



# December 2025 in review

## Summit Mutual Funds

# MARKET REVIEW

## MARKET ROUND-UP

### Market Review

Global equities rose by 0.8% (-0.1% in euros) in December, supported by the widely anticipated Fed rate cut, optimism regarding the growth and earnings outlook in 2026 and the ongoing AI theme. There was continued sector rotation into cyclicals with volatility persisting amid mixed macro data and evolving policy expectations.

Bond yields rose in both the US and Eurozone on the back of positive growth outlooks for 2026 and markets slightly scaling back expectations for further policy easing. Higher Japanese bond yields as the Bank of Japan raised interest rates also pulled global bond yields higher.

The US dollar extended its recent decline against the euro, as the Fed delivered its widely expected rate cut. Further rate cuts are expected from the Fed in 2026, while investors expect no further cuts from the ECB.

### Equities

Global equities posted modest gains in December, supported by the Fed rate cut, improved outlooks for 2026 and ongoing positive sentiment toward the AI theme. Rotation into cyclical sectors continued, with volatility persisting amid mixed macro data and evolving policy expectations.

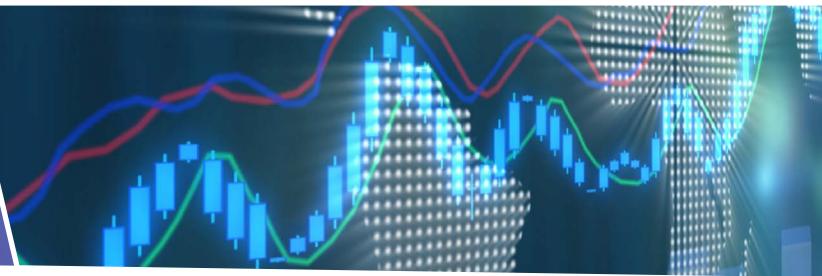
December's FOMC meeting was one of the main stories in the month, as it delivered a rate cut but also highlighted internal divisions and some uncertainty about future decisions. US-China trade tensions eased somewhat, with approval for sales of Nvidia chips to China and expectations for a potential 2026 trade deal ahead of the meeting of Presidents Trump and Xi in April, with tariff pressures seen as less onerous.

Furthermore, geopolitical developments such as Ukraine-Russia peace talks helped reduce risk premia in energy and defence stocks. European equities were supported by hopes for a 'peace dividend'.

The MSCI All Country World index ended the month up by 0.8% (-0.1% in euros), with the MSCI USA flat in local terms (-1.2% in euros). The MSCI Emerging Markets (EM) index rose by 2.6% (1.8% in euros), supported by a weaker US dollar, ongoing export expansion from China to other Asian economies and the European Union, attractive valuations and expected additional policy stimulus in China in 2026. European stocks outperformed, with the MSCI Europe ex-UK higher by 2.7% (2.7% in euros), buoyed by rising hopes for a resolution of the Ukraine war and a boost to growth from fiscal stimulus in coming years.

### Bonds

Eurozone government bond returns were negative in December, with the ICE BofA 5+ Year Euro Government bond index declining -1.0% as yields rose further. The 10-year German Bund yield increased by 17bps to 2.86% over the month, reflecting ongoing market expectations that the ECB will keep rates on hold through 2026, absent a significant economic shock.



## MARKET SNAPSHOT

### Market returns (EUR)

Equity Markets (EUR)	QTD Return (%)	YTD Return (%)	2024 Return (%)
MSCI Ireland	14.3	39.9	22.8
MSCI United Kingdom	7.0	19.1	14.7
MSCI Europe ex UK	6.1	20.4	7.7
MSCI North America	2.7	4.5	32.9
MSCI Japan	3.3	10.3	15.9
MSCI EM (Emerging Markets)	4.8	18.5	15.3
MSCI AC World	3.4	8.3	25.9
10-Year Yields	Yield last month	2024 Yield (%)	2023 Yield (%)
US	4.17	4.57	3.88
Germany	2.86	2.37	2.02
UK	4.48	4.57	3.54
Japan	2.07	1.10	0.61
Ireland	3.01	2.64	2.38
Italy	3.55	3.52	3.69
Greece	3.44	3.22	3.06
Portugal	3.15	2.85	2.66
Spain	3.29	3.06	2.99
FX Rates	End last month	2024 Rates	2023 Rates
U.S. Dollar per Euro	1.17	1.03	1.10
British Pounds per Euro	0.87	0.83	0.87
U.S. Dollar per British Pounds	1.35	1.25	1.27
Commodities (USD)	QTD Return (%)	YTD Return (%)	2024 Return (%)
Oil (Brent)	-9.2	-18.5	-3.1
Gold (Oz)	12.4	64.7	27.2
S&P Goldman Sachs Commodity Index	1.0	7.1	9.2

Source: ILIM, Bloomberg. Data is accurate as at 1 January 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 agreement of trade deals provides clarity and helps remove uncertainty. While tariffs are higher than at the start of 2025, they are at levels which should not lead to a recession. Earnings forecasts have stabilised and show positive growth, consumer balance sheets are strong and ongoing disinflation is expected through 2026. These factors, along with expected Fed 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 18.9x against a long-term average of 16.3x. 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 16.6x. Equities outside the US offer better relative value in absolute terms and are trading closer to their long-term average P/E levels. 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 through 2026, earnings are forecast to rise by double digits over the next 1-2 years, which should be supportive. Additional rate cuts amidst 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, some central banks can cut rates further 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 2.86% and 4.16% 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.



Resilient growth has been supportive of equity markets. Global growth was probably unchanged in 2025 at 2.8%, much stronger than feared on Liberation Day in early April. The global economy is expected to remain firm in 2026 with growth of 2.6%. In DM regions, the US economy has been resilient despite some moderation in growth, while Europe had been struggling as higher interest rates impacted activity levels and demand. Lower ECB policy rates have helped stabilise European sentiment and growth, as have recent fiscal stimulus measures.



Steady growth, strong consumer balance sheets, underlying 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 2026/27 could continue to rise, with higher multiples supported by the AI theme.



Chinese growth had been lacklustre, and the authorities announced a range of additional stimulus measures to boost the economy.



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, and could provide opportunities to add to exposure.



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

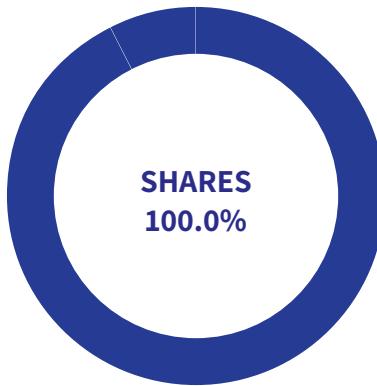
# SUMMIT GLOBAL LEADERS FUND

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 December

The Summit Global Leaders Fund returned -0.8% net of fund management fees in December, marginally ahead of its benchmark. Leading performers included Samsung Electronics (+19.3% in South Korean won) and Salesforce (+15.1% in US dollars). The former has gained market share in the key high bandwidth memory market while also benefiting from strong memory prices generally. Salesforce delivered quarterly results ahead of market expectations on the back of strong bookings and early renewals. Laggards included Broadcom (-14.0% in US dollars) and Netflix (-12.9% in US dollars). Broadcom's weakness reflected concerns about AI spending generally and the implications for the company's margins. Netflix declined after announcing plans to acquire Warner Brothers, with market concerns over overpayment if successful or stiffer competition should Warner Brothers fall into the hands of a competitor.

## Asset allocation

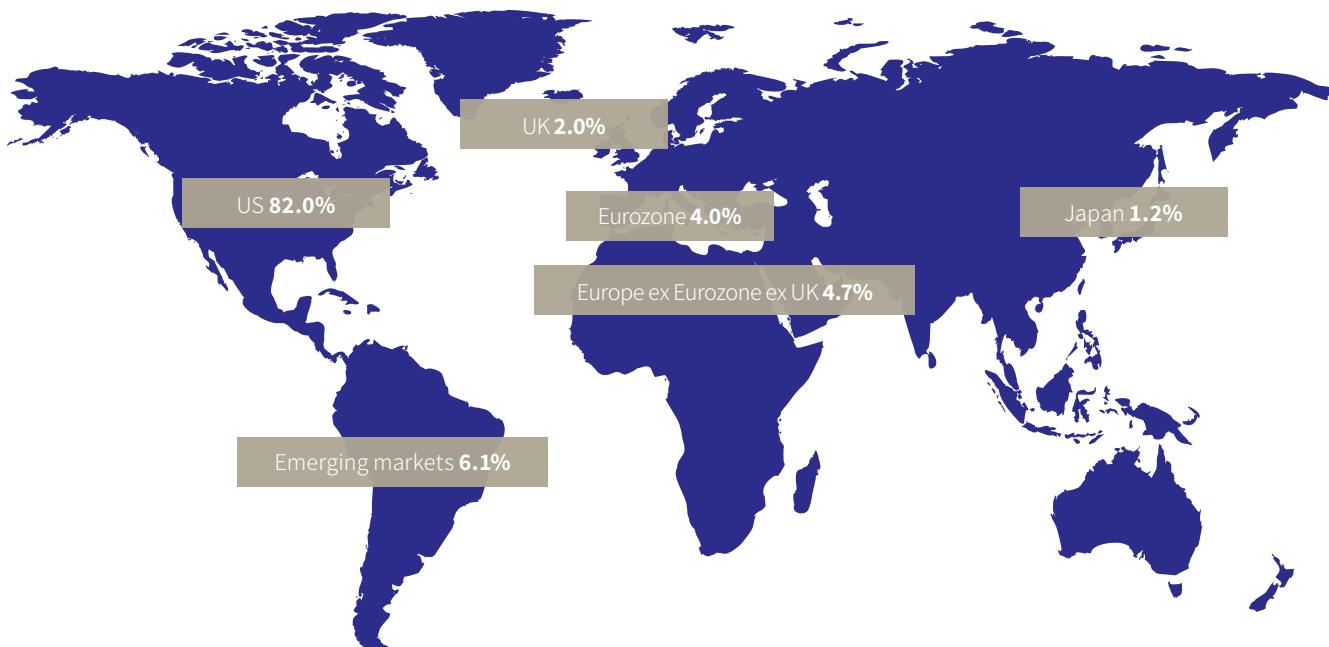


## Top 10 share holdings

Stock name	% of fund
Alphabet	9.3
Apple	8.1
Nvidia	7.5
Microsoft	7.0
Amazon.com	6.9
Meta Platforms	4.4
Taiwan Semiconductor	4.2
Broadcom	3.9
Tesla	3.7
JP Morgan	3.4

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

## Share regional distribution



Information is correct at 31 December 2025

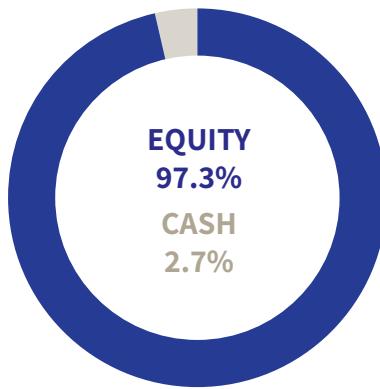
# SUMMIT GROWTH FUND

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 December

The Summit Growth Fund returned -0.7% net of fund management fees in December. From a sector perspective, Healthcare, Utilities and Communication Services were the best performers. The Technology, Consumer Discretionary and Materials sectors lagged over the month. The stocks contributing most to the fund return during the month were Samsung Electronics, Booking Holdings and Taiwan Semiconductor. The stocks that detracted most from the fund return were Netflix Inc, Ferguson Enterprises and Alphabet Inc.

## Asset allocation

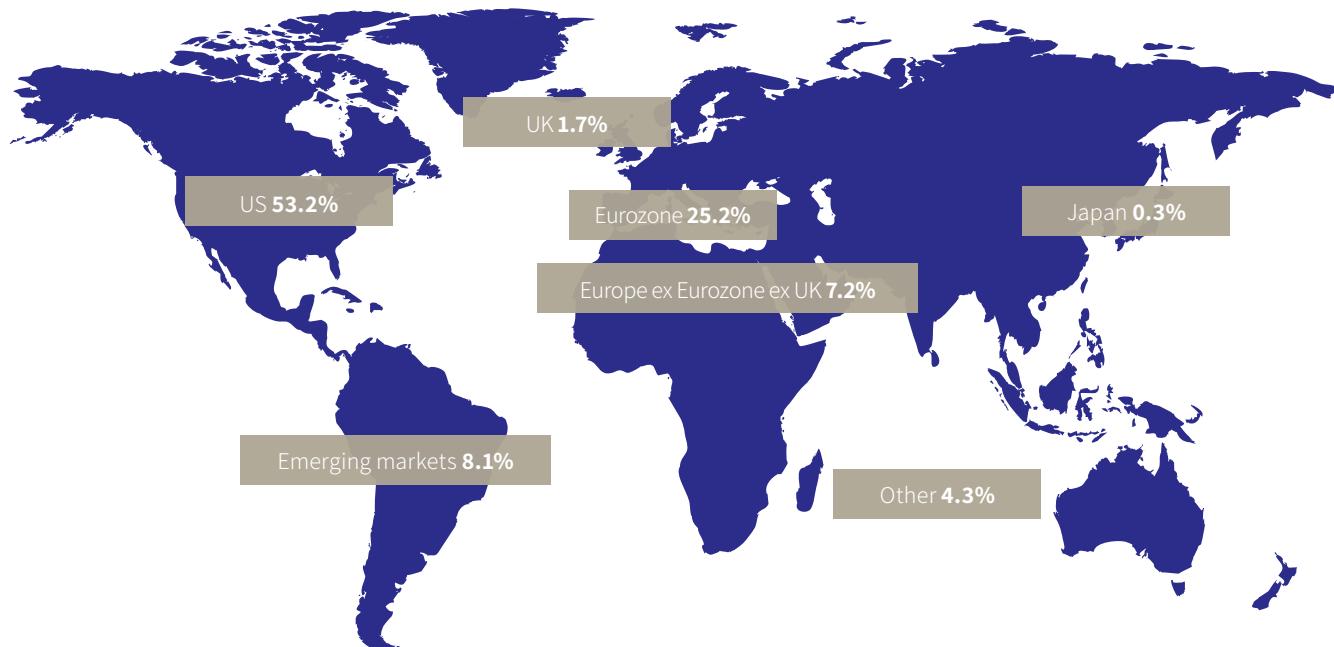


## Top 10 share holdings

Stock name	% of fund
Alphabet	4.5
Taiwan Semiconductor	4.4
Microsoft	4.1
Berkshire Hathaway	3.8
Meta Platforms	3.2
Ryanair	2.9
Booking	2.7
Applied Materials	2.6
Marsh & McLennan	2.5
Nike	2.4

Source: ILM, Factset.  
Data is accurate as at 31 December 2025.

## Share regional distribution



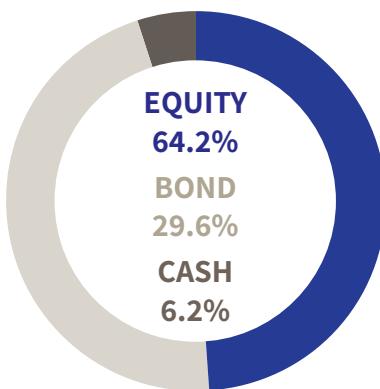
# SUMMIT BALANCED FUND

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 December

The Summit Balanced Fund returned -0.8% net of fund management fees in December. From a sector perspective, Technology, Financials and Materials were the best performers. The Utilities, Communication Services and Industrials sectors lagged over the month. December saw a further softening in US labour market data, with job growth remaining subdued and the unemployment rate rising, justifying the Fed's decision to deliver a widely anticipated 25 basis point rate cut to 3.50–3.75%. In Europe, economic activity remained resilient although growth momentum slowed, as reflected by lower PMI readings, while inflation remained unchanged. Global equities rose, supported by the widely anticipated Fed rate cut, optimism regarding the growth and earnings outlook in 2026 and the ongoing AI theme. There was continued sector rotation into cyclicals with volatility persisting amid mixed macro data and evolving policy expectations. Bond yields rose in both the US and Eurozone on the back of the positive growth outlook in 2026 and markets slightly scaling back expectations for further policy easing. Higher Japanese bond yields as the Bank of Japan raised interest rates also pulled global bond yields higher.

## Asset allocation

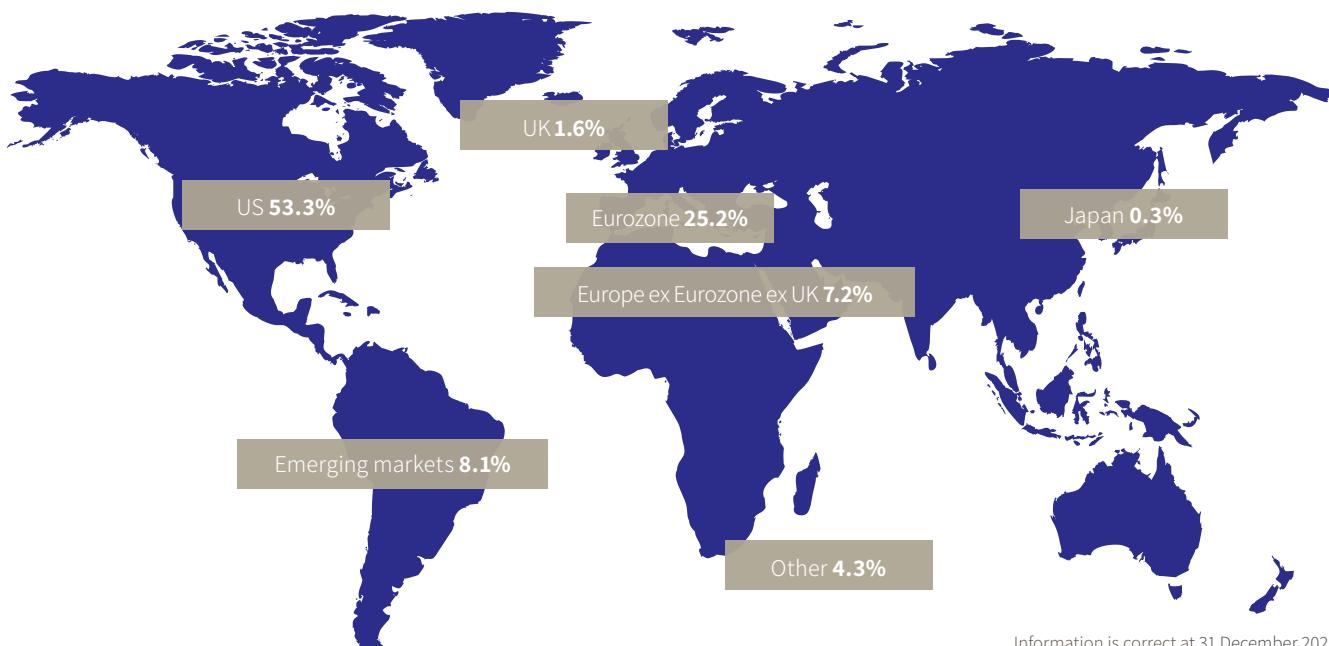


## Top 10 share holdings

Stock name	% of fund
Alphabet	4.6
Taiwan Semiconductor	4.4
Microsoft	4.1
Berkshire Hathaway	3.8
Meta Platforms	3.2
Ryanair	3.0
Booking	2.7
Applied Materials	2.6
Marsh & McLennan	2.5
Nike	2.5

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

## Share regional distribution



Information is correct at 31 December 2025

# SUMMIT FUND PERFORMANCE



**At 31 December 2025**

Fund returns after fund management fee	Balanced	Growth	Global Leaders
1 Month	-0.82%	-0.72%	-0.80%
QTD	1.03%	1.88%	5.32%
3 Month	1.03%	1.88%	5.32%
YTD	4.29%	7.50%	8.17%
1 Year	4.29%	7.50%	8.17%
2 Years pa	6.84%	11.53%	22.61%
3 Years pa	7.27%	11.06%	25.37%
5 Years pa	4.77%	10.04%	15.17%
10 Years pa	4.43%	7.71%	13.47%

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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