



March 2025 in review

Summit Mutual Funds

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

Helping people build better futures

MARKET REVIEW

MARKET ROUND-UP

Market Review

Global stock markets fell in March as concerns rose over a potential trade war and falling activity due to less predictable government policies in the US.

Bond yields rose, particularly in Germany, where fiscal stimulus plans are set to result in a substantial increase in government debt issuance.

Tariff policy in the US remained front and centre during the month. Numerous levies were announced, including substantial new taxes on Chinese, Canadian and Mexican imports, although much of these were subsequently delayed or tweaked. The erratic path of tariff policy has raised business and consumer uncertainty, and the Federal Reserve lowered its growth forecasts and increased inflation projections due to the potential impact of the policies.

Germany's incoming government won approval for a momentous fiscal package targeted at defence and infrastructure during the month. The plan, which included a reform of the "debt brake" limit on the structural fiscal deficit, will see spending rise by €1 trillion over the next decade.

The European Central Bank cut its deposit rate by 25bps to 2.50% at its March meeting. The central bank reduced its GDP growth forecasts for the Eurozone to 0.9% this year and 1.2% in 2026 amid ongoing policy uncertainty.

The US dollar fell by 3.9% against the euro, with the latter supported by improved growth prospects as a result of Germany's fiscal stimulus, while a dimmed growth outlook weighed on the former.

Equities

Global stock markets fell in March, with the MSCI All Country World index down by 4.4% (-7.5% in euro terms) as a potential trade war dampened sentiment. The MSCI USA declined by 5.9% (-9.4% in euro) as deteriorating business and consumer sentiment and ongoing policy uncertainty weighed on the growth outlook. European stocks also gave back some year-to-date gains as potential reciprocal tariffs clouded the outlook, with the MSCI Europe ex UK losing 4.0% (-4.2% in euro) over the month. Emerging market (EM) equities outperformed other regions, with the MSCI EM index up by 0.3% (-3.1% in euro) as policy support from the Chinese government helped the MSCI China index to rise by 2.0% (-1.8% in euro).

Bonds

Eurozone government bond returns were negative as Germany's stimulus package is expected to lead to a substantial rise in government debt issuance. The 10-year German Bund yield posted its largest one-day rise since reunification in 1990 after the package was announced, ending the month up by 29bps at 2.70%. The ICE BofA 5+ Year Euro Government bond index returned -3.0% in March.

Corporate bond returns were hampered by rising yields. European investment-grade (IG) corporate bonds returned -0.9% as yields increased by 20bps to 3.34%, with spreads widening by 5bps to 94bps. Global high-yield bonds returned -0.8% as yields moved 38bps higher to 6.74% while spreads widened by 53bps to 278bps.

EM bonds were also weighed down by increasing yields. EM local debt returned -2.1% in March, pushed lower by euro strength, with yields falling by 3bps to 6.35%. EM hard debt returned -0.8% as yields increased by 18bps to 6.93%.

MARKET SNAPSHOT

Market returns (EUR)

Equity Markets (EUR)	QTD Return (%)	YTD Return (%)	2024 Return (%)
MSCI Ireland	11.5	11.5	22.8
MSCI United Kingdom	5.2	5.2	14.7
MSCI Europe ex UK	6.3	6.3	7.7
MSCI North America	-8.2	-8.2	32.9
MSCI Japan	-3.7	-3.7	15.9
MSCI EM (Emerging Markets)	-1.3	-1.3	15.3
MSCI AC World	-5.3	-5.3	25.9
10-Year Yields	Yield last month (%)	2024 Yield (%)	2023 Yield (%)
US	4.21	4.57	3.88
Germany	2.70	2.35	2.02
UK	4.67	4.56	3.54
Japan	1.52	1.09	0.61
Ireland	3.01	2.63	2.38
Italy	3.84	3.51	3.69
Greece	3.53	3.23	3.06
Portugal	3.25	2.84	2.66
Spain	3.34	3.04	2.99
FX Rates	End last month	2024 Rates	2023 Rates
U.S. Dollar per Euro	1.08	1.04	1.10
British Pounds per Euro	0.84	0.83	0.87
U.S. Dollar per British Pounds	1.29	1.25	1.27
Commodities (USD)	QTD Return (%)	YTD Return (%)	2024 Return (%)
Oil (Brent)	0.1	0.1	-3.1
Gold (Oz)	19.0	19.0	27.1
S&P Goldman Sachs Commodity Index	4.9	4.9	9.2

Source: ILIM, Bloomberg. Data is accurate as at 1 April 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 uncertainties relating to the implications of US policy. Steady growth, strong consumer balance sheets, rate cuts and eventual corporate-friendly policies should provide a positive equity backdrop. 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 17.2x against a long-term average of 16.1x. 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 20.3x against a long-term average of 16.4x. Equities outside the US offer better relative value. Europe ex-UK equities trade at a multiple of 14.7x against a long-term average of 13.4x; Japanese equities trade at 13.9x versus a long-term average of 15.1x; and UK equities trade at 12.1x against a long-term average of 12.5x. Emerging markets are trading at 12.3x 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 could 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 and central banks suggesting policy is still above neutral levels, rates are likely to be cut 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 2.70% and 4.21% to 2.50% and 4.00%, 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 is forecast to have decelerated slightly to 2.7% in 2024 from 2.9% in 2023, and to ease to a still-robust 2.3% in 2025. In developed markets, 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 the domestic economy.



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 policies 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 2024/25/26, 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 the implementation of Trump policies like tariffs, along with eventual outcomes for growth, inflation, monetary policy and geopolitical tensions. Modest short-term drawdowns in markets are possible, which could provide opportunities to add to exposures.

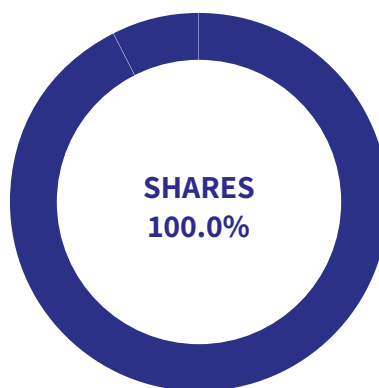
SUMMIT GLOBAL LEADERS FUND

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 March

The Summit Global Leaders Fund returned -10.4% net of fund management fee in March. Amongst the largest decliners were pharmaceutical company Novo Nordisk (-25.9% in Danish krone) and luxury goods maker LVMH (-17.7% in euro). Novo’s shares fell after a second set of worse-than-expected trial results for its obesity drug CagriSema. LVMH’s decline reflected concerns about tepid consumer demand for luxury goods as worsening US consumer sentiment compounded weakness already seen in China. Leading performers included Shell (+7.2% in sterling) and Exxon Mobil (+6.8% in US dollars). Investors favoured energy stocks offering high dividend yields and share buybacks combined with low valuation multiples relative to the broader market.

Asset allocation

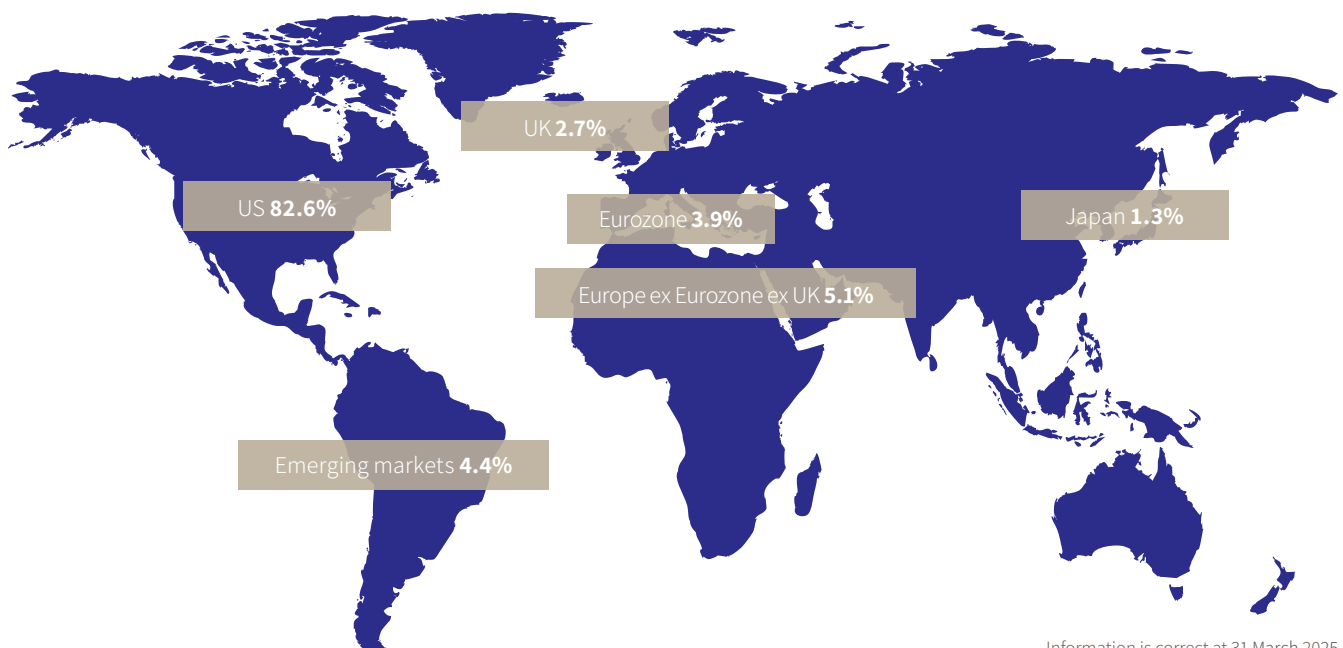


Top 10 share holdings

Stock name	% of fund
Apple	8.1
Microsoft	7.4
Amazon.com	7.4
Nvidia	7.2
Alphabet	7.0
Meta Platforms	4.5
JP Morgan	3.7
Broadcom	3.5
Taiwan Semiconductor	3.3
Eli Lilly	3.2

Source: ILIM, Factset.
Data is accurate as at 31 March 2025.

Share regional distribution



Information is correct at 31 March 2025

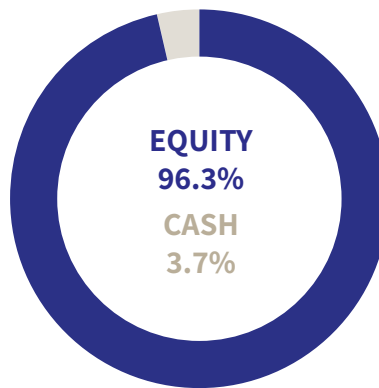
SUMMIT GROWTH FUND

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 March

The Summit Growth Fund returned -6.8% net of fund management fee in March. From a sector perspective, Utilities, Energy and Financials were the best performing sectors. The Consumer Discretionary, Materials and Technology sectors lagged over the month. The stocks contributing most to the fund return during the month were Hannover Re, United Healthcare Group and Electronic Arts Inc. The stocks that detracted most from the fund return were Oracle Corp, Nike Inc and Alphabet Inc.

Asset allocation

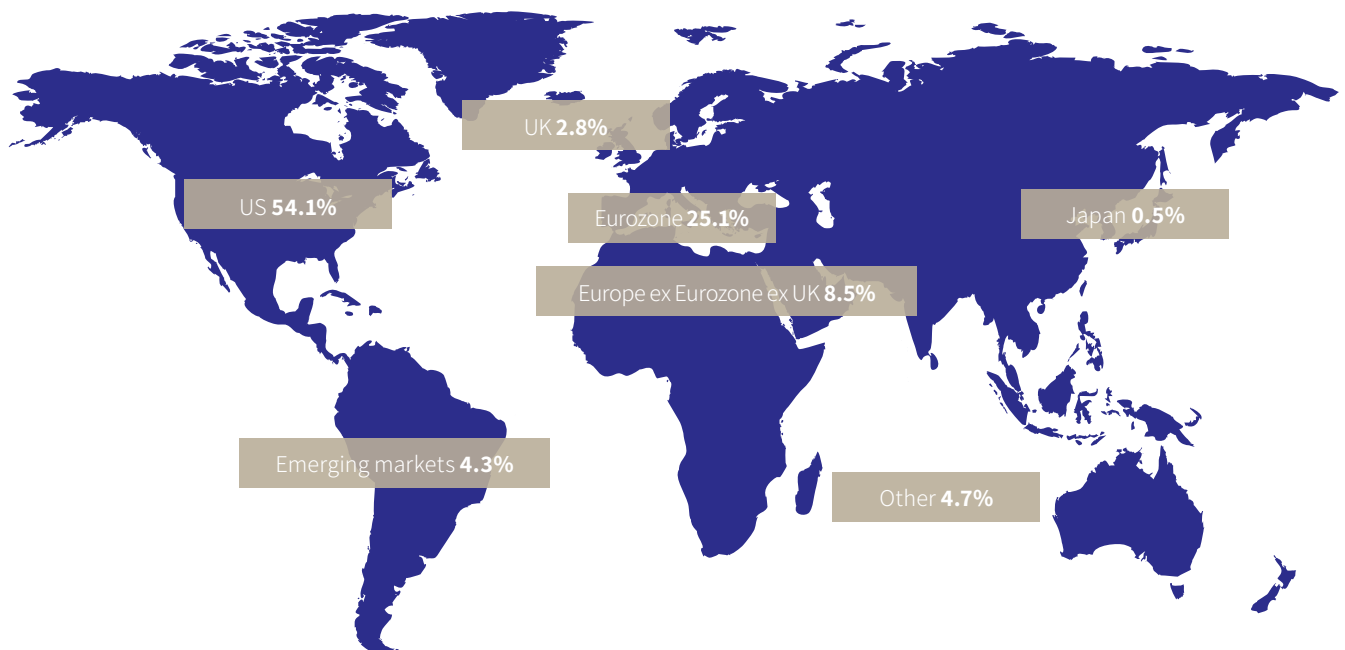


Top 10 share holdings

Stock name	% of fund
Berkshire Hathaway	4.4
Microsoft	3.8
Alphabet	3.7
Booking Holdings	3.4
Oracle	3.3
Taiwan Semiconductor	3.0
Marsh & McLennan	2.6
Nike	2.3
CRH	2.2
McDonald's	2.2

Source: ILIM, Factset.
Data is accurate as at 31 March 2025.

Share regional distribution



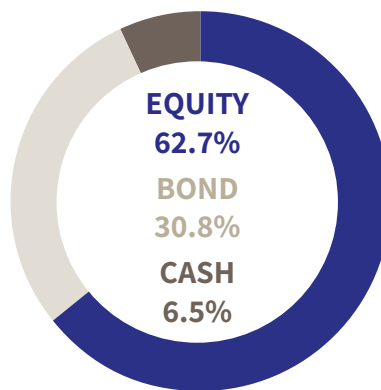
SUMMIT BALANCED FUND

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 March

The Summit Balanced Fund returned -5.1% net of fund management fee in March. From a sector perspective, Utilities, Energy and Financials were the best performing sectors. The Consumer Discretionary, Materials and Technology sectors lagged over the month. Falling consumer and business confidence in the US, driven by policy uncertainty around tariff implementation, has led to growth concerns. Europe’s economic outlook improved after a momentous fiscal package from the incoming German government was announced. Global stock markets fell in March as concerns rose over a potential trade war and falling activity due to less predictable government policies in the US. Bond yields rose, particularly in Germany, where fiscal stimulus plans are set to result in a substantial increase in government debt issuance.

Asset allocation

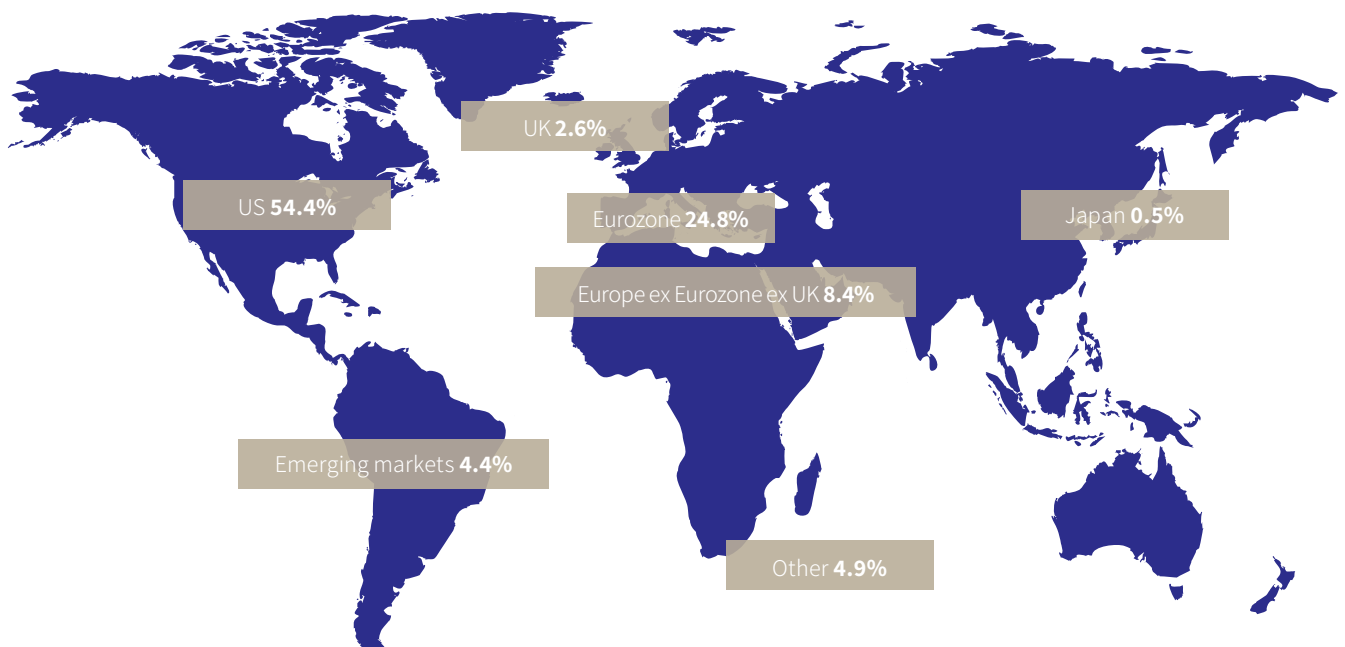


Top 10 share holdings

Stock name	% of fund
Berkshire Hathaway	4.5
Microsoft	3.8
Alphabet	3.7
Booking Holdings	3.5
Oracle	3.3
Taiwan Semiconductor	3.0
Marsh & McLennan	2.5
Nike	2.3
Meta Platforms	2.1
CRH	2.1

Source: ILIM, Factset.
Data is accurate as at 31 March 2025.

Share regional distribution



Information is correct at 31 March 2025

SUMMIT FUND PERFORMANCE



At 31 March 2025

Fund returns after fund management fee	Balanced	Growth	Global Leaders
1 Month	-5.15%	-6.78%	-10.40%
QTD	-2.57%	-3.16%	-11.45%
3 Month	-2.57%	-3.16%	-11.45%
YTD	-2.57%	-3.16%	-11.45%
1 Year	2.49%	4.56%	5.86%
2 Years pa	5.94%	9.25%	20.41%
3 Years pa	1.59%	5.01%	9.26%
5 Years pa	6.52%	12.69%	16.33%
10 Years pa	3.15%	5.96%	11.13%

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) is recognised internationally for its expertise, innovation and track record:



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