

## 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	\$1.215
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

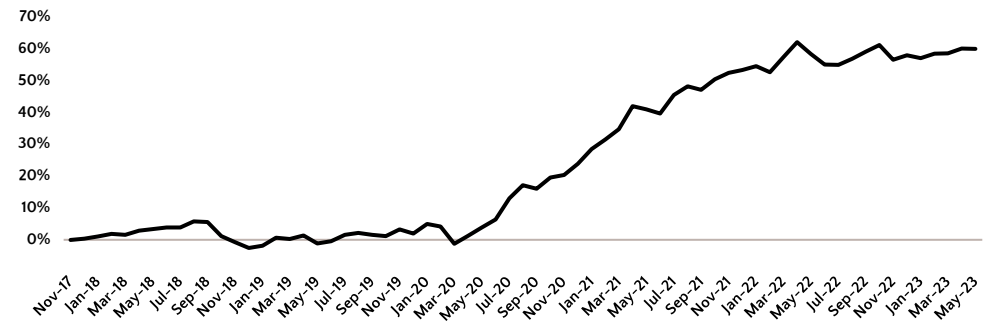
Sharpe Ratio	1.08
Sortino Ratio	1.94
Standard Deviation	7.14%
Maximum Drawdown	-7.88%
% Positive Months	65%

## 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

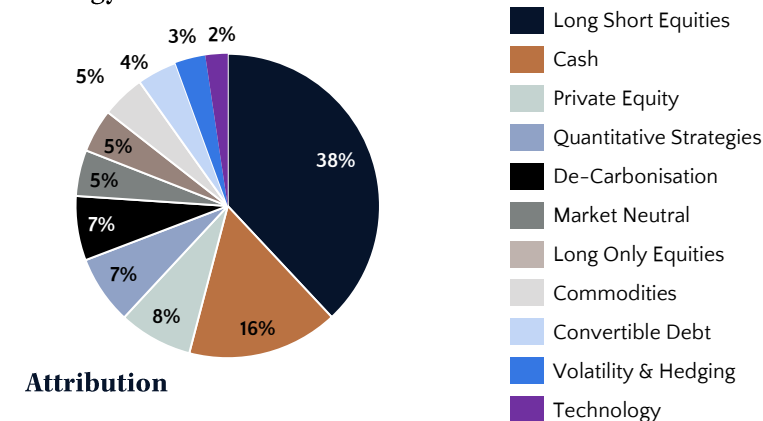


## Performance

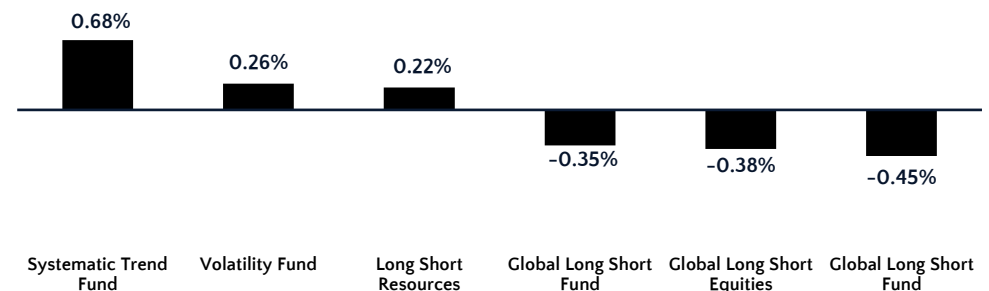
	Since Inception p.a.												5y p.a.	1y	6m	3m	1m
Class 1 (net)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD				
2017	-	-	-	-	-	-	-	-	-	-	-	-	0.40%				
2018	0.71%	0.80%	-0.37%	1.30%	0.53%	0.42%	0.04%	1.80%	-0.16%	-4.21%	-1.84%	-1.87%	-2.96%				
2019	0.78%	2.57%	-0.47%	1.13%	-2.43%	0.66%	2.07%	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%												1.27%

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 – May 2023

### Market rally remains narrowly based and driven by Tech, Labour Market, and Bank Funding.

We have long argued that central banks have two main tools at their disposal, and these tools can have opposite effects:

1. Interest rates influence inflation and deflation.
2. Balance sheet size (control) allows central banks to provide liquidity to the financial system and reduce volatility.

To address such a scenario, central banks employ liquidity facilities to mitigate the need for asset sales when dealing with bank deposit outflows. These facilities help reduce market volatility, as evidenced by historically low MOVE and VIX indices levels. The financial system can sustain itself by stabilising leveraged financing and allowing banks to utilise collateral to generate funds.

In recent months, economic data has been inconsistent, leading to uncertainty about the overall strength and trajectory of the economy. We note that in an unpredictable macro environment, market prices are influenced by sentiment, which, in turn, is shaped by prevailing narratives. The challenge lies in the rapidity with which these narratives can change. We have observed a swift shift from concerns and pessimism surrounding an imminent recession to a sudden surge of enthusiasm and optimism driving a substantial market rally.

However, despite the current positive sentiment, there continues to be uncertainty regarding the economic outlook. This uncertainty primarily stems from the ongoing challenges in accessing credit, which continue to pose obstacles. It is worth reiterating that interest rates have been steadily increasing. They are expected to increase further and stay elevated for longer, making it more difficult to obtain credit and impacting business margins.

### Markets

The S&P 500 has experienced a 8.86% year-to-date increase while the ASX 200 Accumulation Index was up 2.71%. This rise has been fueled by growing optimism that a cooling labour market, indicated by the rise in jobless claims, will facilitate the Federal Reserve's (Fed) decision to conclude rate hikes soon. However, it is essential to note that a select group of large technology companies in the US primarily drives the rally. An alternative version of the S&P index, which gives less weight to these technology giants, has only seen a 4.9% increase in 2023.

In May, the S&P 500 and the ASX 200 Accum returned 0.25% and -2.53%, respectively.

### Performance

For May, the Lucerne Alternative Investments Fund was down -0.07%

During the month, the Systematic Trend Following, Volatility Arbitrage, and Global Resources strategies delivered strong results, benefiting from trends in the agricultural sector and favourable trades in the VIX volatility index. However, the Global Long Short Strategies negatively impacted the overall performance, primarily due to volatility in foreign exchange markets.

## Fund Commentary – May 2023

The Investment Committee remains cautious in portfolio allocations. Recent changes to the portfolio aim to reduce its correlation with the overall market and eliminate market beta. The portfolio has been adjusted recently due to concerns about macroeconomic uncertainty, a looming credit crunch, and the possibility of a recession. Proactively addressing these factors is crucial for safeguarding the LAIF portfolio and ensuring long-term growth. Ultimately, the objective is to preserve capital during market downturns while participating in positive market movements with minimal risk.

Lucerne Alternative Investments Fund  
June 2023

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