

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the Responsible Entity and Issuer of units in Lucerne Alternative Investments Fund

Fund Description

Lucerne Alternative Investments Fund is a multi-strategy fund-of-funds targeting a return above the RBA Cash Rate +6% through a diversified portfolio of direct investments and managed funds employing a variety of strategies.

[Click here to invest.](#)

Key Facts

Inception Date	1 Dec 2017
Benchmark	RBA Cash Rate +6%
Liquidity	Monthly
Strategy	Multi-Strategy
Min. Investment	\$25,000

Class 1

Unit Price	\$1.260
Mgt. Fee	1.15%
Perf. Fee	0%
APIR Code	PIM7035AU

Class 2

Unit Price	\$1.259
Mgt. Fee	0.40%
Perf. Fee	12%
High Water Mark	Yes
APIR (Class 2)	PIM1923AU

Distributions¹

	Class 1	Class 2
30 June 2018	\$0.024	\$0.022
30 June 2020	\$0.009	\$0.012
30 June 2021	\$0.142	\$0.109

Risk Statistics

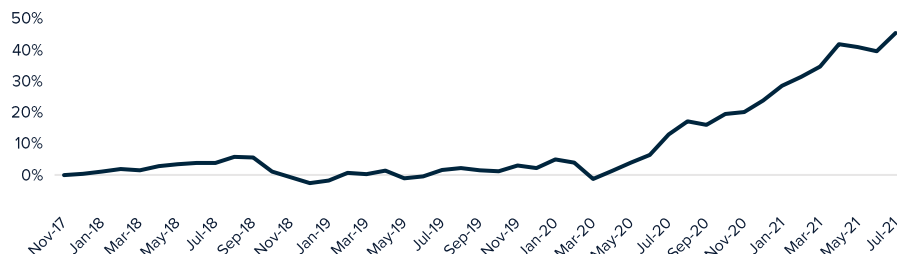
Sharpe Ratio	1.26
Sortino Ratio	2.35
Standard Deviation	7.74%
Maximum Drawdown	-7.88%
% Positive Months	67%

Service Providers

Responsible Entity	Perpetual
Fund Admin.	Mainstream
Legal Advisor	Hall & Wilcox
Fund Auditor	EY

¹Cents per unit

Cumulative Growth Since Inception



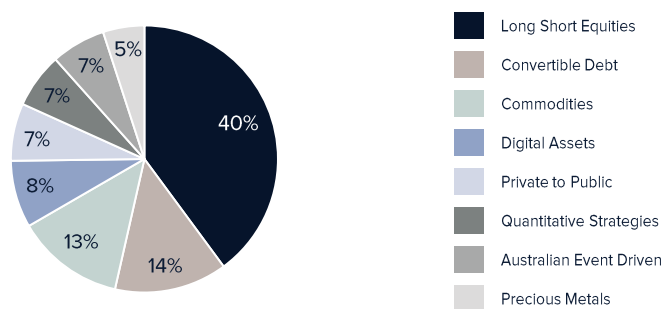
Performance Table

	Since Inception (Cumulative)	1y	6m	3m	1m
Class 1 (net)	45.42%	28.67%	13.14%	2.48%	4.18%

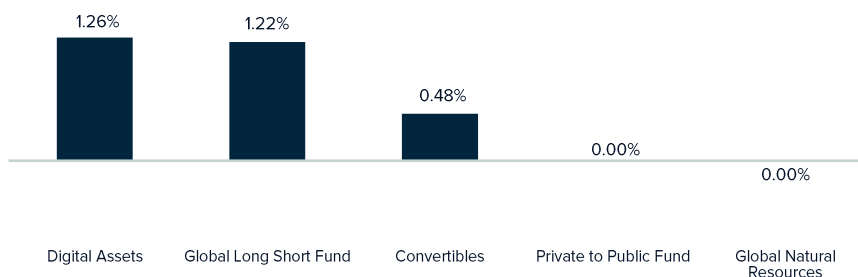
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	-	-	-	-	-	-	-	-	-	-	-	0.40%	0.40%
2018	0.71%	0.80%	-0.37%	1.30%	0.53%	0.42%	0.03%	1.80%	-0.15%	-4.22%	-1.83%	-1.88%	-2.98%
2019	0.78%	2.58%	-0.47%	1.13%	-2.43%	0.65%	2.07%	0.58%	-0.66%	-0.34%	1.84%	-0.78%	4.96%
2020	2.69%	-0.95%	-5.06%	2.54%	2.65%	2.36%	6.23%	3.68%	-0.98%	3.02%	0.52%	3.07%	21.13%
2021	3.78%	2.28%	2.44%	5.37%	-0.71%	-0.93%	4.18%						17.42%

Total returns shown for the Lucerne Alternative Investments Fund have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance. Information on this document may not be reproduced or communicated, including files downloadable from this website, without the express permission of Lucerne Australia Pty Ltd. Source: Mainstream Fund Services

Strategy Allocation (Gross)



Attribution



Note that distribution of factsheets occurs late in the following month as we need to receive final NAV reports from all underlying managers before finalising the NAV for LAIF. We appreciate your patience

A person should consider the PDS in deciding whether to acquire or continue to hold units in Lucerne Alternative Investments Fund. The PDS is available for download at laif.com.au

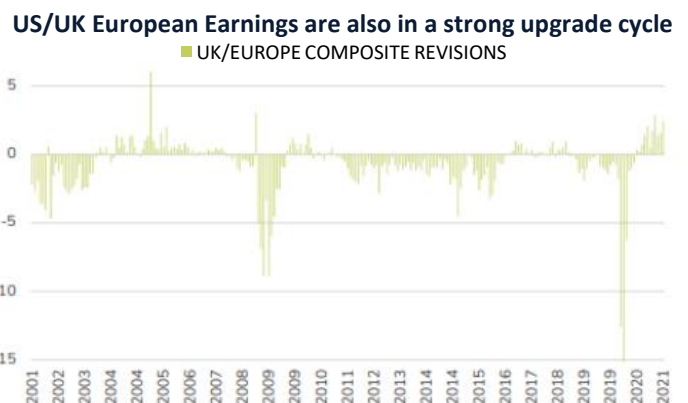
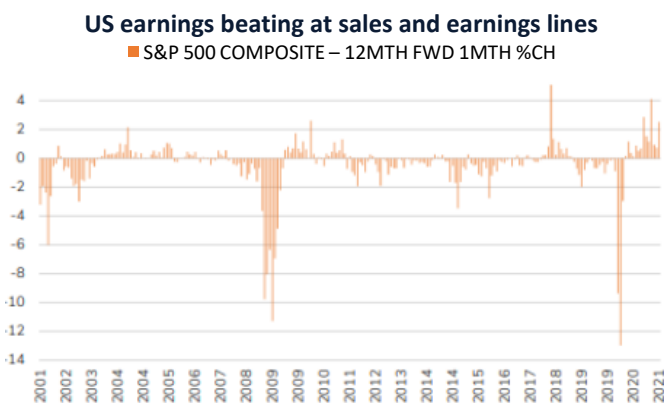
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Fund Commentary – July 2021

The current environment is one of normalisation as the weak base effect of 2020 wears off. However, a concern to this normalisation view is the Delta variant of Covid-19 and its potential impact on economies which may have to endure further lockdowns. Therefore, it is hard to read trends in economic data from a medium-term perspective.

Central Bank speak has also mildly shifted towards tapering and austerity. The policy shift from accommodative to reducing the balance sheet is a well-informed one and a significant re-rating of risk is not expected relative to 2013.

The concerns about the Delta variant are likely to lead to some equity market weakness. However, this is offset by a strong earnings trend, particularly in industries where the impact of COVID is less present for example, manufacturing and technology.



Source: "The global earnings recovery continues", Wilsons Advisory and Stockbroking Limited (9 August 2021)

The charts above indicate the earnings upgrades are occurring as analysts grasp that input cost inflation is not having a significant impact on margins, as it is being offset by pricing power and operating leverage.

It is likely that rising risk aversion (i.e., falling P/E ratios) is offset by rising earnings to keep equity prices reasonably stable. Potential for further upside exists if earnings estimates prove to be too conservative – typical for this point in the cycle. Additionally, valuations in Europe and UK appear far more attractive than the US at 16x and 13x respectively. With markets likely to be driven by earnings going forward the value and cyclical exposure of Europe and the UK might be far better than the US.

Previously surging commodity prices were retreating in August with the blame being placed partly on a slowdown in China's voracious appetite for imports that may be here to stay. The run up in commodity prices from the low point of the pandemic may have played out to a large degree. China's demand for iron ore has cooled significantly as Beijing cracked down on excess steel production. The LAIF Investment Committee discussed LAIF's exposure to commodities and resources at length and will continue to monitor this over the next couple months.

The fund has had no detractors for the month of July. The largest contributors to performance were our long/short and digital assets exposures. The IC have continued to monitor the correlation of LAIF to market sectors and its underlying investments to each other and pleasingly both are trending lower. Meaning the Fund continues to meet its low volatility metric which is a core objective that the IC focuses on to provide investors with strong uncorrelated risk adjusted returns. The IC also progressed discussions on managers that have a meaningful approach to impact investing and have had several meetings with those that stand out. and we are presently conducting due diligence on one of them.

Overall, the IC remain comfortable with the current asset allocation; while keeping an eye on inflation, specifically focusing on whether it is transitory or structural.

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