

## 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	\$1.371
Mgt. Fee	1.15%
Perf. Fee	0%
APIR Code	PIM7035AU

### Class 2

Unit Price	\$1.364
Mgt. Fee	0.40%
Perf. Fee	12%
High Water Mark	Yes
APIR (Class 2)	PIM1923AU

## Distributions<sup>1</sup>

	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

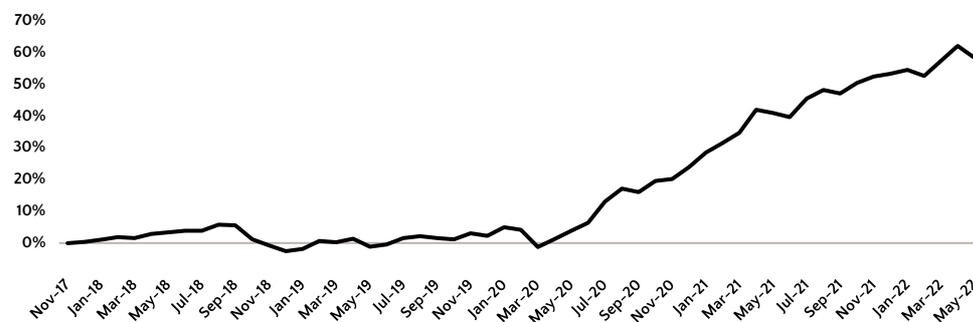
Sharpe Ratio	1.33
Sortino Ratio	2.47
Standard Deviation	7.48%
Maximum Drawdown	-7.88%
% Positive Months	67%

## Service Providers

Responsible Entity	Perpetual
Fund Admin.	Mainstream
Legal Advisor	Launch Financial Services Lawyers
Fund Auditor	EY

<sup>1</sup>Per unit

## Cumulative Growth Since Inception



## Performance Table

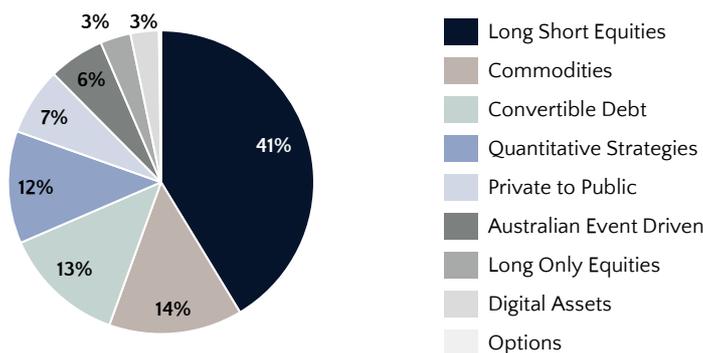
	Since Inception	Since Inception p.a.	1y	6m	3m	1m
Class 1 (net)	58.27%	10.74%	12.33%	3.85%	3.72%	-2.33%

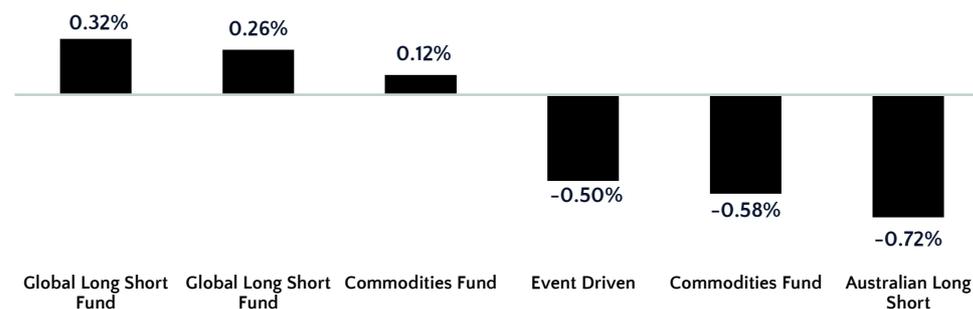
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	-	-	-	-	-	-	-	-	-	-	-	0.40%	0.40%
2018	0.71%	0.80%	-0.37%	1.30%	0.53%	0.42%	0.04%	1.80%	-0.16%	-4.21%	-1.84%	-1.87%	-2.96%
2019	0.78%	2.57%	-0.47%	1.13%	-2.43%	0.66%	2.07%	0.58%	-0.65%	-0.34%	1.84%	-0.78%	4.95%
2020	2.69%	-0.75%	-5.25%	2.53%	2.66%	2.36%	6.23%	3.69%	-0.98%	3.02%	0.52%	3.06%	21.13%
2021	3.78%	2.28%	2.45%	5.37%	-0.71%	-0.93%	4.18%	1.90%	-0.76%	2.26%	1.33%	0.59%	23.78%
2022	0.80%	-1.25%	3.12%	2.99%	-2.33%								3.25%

Total returns shown for the Lucerne Alternative Investments Fund have been calculated using unit 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



## 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 and TMD in deciding whether to acquire or continue to hold units in Lucerne Alternative Investments Fund. The PDS and TMD are available for download at [laif.com.au](http://laif.com.au)

## Fund Commentary – May 2022

### Sell in May and Go Away...

It is historically not uncommon for the stock market to have an underperforming period from May to October. The saying “*sell in May and go away and come back on St Legers Day (September)*” originates in medieval England and is linked to the seasonal markets of agriculture, the movement of capital away from the major trading centre during the summer break and the desire not to hold investments while businesses and markets were closed. Interestingly this adage still holds true in the 24/7 markets of today with much analysis supporting the theory.

The month of May 2022 was all about uncertainty and fear. It started with the continued fall in equity markets globally and then picked up pace with the collapse of a crypto stable coin which then fed into further falls in crypto currencies and at one stage all markets had correlated to one and equity markets hit the bear market point of a fall of greater than 20%.

### Fear and the free fall

What caused this fear and price free fall? It centered on inflation, stagflation, economic slowdown, earnings downgrades and interest rate rises. The US Federal Reserve stated it will continue to raise rates until inflation is stopped and with CPI increasing once again in the US, UK, Europe and Australia this is unlikely to be a short term issue. The Reserve Bank of Australia also raised interest rates in May and caused a lot of commentary to circulate about their credibility and capacity to handle this when only several months earlier the RBA had staunchly defended its position that inflation was transitory and interest rates were not going to be raised until 2024.

There are also other ongoing global issues that are adding to market concerns with the ongoing war in the Ukraine, China’s continuing lockdowns disrupting manufacturing and supply chains and an emerging energy crisis beyond Europe. There are also real issues around food supply, particularly to countries that are in the most need such as continental African nations.

Markets finished the month negatively as a result with the S&P500, NASDAQ and the ASX all with drawdowns of over 10% YTD.

### Inflation, Interest Rates and Central Banks

The US Federal Reserve increased the cash rate by 50bps in its May FOMC meeting and a further 75bps in the June meeting. The market is now pricing in an increase of 200bps in the US in the next three months, 50bps higher than initially forecasted in April. The RBA followed the Fed by increasing the cash rate by 25bps to 0.35% in May and indicated the rates will need to increase much higher in order to tame runaway inflation.

Inflation in the US came in at 8.6%, United Kingdom at 9.1% (40 year high) and Australia at 5.1%. The broad market selloff continued into June with the dovish tone from all central banks in front-loading the interest rate hikes.

## Fund Commentary – May 2022 (continued)

### Crypto Collapse

Crypto markets were sold off aggressively in May with the collapse of the stable coin – Terra USD. The notion of inflation hedge and the dollar peg not living up to its promise pushed investors to get out of the sector realising large drawdowns in their portfolios. The Lucerne Alternative Investments Fund's (LAIF) exposure in the crypto asset space recorded a loss of 8% in May compared to the 40% drawdown seen in the market.

### Performance

For the month of May, LAIF was down 2.33% net for fee class 1. While May was not a positive month, LAIF is up 3.25% since 1 January which is a strong result given the turmoil in global markets. It is also up 13.38% for the 11 months to 31 May.

The biggest detractors were Australian Long Short, Global Resources and Australian Event Driven strategies. The Australian Long Short strategy was impacted by the 'risk off' environment and the transition into value stocks. The weakening USD in May also attributed negatively towards the overall performance of the fund.

LAIF's largest contributors were in International Long Short and Commodities. International Long Short had a strong month following the persistent sell off in global markets.

As these events were unfolding the Investment Committee met with most of the underlying investment managers to discuss their reaction to market events and how they were positioning their portfolios and any opportunities they might see. It was pleasing to see how well many of our investments held up and performed as they were meant to.

The Investment Committee continues to ponder inflation and the other key market drivers to position LAIF to preserve returns and capital for investors. One key focus has been Resources and Commodities which continue to be looked at positively. However, we are mindful of sectors that are likely to be demand led as supply chain and production impacts continue.

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