Montlake UCITS

May 2025

Perspective American Extended Alpha UCITS Fund

Long/Short Equity

Performance Returns

The Perspective American Extended Alpha UCITS Fund returned +5.70% for the month of May (USD Institutional Class A Pooled).

Overview and Strategy

The Perspective Invest team combines fundamental bottom-up and top-down macro analysis, with an emphasis on ex-ante risk assessment. This is a process called 'Alpha Roll-up' that portfolio manager Steve Moore has successfully deployed over the past two decades.

The Perspective American Extended Alpha UCITS Fund will aim to provide a positive return relative to the Fund's referenced benchmark (S&P 500 Total Return index) by employing a long biased 130/30 equity investment strategy that is focused predominantly on North America. The mandate of the Fund is to deliver longer-term capital appreciation for investors with a target volatility of less than the referenced benchmark.

Monthly Performance – USD Institutional A Pooled

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2025	3.29%	-0.26%	-4.76%	-0.11%	5.70%								**3.60%**
2024	2.92%	3.72%	3.62%	-3.67%	4.93%	4.14%	0.87%	2.75%	1.29%	0.37%	5.27%	-1.49%	**27.24%**
2023	-	-	-	-	-	-	0.95%	-0.77%	-3.81%	-1.14%	7.87%	2.86%	**5.69%**

The performance figures quoted above represent the (net of fees) performance of the Perspective American Extended Alpha UCITS Fund, USD Institutional Class A Pooled Share Class, since launch on 20/07/2023. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Performance vs S&P 500

	May 2025	2025 YTD
Perspective AEA UCITS	5.70%	3.60%
S&P 500 Total Return Index	6.29%	1.06%
Outperformance	-0.59%	2.54%

Month End Sector Exposure

Long		Short	
Information Technology	39.2%	**Financials**	7.1%
Financials	22.2%	**Consumer Discretionary**	6.0%
Consumer Discretionary	13.5%	**Information Technology**	5.3%

Exposure	
# of Long	176
# of Short	201
Long	122.3%
Short	31.8%
Gross (beta-adjusted)	157.0%
Net (beta-adjusted)	90.5%
Net	91.3%

The Manager

perspective
INVEST

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Valuation	Daily
Firm AUM	$191 million
Fund AUM	$111 million
Inception	20 July 2023
Share Class	**Institutional Class A Pooled**
Currency	EUR/USD/CHF/GBP
Mgt. Fee	0.75%
Perf. Fee	17.5%
Min Init. Sub.	10,000,000
ISIN Codes	EUR: IE000J48XOB1 USD: IE000343ERW4 CHF: IE0005ZEGTH8 GBP: IE000O2TWAC7
Share Class	**Institutional Class B Pooled**
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.00%
Perf. Fee	20.00%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE0007EIJ357 USD: IE000WI3MBQ5 CHF: IE000I0YS0D7 GBP: IE000TB0GUT9
Share Class	**Retail Class Pooled**
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.5%
Perf. Fee	20.00%
ISIN Codes	EUR: IE000ARV6TN1 USD: IE000U6JINW1 CHF: IE000CJERNI7 GBP: IE0002FKCSP8

Statistics

Sharpe – (12month trailing)	0.9
Sortino – (12month trailing)	1.1
Volatility	17.1
Max Drawdown	-16.6%

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Market Commentary

In May, the S&P 500 and Nasdaq gained 6.3% and 9.7%, respectively, as fears over U.S. tariff policy continued to ease. Early-stage trade talks led to a temporary drop in U.S. tariffs on Chinese goods, from 145% to 30%, while China's retaliatory tariffs on U.S. goods were lowered from 125% to 10%. The sustainability of this détente remains uncertain and if businesses consider this retreat as temporary, the broader economy will likely face increasing headwinds from reduced investments and hiring plans.

Some forward indicators are already point to headwinds. Small business investment intentions, as measured by the Capital Expenditures Plan Index, are at their lowest levels since the depths of the covid-19 pandemic. Additionally, the ISM Purchasing Managers' Index for exports and imports have fallen into contractionary territory (below 50), which is significant given that trade is 25% of U.S. GDP. We note a steady rise in Continuing Claims albeit from low levels. Private credit defaults continue to run at three times the default rates of the large bank lenders, and we favour the latter. The fund declined by 0.3% in May. In our long book, our top contributors were Capital One, Adyen and Twilio, while Warner Music Group, Wix.com and CVS Health were detractors. On the short side, performance was led by a beverage manufacturer and a consumer electronics firm and a cybersecurity provider.

We saw a big decline in pricing for cloud services over the month and declining GPU costs, which will bring renewed deflationary threats to the software industry and pressure the economics of the core AI providers. Twilio delivered a strong first quarter, reinforcing our thesis around go-to-market and cross-selling. Revenues grew of 13 % year-on-year and non-GAAP operating margins approached the low-20% range. Net retention rate improved to 107%, up 1%, and the company added 11,000 new customers quarter-on-quarter.

Warner Music Group's recorded music subscription revenue grew a muted ~4% year-on-year in the fiscal second quarter, trailing Universal Music by 5%. A lighter release slate and market-share loss in China led management to guide for continued soft growth for the remainder of the year. However, new DSP-related wholesale rate deals and upcoming "super-fan" monetisation initiatives could lift revenue and restore operating leverage by fiscal year 2026.

Wix.com underperformed despite a strong first quarter, as the market fixated on an approximately 2% reduction in full-year constant currency guidance. While the company remains a "show-me" story, we remain constructive on the back of new product launches, strong new user cohort bookings and prudent cost management, all of which support a re-accelerating path against a relatively attractive valuation.
CVS underperformed as lingering Medicare Advantage utilization worries and retail pharmacy pressure overshadowed an encouraging first quarter beat, where management guided FY'25 adjusted EPS of $5.75-6.00. With Aetna stabilizing, Stars upgrades kicking in, and valuation attractive, we remain positive that clearer earnings visibility and GLP-1–driven Pharmacy Benefit Manager momentum can unlock both profit growth and multiple expansion.

Despite Washington's recent tariff rollbacks, the overall average effective tariff rate will hit 15.6%, the highest level since 1937. Since tariffs act a regressive tax, especially in the short run, their burden disproportionately impacts lower-income households: the second income decile bears five times the burden compared to the top decile. According to Yale Budget Lab, all the 2025 tariffs are expected to push the price level by 1.5% in the short-term, the equivalent to a $2,500 loss in purchasing power per household. Combined with the aggregate squeeze from inflationary pressures over the past five years and higher interest rates, this presents a meaningful strain on discretionary spending and consumer credit quality.

Equities have staged a strong rebound since the Liberation Day trough. The new administration's budget agenda has moved through congress faster than expected, helped by 3 vacated House seats. New spending would increase deficits by 1.4 trillion over the next three years, which will help support economic growth and corporate earnings going forward. Rising liquidity was supported by less treasury bond issuance and lower bond and equity volatility.

Fiscal stimulus is an important backstop in an aging economic cycle. We have yet to see the final bill and expect higher revenue generating provisions closer to its passing. Troublingly, a clause in the bill proposes higher tax rates on U.S. assets held by investors in countries that are deemed to have "discriminatory" tax policies – potentially prompting capital flight. The breadth of the tax has yet to be revealed, creating uncertainty for international operators. We believe these developments pose downside risk to equity valuations.

Contact Details

Investor Contact
Waystone Financial Investments Limited
6th Floor, 125 Wood Street
London, EC2V 7AN
T: +44 207 290 9493
investmentsolutions@waystone.com

Management Company
Waystone Management Company (IE) Ltd
4th Floor, 35 Shelbourne Road, Ballsbridge
Dublin D04 A4E0, Ireland
T: +353 1 619 2300
investorrelations@waystone.com

Investment Manager
Tavira Financial Limited
13th Floor, 88 Wood Street
London EC2V 7DA
T: +44 (0) 20 3833 3709
ir@tavirasecurities.com

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