

MONTLAKE VOLATILITY ARBITRAGE UCITS FUND

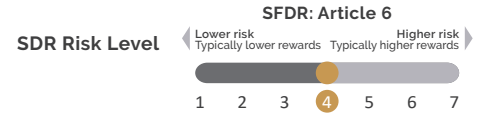
Marketing Communication
Month End of December 2024



Country Registrations:



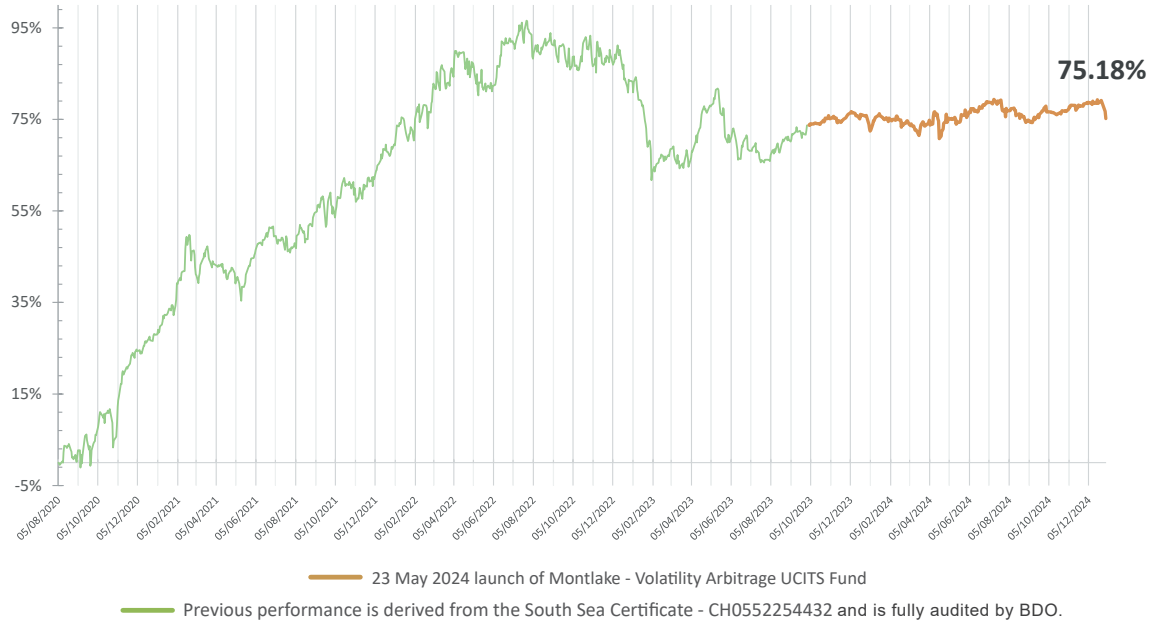
USD Institutional (UI) share class NAVps: \$ 100.86



CARACTERISTICS

Legal Structure	UCITS - ICAV
Domicile	Ireland
Custodian / Depository	Northern Trust
Administrator & Transfer Agent	Northern Trust International Fund Administration
Management Company	Waystone Fund Management (IE) Limited
Auditor	KPMG - Ireland
Investment Manager	Fortune Financial Strategies S.A.
Portfolio Manager	Simon Khalili
Share class type	USD Insti. (UI)
ISIN - Sedole	IE0005RLJ1N2 - BPK65J6
Fund Launch Date	23 September 2024
Valuation Frequency	Daily
Subscription & Redemptions	Daily T+1
Total Expense Ratio (TER)	1.20%
Management & Performance fee	0.9% & 18% HWM
Prospectus and PRIIPs can be found on www.montlakeucits.com The Prospectus is in English & the PRIIPs are in EN, PT, ES, DE, FR, IT	

NET OF FEES PERFORMANCE SINCE INCEPTION



MONTHLY NET % PERFORMANCE SINCE INCEPTION

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD	CUM
2024	-0.41	-0.29	-0.64	1.49	-0.40	1.56	-0.41	-1.73	2.04	-0.65	0.95	-1.81	-0.40	75.18
2023	-7.32	-1.67	-1.51	7.17	-2.73	-1.83	-1.38	3.06	1.41	0.86	0.42	-0.01	-4.11	75.89
2022	2.33	2.31	5.19	-0.77	-0.65	5.26	0.74	-0.07	-4.15	4.00	-1.58	-3.58	8.82	83.44
2021	3.19	10.54	-1.81	-0.84	1.68	4.63	-3.02	4.61	0.49	3.61	1.53	3.82	31.58	68.57
2020								1.70	2.94	0.31	17.02	4.25	28.12	28.12

Performance until September 2023 derived from the South Sea Certificate - CH0552254432 and is fully audited by BDO.
Historical performance is not an indicator of current or future performance. Performance data does not take into account the commissions and costs charged on the issue and redemption of units.

ASSETS UNDER MANAGEMENT

Consolidated AUM of Fortune Group	2,287,643,813 USD
Strategy AUM UCITS Fund	43,193,170 USD

TRACK RECORD STATISTICS

	Sharpe*	Sortino*	Vol*	3 M	6 M	12 M	Since Inception ^(a)	Annualized return ^(a)
Montlake Vol. Arb. UCITS (daily)	0.40	0.75	5.63%	-1.53%	-1.67%	-0.40%	75.18%	13.15%

(a) - Performance since the inception of the strategy. | * Since Inception.

CONTACT DETAILS

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INVESTMENT STRATEGY DESCRIPTION

Montlake Volatility Arbitrage UCITS Fund is a strategy that utilizes a disciplined, active & opportunistic investment approach that combines systematic fundamental & technical analysis with a discretionary execution; in order to build a portfolio of high conviction long and short liquid index option positions that seek to generate absolute risk-adjusted returns. The fund aims to extract market inefficiencies through volatility arbitrage, by buying low volatility and selling high volatility. This strategy leverages various instruments and stock positions across intra- and cross-index strategies. Most of the fund's positions are centered around calendar diagonal spreads and straddles, strategies aimed at generating value (through price decay or theta) in down or flat markets.

MONTHLY REVIEW

In December, the S&P 500® Index returned -2.42%, while the Nasdaq 100 Index gained +0.45%. Equity markets experienced significant gains in November as the resolution of uncertainty surrounding the U.S. presidential election overshadowed the pre-election volatility in October and the negative sentiment in December. The latter was influenced by cautious comments from the U.S. Federal Reserve regarding the future pace of interest rate cuts. Despite this, the S&P 500® Index achieved a full-year return of 25.02% in 2024, marking the first time since 1998-1999 that the index recorded consecutive annual gains exceeding 20%. Those earlier years were part of the Tech Bubble, which culminated in its burst in the early 2000s.

Economic data released in December showed a domestic economy marked by steady inflation and a stable labor market. Corporate earnings were positive in Q3, with aggregate operating earnings projected to grow 3.2% quarter-over-quarter and 7.6% year-over-year. With over 99% of S&P 500® Index companies reporting, 79% met or exceeded analyst estimates.

The S&P 500® Index displayed notable performance fluctuations throughout 2024. Q1 delivered a strong 10.56% return, followed by a modest 4.28% in Q2. The index gained 5.89% in Q3 and 2.41% in Q4, driven largely by monetary policy shifts and the U.S. presidential election. Following the Fed's pivot from rate hikes to cautious cuts, equity markets advanced on the back of multiple interest rate reductions, despite

volatility. The summer's unexpected maximum drawdown reflected market sensitivity to a weak domestic jobs report and the unwinding of a popular foreign currency trade. Post-election, investors refocused on the economic implications of President Trump's return to the White House.

Implied volatility, measured by the VIX, remained relatively subdued for most of 2024 but spiked during key events. The VIX hit a low of 11.86 on May 21st, reflecting calm markets in the first half, before climbing to an intra-year high of 38.57 on August 5th, coinciding with the year's largest drawdown. For the full year, the VIX averaged 15.55, while realized volatility for the S&P 500® Index was 12.66%.

In December, the fund implemented two arbitrage strategies. The first leveraged the long-term outperformance of the Nasdaq relative to the S&P 500 by selling Nasdaq's higher volatility and buying the S&P 500's lower volatility. However, despite a 2.96% increase in the Nasdaq/S&P 500 spread, the strategy resulted in a loss of over 1.83% to NAV due to positive delta exposure. The second strategy, focusing on individual stock options arbitrage, had a smaller negative impact, reducing NAV by 0.24%. Treasuries contributed positively to NAV with a 0.26% gain.

Looking ahead, the fund plans to shift toward a more volatile strategy to target a 20% annual performance, reflecting a cautiously optimistic approach for 2025.

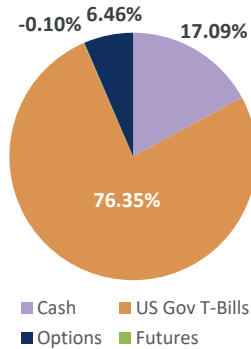
Below is a table with updated figures as of December 31st.

	Market Value	Long Exposure /NAV	Short Exposure /NAV	Net Exposure	Net Notional	MTD
US Treasury & Cash	40,751,516.65	-	-	-	-	0.26%
SPX puts	5,127,750.00	0.00%	-130.57%	-130.57%	\$(87,575,976.56)	3.51%
SPX calls	1,579,250.00	77.76%	0.00%	77.76%	\$172,232,753.91	-3.94%
NDX puts	-3,435,250.00	112.08%	0.00%	112.08%	\$107,365,078.13	-3.47%
NDX calls	-451,815.01	47.03%	-49.51%	-2.48%	\$(30,062,221.88)	0.79%
Index Futures	-	4.87%	0.00%	4.87%	\$2,122,650.00	1.28%
20 individual stocks	-	0.00%	0.00%	0.00%	\$-	-0.24%
Total	43,571,451.64	241.75%	-180.08%	61.66%	\$164,082,283.59	-1.81%

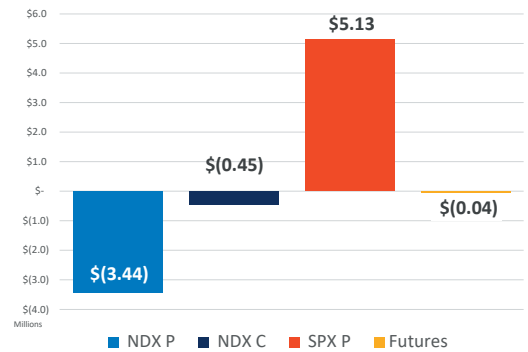
TOP 3 PERFORMERS MTD

NDXP US 01/29/25 C23600	82.05%
NDXP US 01/28/25 C21800	72.75%
SPXW US 03/21/25 P6200	54.75%

MONTH-END NET VALUE ALLOCATION



INDEX OPTIONS BOOK MARKET VALUE (\$)



OPTION BOOK SPECIFICS

Option Positions	S&P option Transactions	Nasdaq option Transactions	Future Transactions	Single Stock Options	Delta Net Exposure	Delta Gross Exposure	Theta Daily	Vega	Var
10	17	71	59	42	61.71%	421.75%	-0.01%	0.96%	2.99%

RISK

BOND BOOK SPECIFICS

Bond Positions	Bonds Transactions	Average Rating	Average YTM	Average Duration
7	0	AAA	4.24%	0.30

Share class	Currency	Month End NAV	Type	Minimum Investment	Management Fee	Performance Fee	Hedged to the USD	Dividend Distributing	ISIN Codes	Bloomberg Codes
UI	USD	100.86	Institutional	3,000,000	0.90%	18%	No	No	IE0005RLJ1N2	FFSVAUI
UA	USD	99.96	Advisory	No minimum	1.80%	18%	No	No	IE000V8WDL04	FFSVAUA
EI	EUR	103.49	Institutional	3,000,000	0.90%	18%	No	No	IE000X3IY4G0	FFSVAEI
EHI	EUR	99.24	Institutional	3,000,000	0.90%	18%	Yes	No	IE000CPWXNFO	FFVAEHI
EHA	EUR	97.39	Advisory	No minimum	1.80%	18%	Yes	No	IE000FK526C1	FFVAEHA
CHI	CHF	95.57	Institutional	3,000,000	0.90%	18%	Yes	No	IE000J400TY2	FFVACHI

GLOSSARY

Sharpe Ratio

Was developed by Nobel laureate William F. Sharpe and is used to help investors understand the return of an investment compared to its risk. The ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. Volatility is a measure of the price fluctuations of an asset or portfolio.

Sortino Ratio

Is a variation of the Sharpe ratio that differentiates harmful volatility from total overall volatility by using the asset's standard deviation of negative portfolio returns—downside deviation—instead of the total standard deviation of portfolio returns. The Sortino ratio takes an asset or portfolio's return and subtracts the risk-free rate, and then divides that amount by the asset's downside deviation. The ratio was named after Frank A. Sortino.

Vol (Volatility)

Volatility measures how much an investment's price fluctuates over time. Higher volatility indicates greater price swings and potentially higher risk, while lower volatility suggests more stable performance.

bps (Basis Points)

Basis points, or bps, are a unit of measurement used to describe percentage changes in interest rates or yields. One basis point equals one-hundredth of a percent (0.01%). For instance, 25 bps equals 0.25%.

SOFR (Secured Overnight Financing Rate)

The Secured Overnight Financing Rate (SOFR) is a benchmark interest rate that reflects the cost of borrowing cash overnight, secured by U.S. Treasury securities. It is widely used as a replacement for LIBOR in financial markets.

Var (Value at Risk)

Value at Risk (VaR) is a statistical measure that estimates the potential loss an investment or portfolio could face over a specified time period with a given level of confidence. For example, a one-day 5% VaR of \$1 million means there is a 5% chance the portfolio could lose more than \$1 million in one day. VaR is widely used for risk management.

HWM (High-Water Mark)

The High-Water Mark is the highest value that an investment or fund has reached. It is commonly used in performance fee structures to ensure fees are only charged on gains above the previous peak value.

AT1

A type of regulatory capital under Basel III, issued as high-risk perpetual bonds or convertible instruments by banks to absorb losses during financial stress. Designed to ensure stability, AT1 can convert to equity or be written down if the bank's financial health declines.

Yield to Worst

Yield to Worst (YTW) is the lowest possible yield that an investor can receive on a bond without the issuer defaulting, assuming the bond is held to its earliest callable date or maturity. It accounts for scenarios such as early redemption, prepayment, or call provisions, which may result in a lower yield than the stated yield to maturity. YTW is a conservative measure used to assess potential downside risk in fixed-income investments, ensuring investors understand the minimum return they might earn.

Duration

Measures a bond's sensitivity to interest rate changes, expressed in years. It estimates how much the bond's price will change for a 1% change in interest rates, helping investors assess interest rate risk.

Spread

Refers to the difference in yield between two bonds or financial instruments, typically of different credit qualities, maturities, or risk levels. It is often used to compare corporate bonds to risk-free government bonds, indicating the extra return investors demand for taking on additional risk.

DISCLAIMER

Swiss Representative: Waystone Fund Services (Switzerland) SA, Av. Villamont 17, 1005 Lausanne, Switzerland.

Swiss Paying Agent: NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, CH-8024 Zurich, Switzerland

Details of where the fund's prospectus, articles of incorporation, annual report, semi-annual report, and KIDs are available, along with the language in which the prospectus and KIDs are available. The funds Prospectus and supplement are available on www.montlakeUCITS.com. The prospectus and supplement are available in English. The PRIIPs are available in EN, PT, ES, DE, FR, IT.

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