



# May 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

US-China trade tensions eased during May, with both sides agreeing to substantially reduce previously announced tariffs during a 90-day negotiating period.

The “One Big Beautiful Bill Act”, part of which extends President Trump’s 2017 tax cuts, was passed by the House of Representatives and now moves to the Senate for approval.

Global stock markets rallied during the month as the Trump administration appeared to take a softer stance towards tariffs.

Bond yields rose amid concerns around rising government debt and widening budget deficits.

The US dollar was marginally stronger against the euro, with the former supported by progress in trade negotiations.

### Equities

Global stock markets rallied in May, supported by a de-escalation in US-China trade tensions. The MSCI All Country World index ended the month up by 5.7% (6.0% in euros) while the MSCI USA rose by 6.5% (6.6% in euros). The latter was supported by positive AI-related earnings, with Nvidia’s revenue rising by 69% y/y for the three months to April 27th. The firm’s gains were driven by “incredibly strong” demand for its chips that power AI, and it posted a gross profit margin of 71%. The company expects to post similar revenue and margin figures for the current quarter and its stock price rose by 24.1% in May.

Both European and emerging market (EM) stocks underperformed the US, with the MSCI Europe ex-UK higher by 4.9% (5.0% in euros) while the MSCI EM index posted a 3.2% (4.4% in euros) gain in May. The former was supported by a 6.7% rally in Germany’s Dax index, which reached a new all-time high during the month amid optimism over reduced trade tensions and an increased likelihood of deals with the US.

### Bonds

Long-end US Treasury yields rose amid concerns over rising government debt and a widening budget deficit as a result of the “One Big Beautiful Bill Act”. The 30-year yield moved above 5% for the first time since October 2023 and ended the month up by 22bps at 4.91%. The 10-year US Treasury yield rose by 23bps in May to 4.39%.

Eurozone government bond returns were marginally positive. Carry offset increased bond yields amid an improved growth outlook on easing trade tensions and increased debt issuance (expected from the likes of Germany, given its seismic fiscal package), with the 10-year German bund yield rising by 6bps in May to 2.51%. The ICE BofA 5+ Year Euro Government bond index returned 0.1% in May.

## MARKET SNAPSHOT

### Market returns (EUR)

Equity Markets (EUR)	MTD Return (%)	YTD Return (%)	2024 Return (%)
MSCI Ireland	9.3	20.3	22.8
MSCI United Kingdom	4.6	7.3	14.7
MSCI Europe ex UK	5.0	11.5	7.7
MSCI North America	6.6	-7.4	32.9
MSCI Japan	4.2	0.4	15.9
MSCI EM (Emerging Markets)	4.4	-0.7	15.3
MSCI AC World	6.0	-3.7	25.9
10-Year Yields	Yield last month (%)	2024 Yield (%)	2023 Yield (%)
US	4.39	4.57	3.88
Germany	2.51	2.35	2.02
UK	4.64	4.56	3.54
Japan	1.50	1.09	0.61
Ireland	2.79	2.63	2.38
Italy	3.50	3.51	3.69
Greece	3.25	3.23	3.06
Portugal	2.98	2.84	2.66
Spain	3.11	3.04	2.99
FX Rates	End last month	2024 Rates	2023 Rates
U.S. Dollar per Euro	1.14	1.04	1.10
British Pounds per Euro	0.84	0.83	0.87
U.S. Dollar per British Pounds	1.35	1.25	1.27
Commodities (USD)	MTD Return (%)	YTD Return (%)	2024 Return (%)
Oil (Brent)	1.2	-14.4	-3.1
Gold (Oz)	-0.5	25.1	27.1
S&P Goldman Sachs Commodity Index	1.6	-2.4	9.2

Source: ILIM, Bloomberg. Data is accurate as at 1 June 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 eventual expected 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 18.4x against a long-term average of 16.1x. However, with a positive growth and earnings backdrop, multiples can remain close to current levels. Equities remain expensive against both bonds and cash given the high yields currently available on these assets.

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 1-2 years, which should be supportive. Additional rate cuts 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 2.51% and 4.39% 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 is forecast to have decelerated slightly to 2.8% 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 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 policies in focus, and will be key in determining the growth path.



Equities are above long-term average valuation multiples, but with positive economic and earnings growth in 2025/26 could continue to move higher. Stronger multiples are 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's policies and the eventual growth outcome, inflation path and impacts on monetary policy and geopolitical tensions. Modest short-term drawdowns in markets are possible, which could provide opportunities to add to exposure.

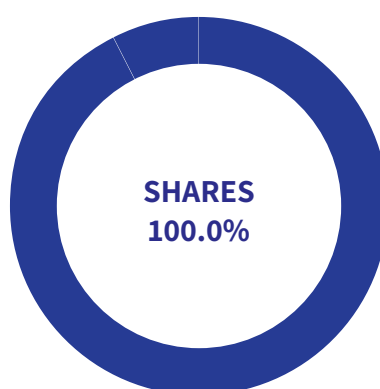
# SUMMIT GLOBAL LEADERS FUND

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 May

The Summit Global Leaders Fund returned 8.0% net of fund management fee in May. Leading performers included Broadcom (+25.8% in US dollars) and NVIDIA (+24.1% in US dollars). The former continues to benefit from strong AI-related demand for its semiconductor and infrastructure software solutions. Nvidia, another beneficiary of the spending spree on AI infrastructure, saw its revenue rise almost 70% in the quarter ended April 27. Laggards included Eli Lilly (-17.8%) and Merck (-9.8%). Eli Lilly's weakness was due in part to concerns about increased price competition in the GLP-1 obesity drug category. Merck faces some medium-term growth concerns with the patent expiry of its blockbuster drug Keytruda in the next few years.

## Asset allocation

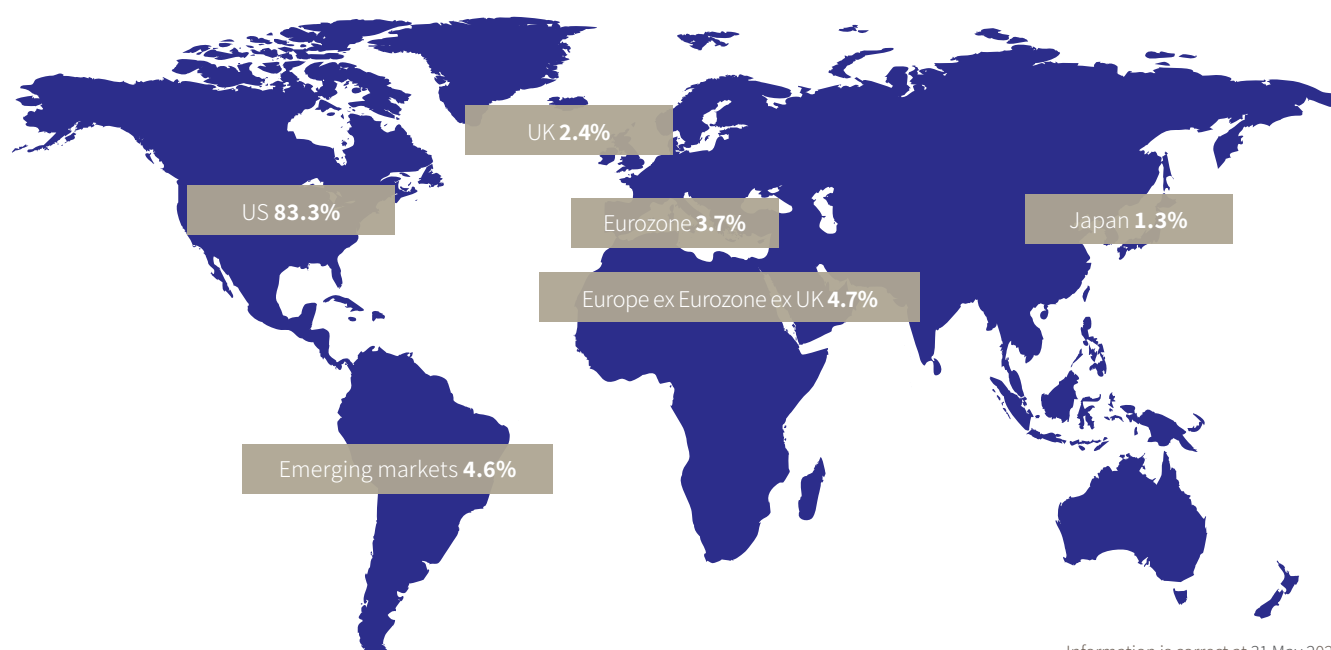


## Top 10 share holdings

Stock name	% of fund
Microsoft	8.6
Nvidia	8.4
Amazon.com	7.5
Alphabet	7.3
Apple	6.9
Meta Platforms	4.8
Broadcom	4.7
Taiwan Semiconductor	3.6
Tesla	3.5
JP Morgan	3.3

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

## Share regional distribution



Information is correct at 31 May 2025



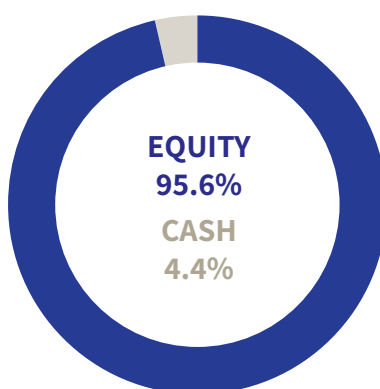
# SUMMIT GROWTH FUND

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 May

The Summit Growth Fund returned +4.9% net of fund management fee in May. From a sector perspective, Technology, Industrials and Consumer Discretionary were the best performers. The Healthcare, Materials and Consumer Staples sectors lagged over the month. The stocks contributing most to the fund return during the month were Microsoft, Oracle and Taiwan Semiconductor. The stocks that detracted most from the fund return were United Healthcare Group, Berkshire Hathaway and Coloplast.

## Asset allocation

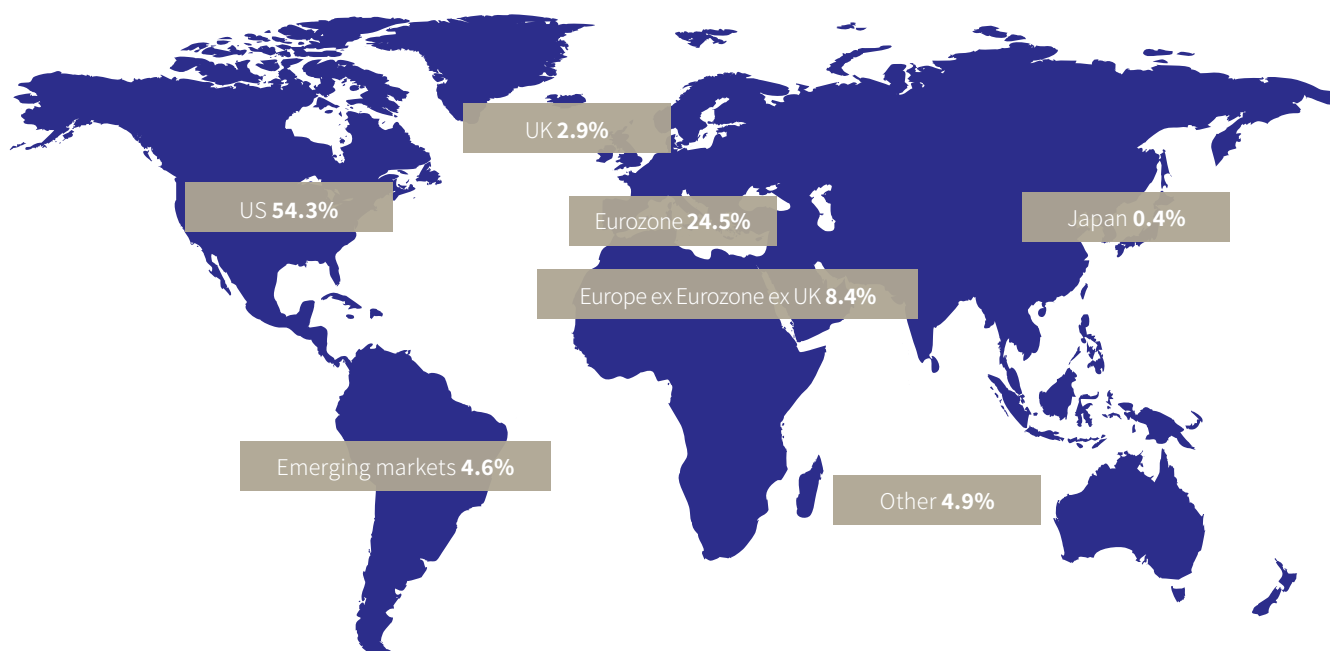


## Top 10 share holdings

Stock name	% of fund
Microsoft	4.5
Berkshire Hathaway	4.0
Booking Holdings	4.0
Alphabet	4.0
Oracle	3.8
Taiwan Semiconductor	3.3
Marsh & McLennan	2.4
Ryanair	2.3
Meta Platforms	2.3
Nike	2.2

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

## Share regional distribution



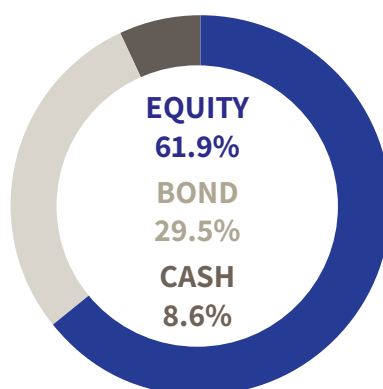
# SUMMIT BALANCED FUND

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 May

The Summit Balanced Fund returned +3.1% net of fund management fee in May. From a sector perspective, Technology, Industrials and Consumer Discretionary were the best performers. The Healthcare, Materials and Consumer Staples sectors lagged over the month. US-China trade tensions eased with both sides agreeing to substantially reduce previously announced tariffs during a 90-day negotiating period. The “One Big Beautiful Bill Act”, part of which extends the 2017 tax cuts, was passed by the House of Representatives and now moves to the Senate for approval. Global stock markets rallied in May as the Trump administration appeared to take a softer stance towards tariffs. Bond yields rose amid concerns around rising government debt and widening budget deficits.

## Asset allocation

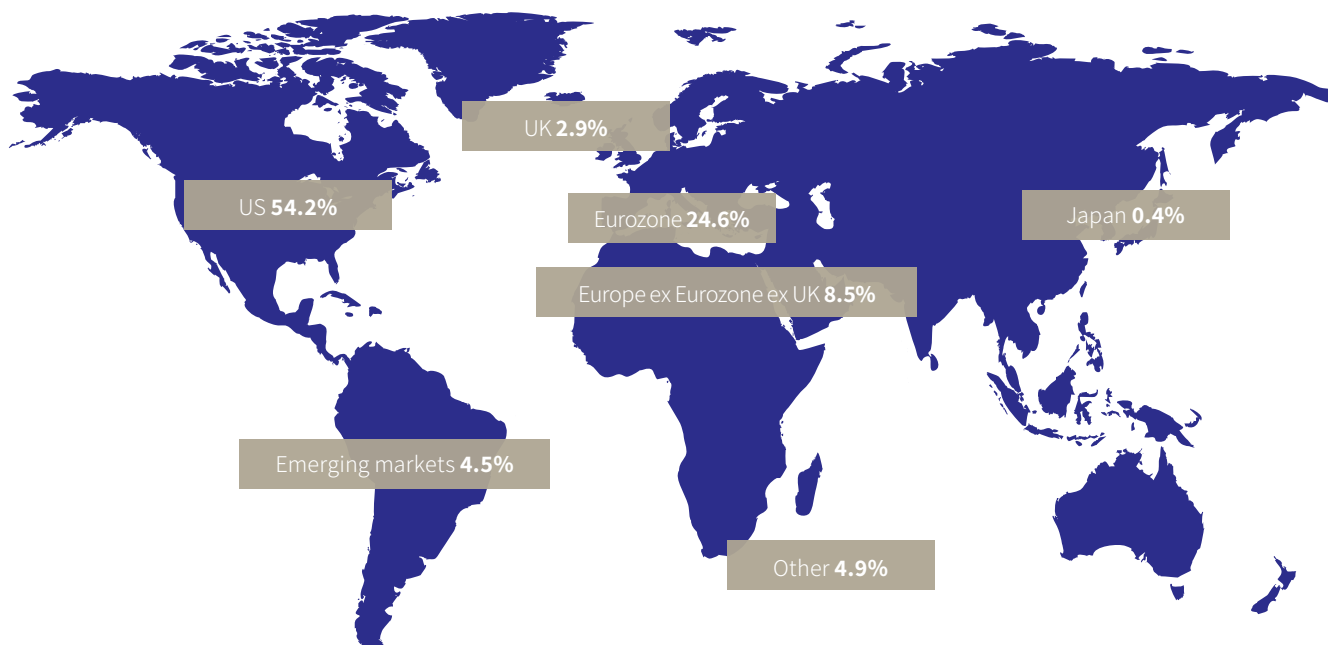


## Top 10 share holdings

Stock name	% of fund
Microsoft	4.4
Berkshire Hathaway	4.0
Booking Holdings	3.9
Alphabet	3.9
Oracle	3.6
Taiwan Semiconductor	3.2
Meta Platforms	2.3
Marsh & McLennan	2.3
Ryanair	2.3
Nike	2.2

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

## Share regional distribution



Information is correct at 31 May 2025

# SUMMIT FUND PERFORMANCE



## At 31 May 2025

Fund returns after fund management fee	Balanced	Growth	Global Leaders
1 Month	3.12%	4.86%	8.04%
QTD	1.25%	0.88%	2.65%
3 Month	-3.97%	-5.96%	-8.02%
YTD	-1.36%	-2.31%	-9.10%
1 Year	5.21%	6.61%	7.14%
2 Years pa	5.72%	8.35%	17.29%
3 Years pa	3.00%	5.98%	13.48%
5 Years pa	5.22%	10.35%	13.94%
10 Years pa	3.37%	6.05%	11.28%

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:



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.



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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.