Montlake UCITS

May 2025

Perspective American Absolute Alpha UCITS Fund

Long/Short Equity

Performance Returns

The Perspective American Absolute Alpha UCITS Fund returned -0.28% 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 Absolute Alpha UCITS Fund strives to provide positive absolute returns by employing a long/short equity investment strategy that is focused predominantly on North America. The mandate of the fund is to deliver longer-term capital appreciation for investors within a low, but variable, net exposure framework of -20% to +20% (typical) that does not subject investors to the cyclicality of broader equity markets.

Monthly Performance – USD Institutional A Pooled

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D
2025	1.53%	1.74%	1.38%	0.28%	-0.28%								**4.73%**
2024	1.85%	-0.27%	1.43%	0.41%	0.37%	1.05%	0.10%	1.33%	-0.31%	1.00%	0.29%	-0.01%	**7.44%**
2023	-2.78%	0.13%	1.26%	0.39%	0.84%	-0.41%	-0.67%	1.96%	0.51%	1.16%	-0.11%	-0.58%	**1.63%**
2022	-	-	-	-	-	-	-	-	-	-	-0.03%	0.52%	**0.49%**

The performance figures quoted above represent the (net of fees) performance of the Perspective American Absolute Alpha UCITS Fund, USD Institutional Class A Pooled Share Class, since launch on 11/11/2022. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Peer Group Indices

	May 2025	2025 YTD
Perspective AAA UCITS	-0.3%	4.7%
Kepler Equity L/S Index	2.6%	3.8%

Month End Sector Exposure

Long		Short	
Financials	13.1%	**Financials**	12.0%
Information Technology	12.1%	**Consumer Discretionary**	11.6%
Consumer Discretionary	5.5%	**Information Technology**	9.8%

Exposure	
# of Long	176
# of Short	201
Long	49.9%
Short	58.0%
Gross (beta-adjusted)	109.9%
Net (beta-adjusted)	-8.2%
Net	-1.2%

The Manager

perspective INVEST

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Valuation	Daily
Firm AUM	$193 million
Fund AUM	$72 million
Inception	11 November 2022
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: IE000M5FQ0R9 USD: IE000CW87WZ8 CHF: IE000I3FBHK4 GBP: IE000GF8FUJ6
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: IE000LF40OZ0 USD: IE000UKI6XQ6 CHF: IE000LJDWED0 GBP: IE000RRMITS6
Share Class	**Retail Class Pooled**
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.5%
Perf. Fee	20.00%
ISIN Codes	EUR: IE000ZCUA0K8 USD: IE00097VZYQ5 CHF: IE000T59NNH7 GBP: IE000A3YRSU5

Statistics

Sharpe – (12month trailing)	1.4
Sortino – (12month trailing)	1.9
Volatility	3.2%
Max Drawdown	3.0%

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Monthly 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.

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