

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	\$1.187	
Mgt. Fee	1.15%	
Perf. Fee	0%	
APIR Code	PIM7035AU	
Class 2		
Unit Price	\$1.183	
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
30 June 2022	\$0.165	\$0.158
30 June 2023	\$0.090	\$0.095

Risk Statistics

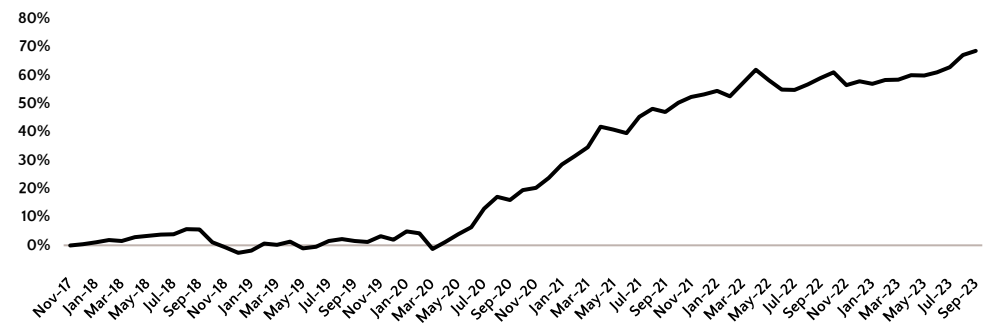
Sharpe Ratio	1.15
Sortino Ratio	2.07
Standard Deviation	6.97%
Maximum Drawdown	-7.88%
% Positive Months	67%

Service Providers

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

¹Per unit

Cumulative Growth Since Inception

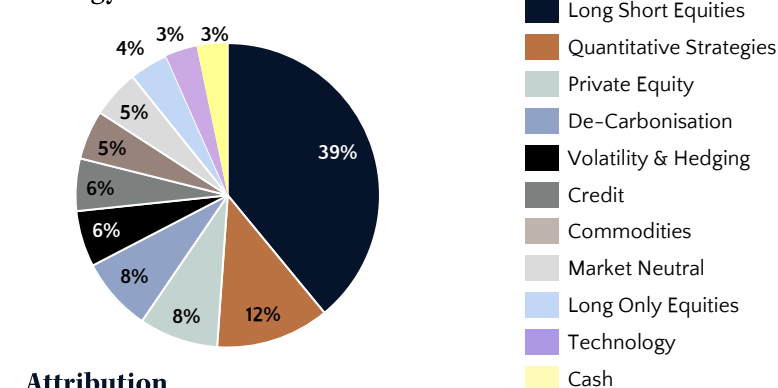


Performance

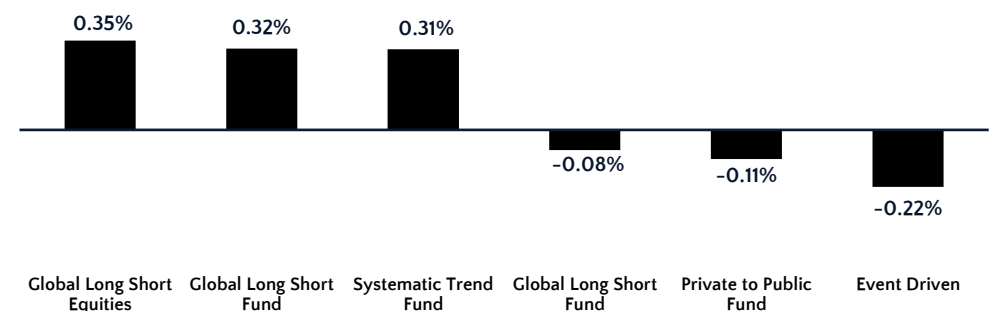
	Since Inception p.a.												5y p.a.	3y p.a.	1y	3m	1m
Class 1 (net)	9.36%												9.81%	13.27%	6.01%	4.68%	0.86%
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD				
2017	-	-	-	-	-	-	-	-	-	-	-	-	0.40%	0.40%			
2018	0.71%	0.80%	-0.37%	1.30%	0.53%	0.42%	0.04%	1.80%	-0.16%	-4.21%	-1.84%	-1.87%	-2.96%				
2019	0.78%	2.57%	-0.47%	1.13%	-2.43%	0.66%	2.07%	0.58%	-0.65%	-0.34%	2.06%	-1.19%	4.95%				
2020	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%				
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%	-2.06%	-0.08%	1.22%	1.45%	1.30%	-2.84%	0.90%	3.03%				
2023	-0.57%	0.88%	0.04%	0.99%	-0.07%	0.70%	1.17%	2.59%	0.86%				6.76%				

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

Fund Commentary – September 2023

Challenges and Opportunities in an Era of Higher Policy Rates

As economies move into an era of prolonged higher policy rates, we expect regional disparities and uncertainty due to differing investor expectations regarding growth and inflation. This environment offers significant potential for true absolute return strategies to exploit potential mispricing.

The road ahead is paved with higher inflation, higher policy rates and the constant expectation that both will fall. This presents market participants and policymakers challenges. Investors have adapted to the idea of prolonged restrictive policy rates to combat inflation, and the markets suggest a low risk of recession. However, there is a growing worry that unexpected disruptions could arise before the cycle ends, especially given signs of weaker growth in the coming months.

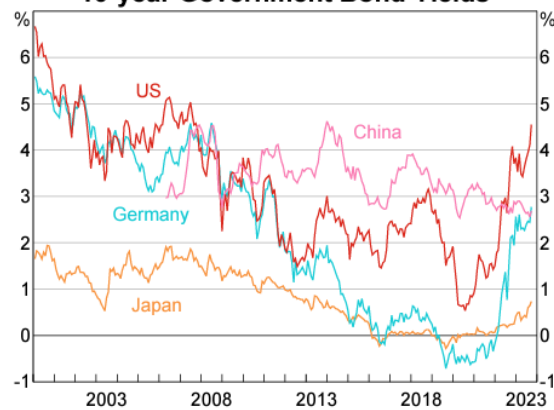
We are currently witnessing signs of economic growth that surpass the usual patterns, and the labour market remains robust, marked by ongoing job additions, especially notable in the US and Australia. Given these circumstances, central banks may contemplate implementing further measures to tighten monetary policy.

10-year Australian Government Bond Yield



Sources: RBA; Yieldbroker.

10-year Government Bond Yields



Sources: CEIC Data; Refinitiv.

It's important to highlight that financial conditions have experienced substantial tightening over the past few months, and longer-term bond yields have played a pivotal role in this adjustment. We closely track these changes because persistent shifts in financial conditions can influence the central banks' decisions regarding monetary policy.

While the possibility of further interest rate hikes exists, core inflation remains persistent in many economies.

In addition to the inflation risks associated with commodity prices, ongoing discussions surrounding the 'neutral' real interest rate, commonly referred to as 'r-star,' contribute to macroeconomic uncertainty. Notably, the neutral interest rate has exhibited a consistent upward trend since Q2 2022 in key regions like the US, Australia, Canada, and the European Union, surpassing the 2% threshold.

Fund Commentary – September 2023

A growing consensus suggests that the short-term neutral rate has increased in many economies, leading to a situation where current policy rates, whilst they may appear to be restrictive, are leaning toward an expansionary stance in some cases. This development partly explains the trend of economists revising their economic growth forecasts upward in 2023. As outlined by Holston, Laubach, and Williams in 2023, a neutral interest rate signifies the real interest rates expected when the economy operates at its sustainable level.

Markets

In September, global equity markets faced their most challenging month this year due to surging bond yields, rising oil prices, and a continuing global economic slowdown.

Notably, US equity indices, including the S&P 500 (-4.8%), Dow Jones (-3.4%), and NASDAQ (-5.8%), underperformed due to concerns over rising long-term bond rates. The US 10-year yield reached its highest level since 2007 at 4.59%, despite the Fed's efforts to curb inflation. A significant surge in oil prices, with Brent crude rising about 30% since July, renewed inflation worries. Australian equities outperformed their US counterparts on a relative local currency basis but were still off for the month with the ASX 200 falling by -2.8% and the ASX Small Ordinaries declining by -4.0%.

Performance

In September, the Lucerne Alternative Investments Fund achieved a positive return of 0.78% amidst a challenging period for global equity markets. As a result, the Fund performed well in the third quarter, gaining +4.62%. In contrast, the S&P 500 reported a negative return of -3.65% and the ASX 200 Accumulation index returned -0.77% during the same quarter.

In September our Global Long Short Strategies outperformed with two strategies in particular delivering outstanding returns, aligning with our inflation focused allocation strategy. The Systematic Trend Following Strategy also capitalised on ongoing trends in fixed-income and energy markets. Currency fluctuations had a modest positive impact on the Fund for the month.

The Australian Event Driven and Private Equity Strategies both underperformed. The Event Driven Strategy was impacted by the small-cap market's lacklustre performance and sell-off, while the Private Equity strategy did not experience any material uplift in underlying valuations.

While we acknowledge the inherent uncertainty in this opportunity set, we also recognise the associated risks. Our Investment Committee maintains adaptability by blending core themes with tactical allocations and remains vigilant for rapid shifts in market narratives. As investment managers, we challenge pre-Covid assumptions and remain aware of emerging asset-economy relationships.

Disclaimer

This information has been prepared and issued by Lucerne Funds Pty Ltd ACN 661 669 718 a Corporate Authorised Representative of AFSL number 481 217 as the investment manager of the Lucerne Alternative Investments Fund. The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL No: 235150) is the responsible entity and the issuer of units in the Lucerne Alternative Investments Fund. It is general information only, is not intended to provide you with financial advice, and has been prepared without considering your objectives, financial situation or needs. You should consider the product disclosure statement (PDS) before making any investment decisions. The PDS and target market determination (TMD) can be obtained for free by calling +61 3 8560 1440/ visiting our website here. If you require financial advice that takes into account your personal objectives, financial situation or needs, you should consult your licensed or authorised financial adviser. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. All investments contain risk and may lose value. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital. 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.

Summary of information: this presentation contains general information only and should not be considered to be comprehensive or purport to comprise all the information that an investor should consider when making an investment decision. This presentation is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or under any other law. The information in this presentation remains subject to change without notice. Lucerne Investment Partners is not responsible for providing updated information and assumes no responsibility to do so.

Not financial product advice: The financial information provided in this presentation is for information purposes only. The information contained in this presentation is not a financial product, investment advice or a recommendation to acquire securities and has been prepared without taking into account the objectives, financial situation or needs of any person or entity. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs, and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

No liability: The information contained in this presentation has been compiled in good faith using sources believed to be reliable. However, Lucerne Investment Partners and its affiliates and each of their respective directors, agents, officers, employees and advisors expressly disclaim, to the maximum extent permitted by the law, all liabilities (however caused, including negligence) in respect of, make no representations regarding, and take no responsibility for, any part of this presentation and make no representation or warranty as to the currency, accuracy, reliability or completeness of any information, statements, opinions, conclusions or representations contained in this presentation.

Existing relationship: Lucerne Investment Partners and its affiliates may have an investment banking or other relationship with the companies that are the subject of this presentation and may trade in any of the securities mentioned in this presentation either for their own account or the accounts of their clients. Lucerne Investment Partners and its affiliates therefore may at any time have a long or short position in any such securities, related securities or in options, futures or other derivative instruments based on those securities.

Future performance: This presentation contains certain forward-looking statements and opinions. The forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast.

Not an offer: This presentation is not, and should not be considered as, an offer or solicitation to buy or sell securities or any other financial products. Neither this document nor any of its contents will form the basis of any contract or commitment to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction.

This presentation must not be disclosed to any other party and does not carry any right of publication. Neither this presentation nor any of its contents may be reproduced or used for any other purpose without the prior written consent of Lucerne Investment Partners.

Monetary values: Unless otherwise stated, all dollar values are in Australian dollars (AUD\$). Confidential: This document contains information that is strictly confidential. You must not directly or indirectly disclose to any person or copy, use, publish or record in any form any part of this document.

Lucerne Services Pty Ltd AFSL 481217