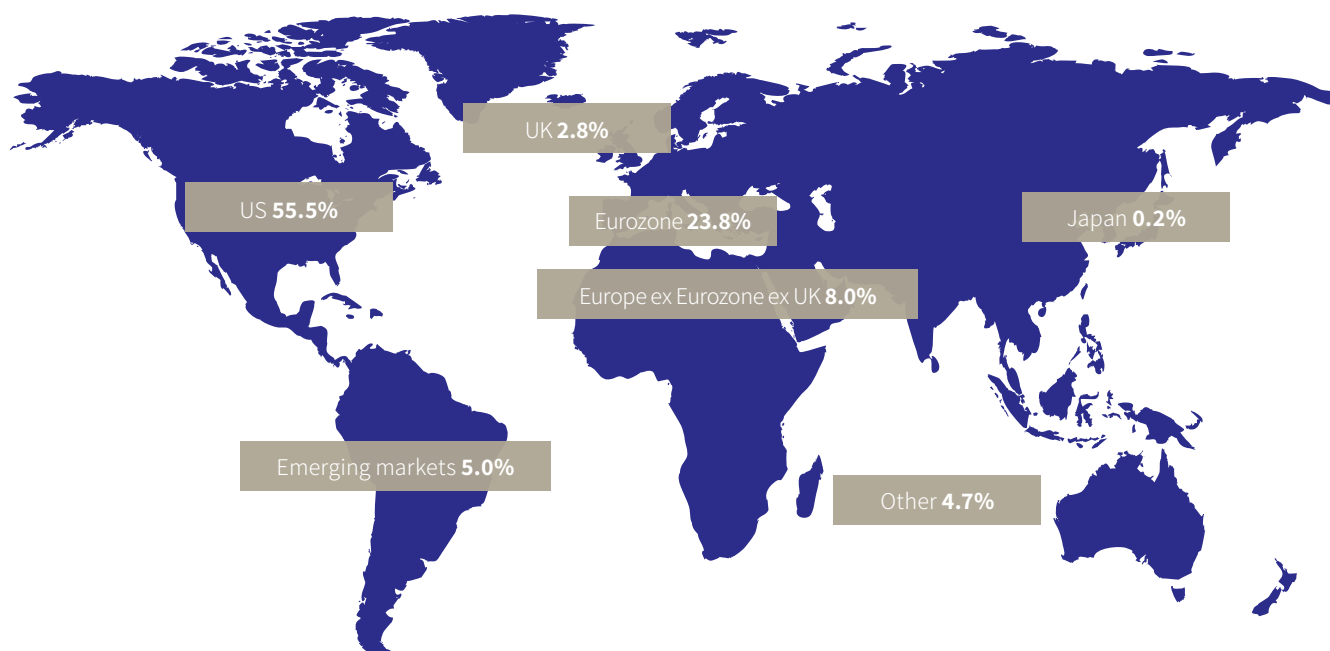


Top 10 share holdings

Stock name	% of fund
Microsoft	4.6
Oracle	4.4
Booking Holdings	4.0
Alphabet	3.9
Taiwan Semiconductor	3.7
Berkshire Hathaway	3.7
Meta Platforms	2.7
Nike	2.4
Ryanair	2.4
Marsh & McLennan	2.2

Source: ILIM, Factset.
Data is accurate as at 30 June 2025.

Share regional distribution



SUMMIT BALANCED FUND

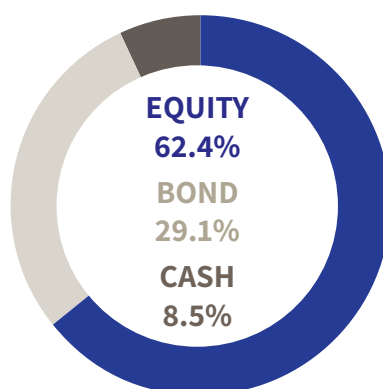
The objective of the Summit Balanced Fund is to avoid excessive volatility, while still providing solid returns over the medium to long term. The fund invests in global equities but also maintains a minimum of 33% invested in a mix of fixed income and cash. From July 2014, equity management has been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

Fund update for June

The Summit Balanced Fund returned +0.8% net of fund management fee in June. From a sector perspective, technology, industrials and consumer discretionary were the best performers. The healthcare, materials and consumer staples sectors lagged over the month.

A flare up in Israel-Iran tensions, including a US strike on Iran's nuclear facilities, was followed by a ceasefire. After talks in London, the US and China agreed to implement the deal outlined in Geneva negotiations in May, including a reduction in tariffs and increased exports of rare earths from China to the US. Global stock markets rallied in June, with the S&P 500 and NASDAQ reaching new all-time highs as sentiment was supported by improving trade relations and the potential for Fed rate cuts. Bond yields diverged over the month. US bond yields fell due to expected monetary easing, while Eurozone bond yields rose amid expectations of rising government debt due to likely increases in defence spending as well as the ECB's easing cycle nearing its end.

Asset allocation

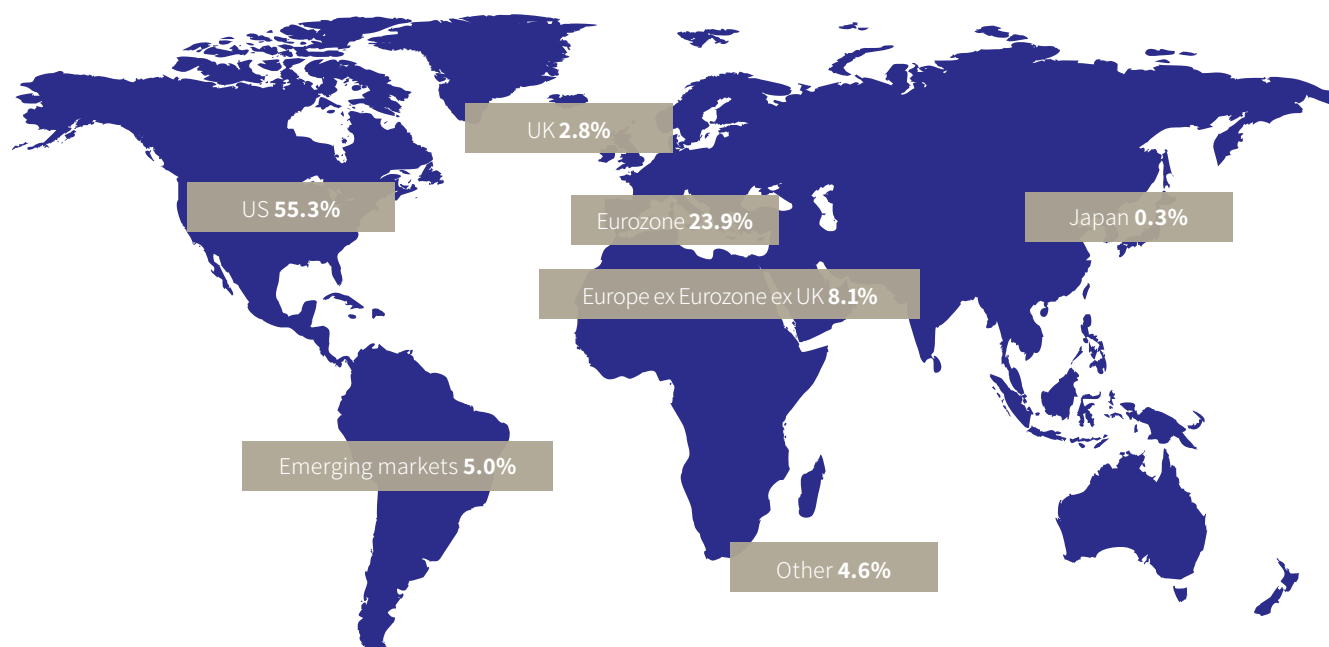


Top 10 share holdings

Stock name	% of fund
Microsoft	4.5
Oracle	4.2
Booking Holdings	3.9
Alphabet	3.8
Berkshire Hathaway	3.6
Taiwan Semiconductor	3.6
Meta Platforms	2.7
Nike	2.4
Ryanair	2.3
Netflix	2.2

Source: ILIM, Factset.
Data is accurate as at 30 June 2025.

Share regional distribution



Information is correct as at 30 June 2025

SUMMIT FUND PERFORMANCE



At 30 June 2025

Fund returns after fund management fee	Balanced	Growth	Global Leaders
1 Month	0.76%	1.49%	1.96%
QTD	2.01%	2.39%	4.66%
3 Month	2.01%	2.39%	4.66%
YTD	-0.61%	-0.85%	-7.32%
1 Year	5.02%	6.63%	1.61%
2 Years pa	5.45%	7.96%	16.61%
3 Years pa	4.81%	8.52%	16.63%
5 Years pa	5.21%	10.47%	13.93%
10 Years pa	3.82%	6.64%	12.02%

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.

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