

## 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
<b>Class 1</b>	
Unit Price	\$1.216
Mgt. Fee	1.15%
Perf. Fee	0%
APIR Code	PIM7035AU
<b>Class 2</b>	
Unit Price	\$1.221
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
30 June 2022	\$0.165	\$0.158

## Risk Statistics

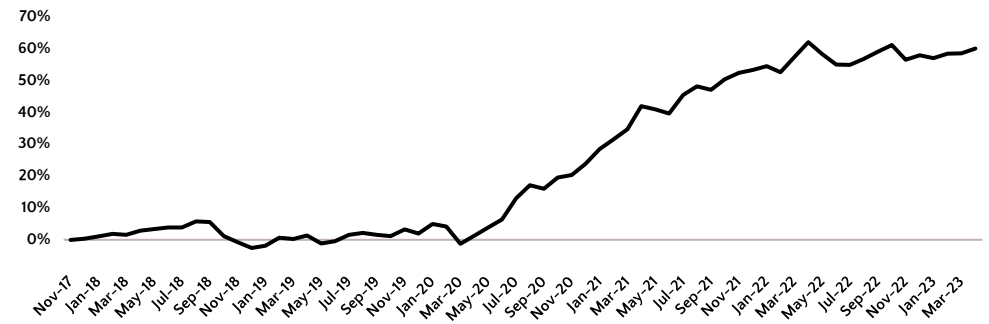
Sharpe Ratio	1.11
Sortino Ratio	1.98
Standard Deviation	7.18%
Maximum Drawdown	-7.88%
% Positive Months	66%

## Service Providers

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

<sup>1</sup>Per unit

## Cumulative Growth Since Inception

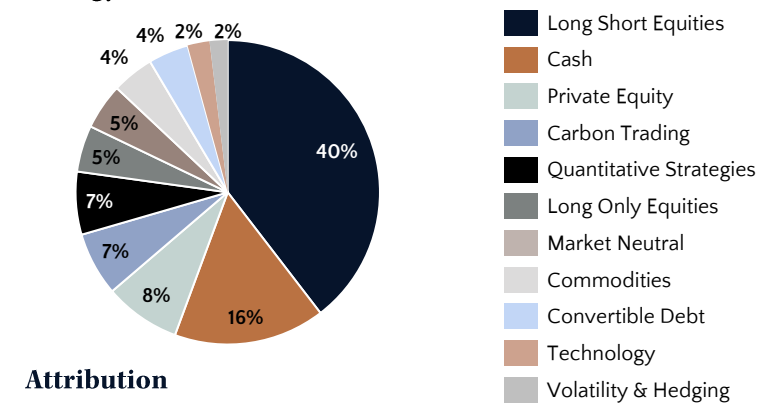


## Performance

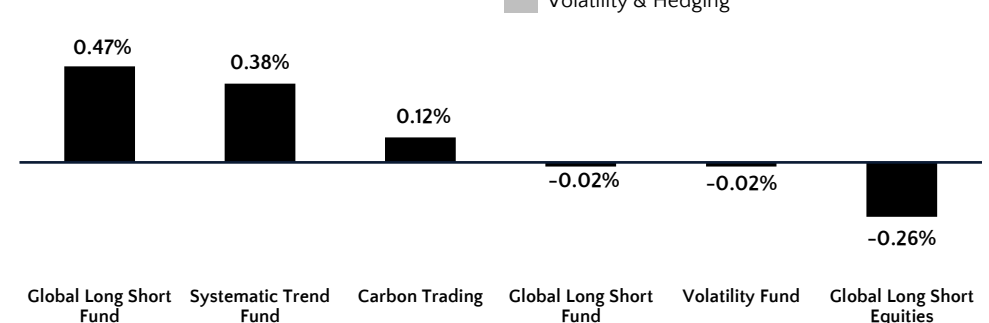
	Since Inception p.a.	5y p.a.	1y	6m	3m	1m							
<b>Class 1 (net)</b>	9.07%	9.24%	-1.22%	-0.65%	1.92%	0.99%							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2017</b>	-	-	-	-	-	-	-	-	-	-	-	0.40%	0.40%
<b>2018</b>	0.71%	0.80%	-0.37%	1.30%	0.53%	0.42%	0.04%	1.80%	-0.16%	-4.21%	-1.84%	-1.87%	-2.96%
<b>2019</b>	0.78%	2.57%	-0.47%	1.13%	-2.43%	0.66%	2.07%	0.58%	-0.65%	-0.34%	2.06%	-1.19%	4.95%
<b>2020</b>	2.91%	-0.75%	-5.25%	2.53%	2.66%	2.36%	6.23%	3.69%	-0.98%	3.02%	0.68%	2.90%	21.13%
<b>2021</b>	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%
<b>2022</b>	0.80%	-1.25%	3.12%	2.99%	-2.33%	-2.06%	-0.08%	1.22%	1.45%	1.30%	-2.84%	0.90%	3.03%
<b>2023</b>	-0.57%	0.88%	0.04%	0.99%									1.35%

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 Funds Pty Ltd. Source: APEX 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 – April 2023

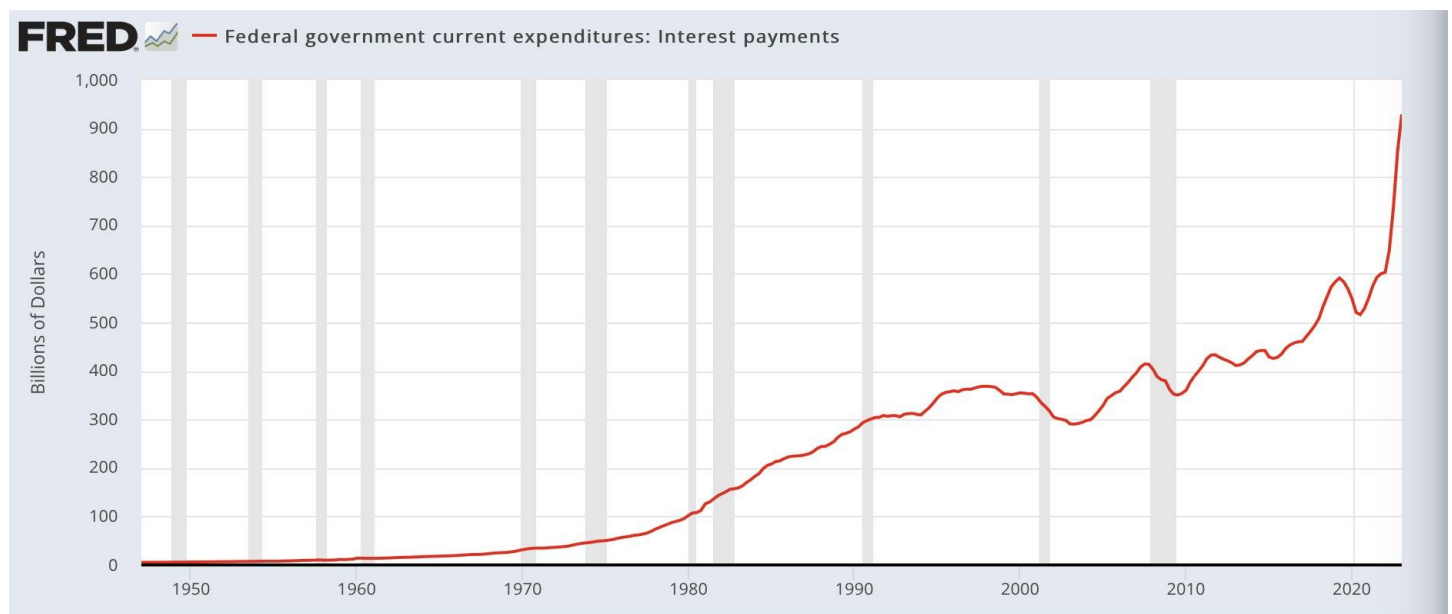
### US Federal Debt Crisis Coming?

One of the issues that could lead to the US Federal Reserve (FED) taking a more accommodative monetary policy stance is the federal debt crisis. Congress is discussing the possibility of raising the Federal debt ceiling, which is a legal limit on the amount of debt the Federal government can borrow. As of now, it remains to be seen whether the debt ceiling will be raised before June 1.

A US government debt default would undoubtedly have a severe and far-reaching impact on the economy and global financial markets. The market believes that the risk of a debt crisis is now much higher than in previous debt ceiling debates. Credit default swap spreads on US government debt, which represents the cost of insuring against a US debt default, are significantly higher than they have been in previous debates.

### Reality Check on US Debt

The total debt and liabilities of the US have reached an unprecedented \$219 Trillion (\$31.5 Trillion US Treasury Debt + \$187 Trillion in Unfunded Liabilities), which in context is a staggering amount compared to the expected tax revenue of \$4.6 Trillion in 2023. For context, this is comparable to an individual with a yearly income of \$100,000 but owes a debt of \$4.8 million. We believe this debt load is unsustainable in the long run and raises concerns about the nation's financial health.



We are concerned that the US's insatiable hunger for debt has spun out of control. A clear indication of this is the increase in interest payments on debt, which jumped from \$600 Billion to \$1.1 Trillion in just two years, representing an 80% increase.

As interest costs consume 25% of earnings and social security costs consume another 25%, the US appears to be in a debt spiral, where only 50% of revenues remain for all other expenses, including defence. Moreover, with the need to borrow more to meet their existing commitments, the US is set to increase its debt burden further, which could have significant implications for the economy and global financial markets.

## Fund Commentary – April 2023

Adding to the already massive debt burden, the proposed increase in the debt ceiling is equivalent to the debt holder taking out a new credit card. As a result, this action could have significant implications and potentially adversely affect the economy and global financial markets.

The possibility of the US dollar losing its reserve currency status is not unfounded, and as a result, we anticipate extreme volatility in the currency in the future.

### Markets

Equity markets were calmer in April as recent bond market volatility subsided and offshore investors' focus shifted to the US earnings season. With 1.46% and 1.85% gains, respectively, the S&P 500 and ASX 200 Accumulation indexes had back-to-back monthly gains. The decline in bond yields supported longer-duration asset classes, resulting in a narrowing market breadth in the most recent rally.

### Performance

For April, the Lucerne Alternative Investments Fund was up **0.99%**.

During the month, the Global Long Short and Systematic Trend Following investment strategies stood out with strong performances. The reversal in the agricultural sector and the shift from junk to quality trades proved advantageous for these strategies. The Global Tactical Long Short Strategy had the lowest performance due to increased market volatility.

In April, the Investment Committee maintained their confidence in their macro conviction and increased allocation to the Volatility Arbitrage strategy. As a result, the portfolio is tilted towards inflation and interest rates remaining higher for longer, and expect to participate in the markets regardless of its direction.

Lucerne Alternative Investments Fund  
May 2023

## Disclaimer

This document is issued by Lucerne Investment Partners (authorised under AFSL 481217). The views, opinions or recommendations of the author in this newsletter are solely those of the author and do not necessarily reflect the views, opinions, recommendations, of Lucerne Investment Partners or its affiliates. Lucerne Investment Partners makes no representation or warranty with respect to the accuracy, completeness or currency of the content of this newsletter. The content is for general information purposes only and does not constitute financial advice. The information contained in this newsletter does not take into account the investment objectives, financial situation or particular needs of any particular person. Investors should take into consideration any product disclosure statement, prospectus or other disclosure document, and obtain advice based on their own individual circumstances, before making an investment decision. To the extent permitted by law, Lucerne Investment Partners excludes all liability for any loss or damage arising in any way including by way of negligence.

Information on this document may not be reproduced or communicated, including files downloadable from this website, without the express permission of Lucerne Funds Pty Ltd.