



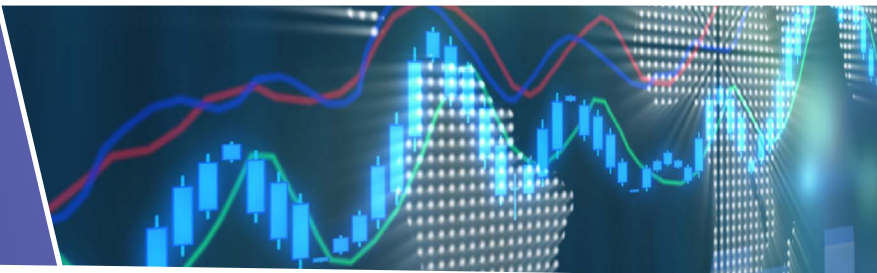
# January 2026 in review

## Summit Investment Funds

Summit Investment 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

Rising geopolitical tensions – spurred by the US’s military action in Venezuela and efforts to acquire Greenland – failed to halt a rise in global equities in January.

The Fed held interest rates at 3.5%–3.75%. The European Central Bank also kept rates steady at 2% as inflation continued to ease and Q4 GDP growth surprised positively.

### Equities

Global equities rallied over the month, up 2.5% (1.7% in euros), reflecting resilient economic data, supportive central bank policy and a positive start to the Q4 earnings reporting season. Sector leadership shifted away from megacap technology towards cyclical, basic resources, energy, banks and industrials, which benefited from the improving growth outlook while defensive sectors and traditional software lagged. The AI narrative remained a key driver, although the market began to differentiate between the potential winners and losers of the theme in light of the outperformance of semiconductors over software amid strong results from leading AI hardware and infrastructure companies.

The MSCI All Country World index ended the month up by 2.5% (1.7% in euros), with the MSCI USA up 1.3% in local terms (flat in euros). The MSCI Emerging Markets (EM) index rose by 8.8% (7.5% in euros), driven by robust flows, a weaker US dollar, attractive valuations and continued strong performance in Korea and Taiwan on the back of the AI theme. European stocks advanced, with the MSCI Europe ex-UK higher by 2.4% (2.9% in euros), underpinned by resilient Eurozone macroeconomic data, supportive corporate earnings and broadly benign central bank expectations. Risk appetite was further supported by strong fund flows, elevated investor confidence and a valuation discount versus the US.

### Bonds

US 10-year Treasury yields increased by 7 basis points to 4.24%, reflecting concerns about Fed independence and a resilient economic outlook. The ICE BofA 5+ Year Euro Government bond index rose by 0.9% even as 10-year German Bund yields were broadly unchanged, falling 1bp to 2.84%. Returns were supported by narrowing peripheral spreads, while French 10-year spreads against Germany fell 13bps to 58bps as a 2026 budget was agreed and a government collapse was avoided.

## MARKET SNAPSHOT

### Market returns (EUR)

Equity Markets (EUR)	MTD Return (%)	YTD Return (%)	2024 Return (%)
MSCI Ireland	0.0	0.0	39.9
MSCI United Kingdom	3.8	3.8	19.1
MSCI Europe ex UK	2.9	2.9	20.4
MSCI North America	0.0	0.0	4.5
MSCI Japan	5.2	5.2	10.3
MSCI EM (Emerging Markets)	7.5	7.5	18.5
MSCI AC World	1.7	1.7	8.3
10-Year Yields	Yield last month	2025 Yield (%)	2024 Yield (%)
US	4.24	4.17	4.57
Germany	2.84	2.86	2.37
UK	4.52	4.48	4.57
Japan	2.25	2.07	1.10
Ireland	3.01	3.01	2.64
Italy	3.46	3.55	3.52
Greece	3.45	3.44	3.22
Portugal	3.20	3.15	2.85
Spain	3.21	3.29	3.06
FX Rates	End last month	2025 Rates	2024 Rates
U.S. Dollar per Euro	1.19	1.17	1.03
British Pounds per Euro	0.87	0.87	0.83
U.S. Dollar per British Pounds	1.37	1.35	1.25
Commodities (USD)	MTD Return (%)	YTD Return (%)	2025 Return (%)
Oil (Brent)	16.2	16.2	-18.5
Gold (Oz)	13.2	13.2	64.7
S&P Goldman Sachs Commodity Index	9.8	9.8	7.1

Source: ILIM, Bloomberg. Data is accurate as at 1 February 2026.

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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 are now being revised higher, consumer balance sheets are strong, ongoing disinflation is expected through 2026 and expected Fed rate cuts and a corporate-friendly stance from the US government all 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 18.8x 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 21.9x 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 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, 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 2.84% and 4.24% 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.



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 anticipated to remain firm in 2026, with growth of 2.8% again expected. 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 can 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 the implementation of Trump policies, the eventual growth outcome, inflation path, monetary policy and geopolitical tensions. Modest short-term draw downs in markets are possible, and could provide opportunities to add to exposures.



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

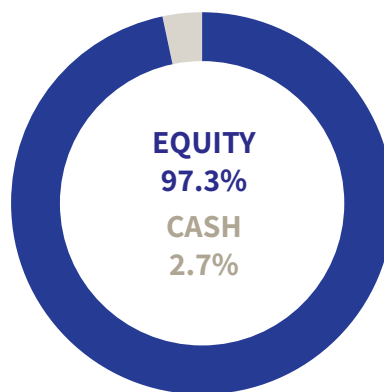
# SUMMIT GROWTH FUND

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 January

The Summit Growth Fund returned +1.4% net of fund management fees in January. From a sector perspective, Energy, Technology and Utilities were the best performers. The Consumer Discretionary, Materials and Financials sectors lagged over the month. The stocks contributing most to the fund return during the month were Samsung Electronics, Applied Materials and Taiwan Semiconductor. The stocks that detracted most from the fund return were Microsoft Corp, Hannover Re and Netflix Inc.

## Asset allocation

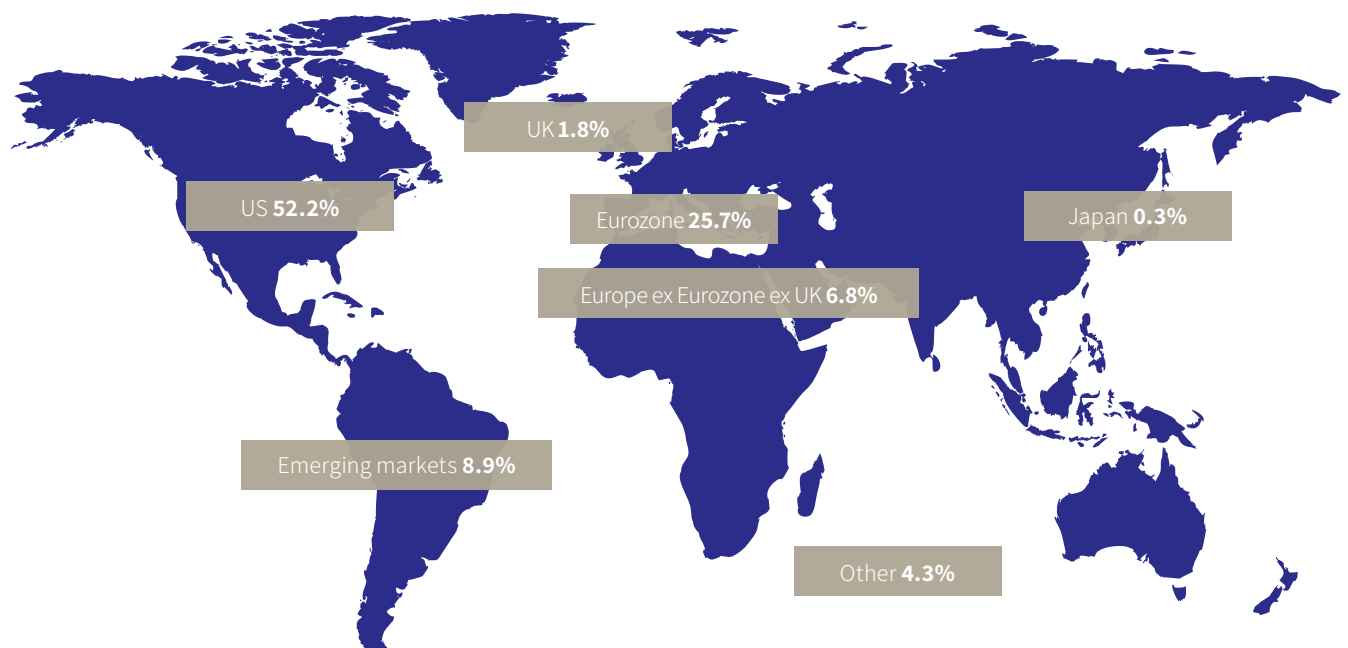


## Top 10 share holdings

Stock name	% of fund
Alphabet	4.5
Taiwan Semiconductor	4.3
Microsoft	3.8
Meta Platforms	3.4
Berkshire Hathaway	3.3
Samsung	2.9
Ryanair	2.8
Marsh & McLennan	2.5
Booking	2.4
CRH	2.3

Source: ILIM, Factset.  
Data is accurate as at 31 January 2026.

## Share regional distribution



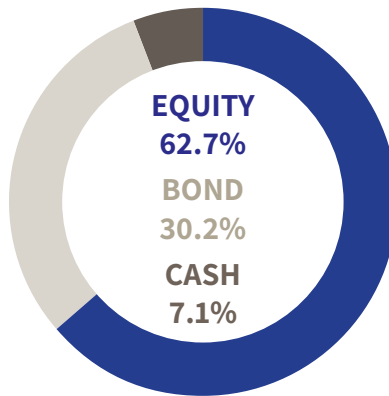
# SUMMIT BALANCED FUND

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 January

The Summit Balanced Fund returned +1.0% net of fund management fees in January. From a sector perspective, Energy, Technology and Utilities were the best performers. The Consumer Discretionary, Materials and Financials sectors lagged over the month. Global equities rallied over the month, reflecting optimism around resilient economic growth, ongoing AI-driven investment and expectations of continued policy support, even as volatility persisted amid evolving macro and geopolitical developments. Bond yields were mixed, with US Treasury yields edging higher, while core EU yields were broadly stable as peripheral and French spreads narrowed. The Fed held rates steady at 3.5–3.75%, signalling a cautious approach amid ongoing debate about inflation and employment. President Trump nominated Kevin Warsh as the next Fed chair, which eased concerns over central bank independence. In Europe, the ECB maintained its deposit rate at 2.00% as inflation continued to ease and Q4 GDP growth surprised to the upside.

## Asset allocation

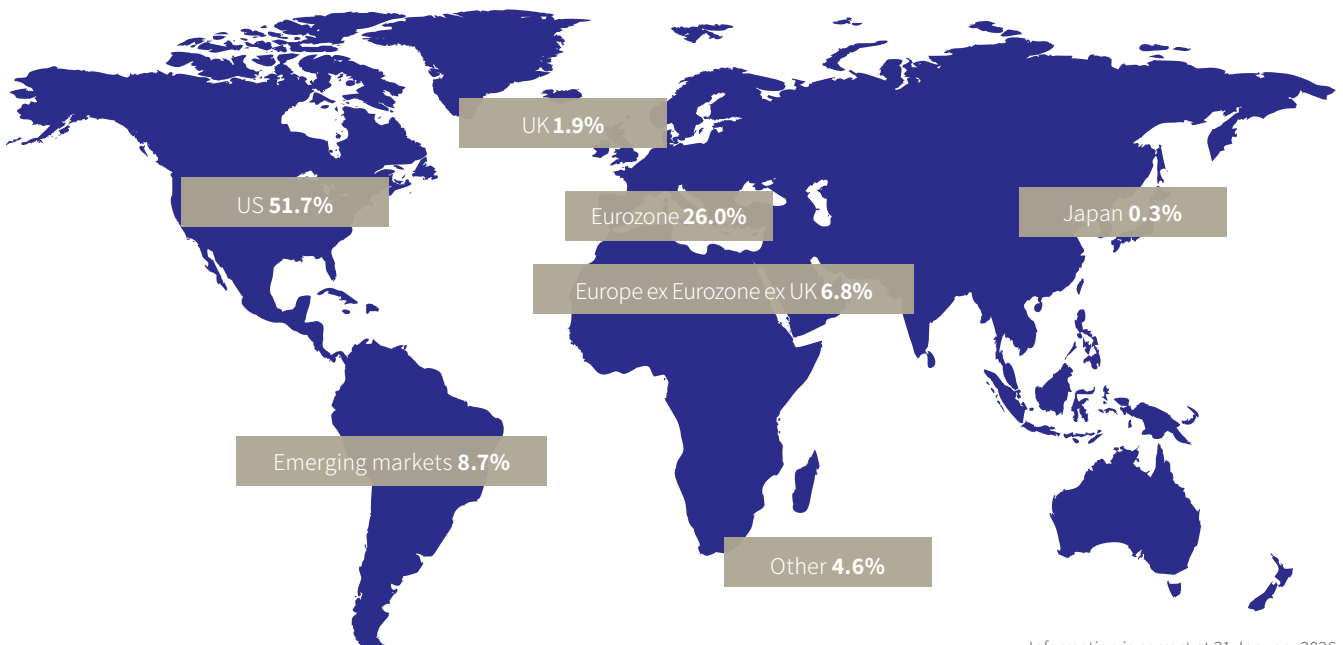


## Top 10 share holdings

Stock name	% of fund
Alphabet	4.5
Taiwan Semiconductor	4.3
Microsoft	3.8
Meta Platforms	3.3
Berkshire Hathaway	3.2
Samsung	2.8
Ryanair	2.8
Marsh & McLennan	2.4
Booking	2.4
CRH	2.3

Source: ILIM, Factset.  
Data is accurate as at 31 January 2026.

## Share regional distribution



Information is correct at 31 January 2026

# SUMMIT FUND PERFORMANCE



## At 31 January 2026

Fund returns after fund management fee	Balanced	Growth
1 Month	0.97%	1.44%
QTD	0.97%	1.44%
3 Month	0.77%	1.65%
YTD	0.97%	1.44%
1 Year	2.35%	4.11%
2 Years pa	5.56%	9.16%
3 Years pa	4.97%	7.90%
5 Years pa	3.91%	7.92%
10 Years pa	3.84%	6.52%

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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Irish Life Investment Managers (ILIM) is recognised internationally for its expertise, innovation and track record:



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