

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	\$1.192
Mgt. Fee	1.15%
Perf. Fee	0%
APIR Code	PIM7035AU
Class 2	
Unit Price	\$1.191
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

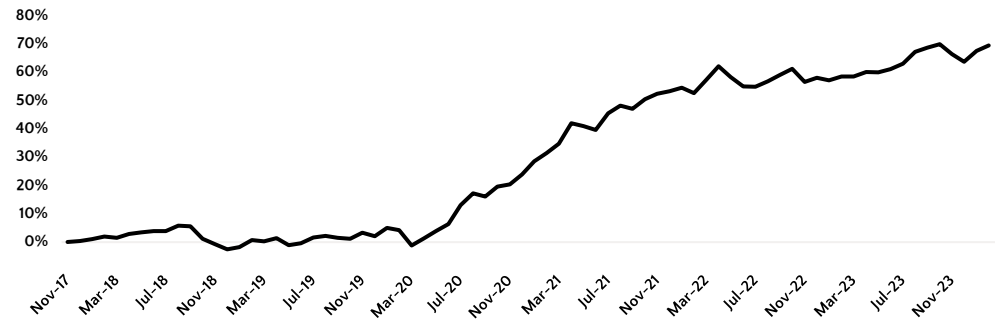
Sharpe Ratio	1.05
Sortino Ratio	1.85
Standard Deviation	6.90%
Maximum Drawdown	-7.88%
% Positive Months	67%

Service Providers

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

¹Per unit

Cumulative Growth Since Inception

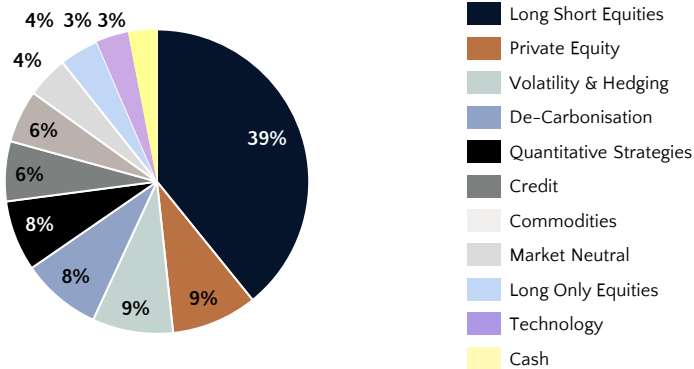


Performance

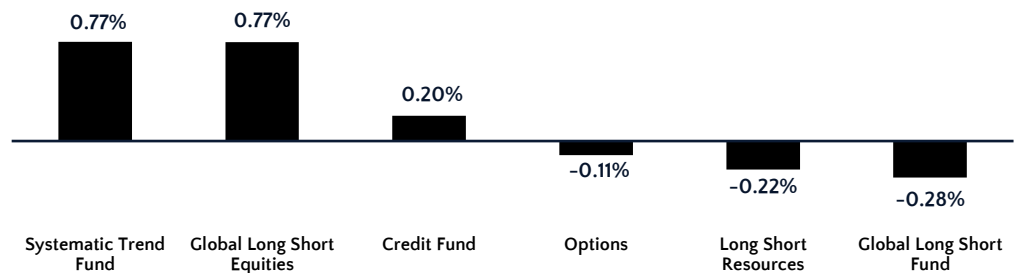
Performance	Since Inception p.a.		5y p.a.	3y p.a.	1y	3m	1m						
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Class 1 (net)	8.80%		10.95%	8.82%	6.94%	1.88%	1.18%						
2017	-	-	-	-	-	-	-	-	-	-	-	0.40%	0.40%
2018	0.71%	0.80%	-0.37%	1.30%	0.53%	0.42%	0.04%	1.80%	-0.16%	-4.21%	-1.84%	-1.87%	-2.96%
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%	0.74%	-2.09%	-1.63%	3.58%
2024	2.36%	1.18%											3.57%

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

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Fund Commentary – February 2024

Reemergence of Inflation

In February, the United States (US) saw headline inflation tracked by the Consumer Price Index (CPI) rise by 3.2% year-over-year, slightly exceeding the anticipated 3.1% and marking a modest increase from January's 3.1%. Notably, CPI has persistently remained above the 3% threshold since June of the previous year, spanning nine months.

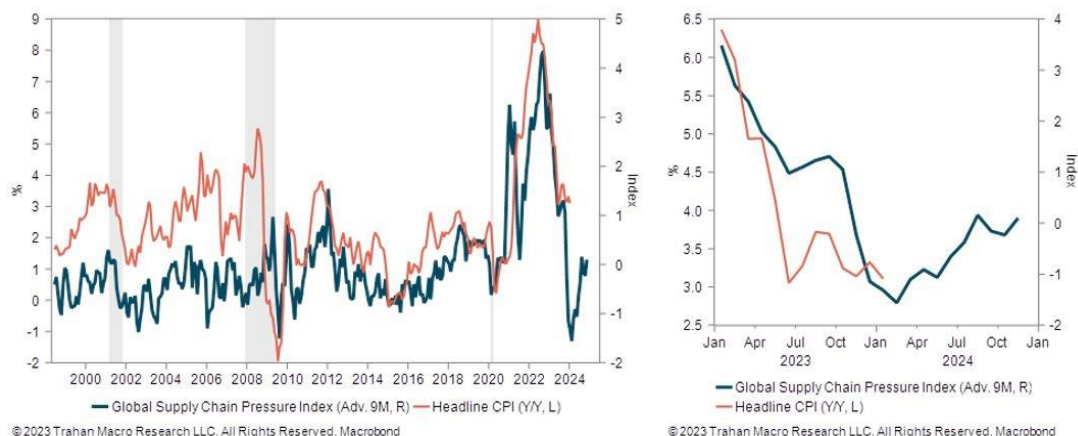
Core CPI, excluding volatile food and energy prices, increased by 3.8%, slightly surpassing the expected 3.7%. However, this was marginally lower than January's 3.9%. Another key indicator, the Median CPI, considered by the US Federal Reserve (Fed) as a more accurate reflection of underlying inflation trends, showed a 4.6% rise, down from January's 4.9%. The Core CPI Services Ex-Shelter, also known as the "SuperCore" CPI (the preferred data point of the US Fed), experienced a significant surge, rising by 4.5%, marking its highest increase since May 2023. Notably, the three-month annualised basis for SuperCore CPI skyrocketed by 6.9% in February, as depicted in Chart 1, indicating a continuing issue and alarming resurgence of global inflation.



Chart 1: Core CPI (ex-food and energy) Annualised % Change (Source: Bloomberg)

The resurgence of global inflation is particularly evident in the supply chain disruptions, which we have previously brought to the attention of our investors. These disruptions have surged notably this year, largely attributed to the conflict in the Middle East, leading to a significant increase in container prices. The Global Supply Chain Pressure Index (blue line) in Chart 3 illustrates this trend, preceding headline CPI (orange line) by approximately nine months, signalling a probable reacceleration in CPI in the coming months.

Supply Chain Issues Around The World About To Revive U.S. Inflation?!



Fund Commentary – February 2024

Geopolitics is front and centre in 2024

In 2024, geopolitics takes centre stage, marked by significant elections across more than 50 countries, collectively home to roughly half of the world's population. Of particular interest is the US presidential vote, which is currently dominating financial markets. Investors are understandably concerned amid discussions of escalating uncertainty and a flurry of predictions regarding election outcomes and their implications.

US elections often serve as fertile ground for market forecasters to speculate on the outcome and the market's reaction. Predictions typically revolve around short-term reactions of market participants or potential longer-term structural shifts, such as the fate of the US dollar or which industries might benefit.

The Investment Committee actively avoids basing investment actions on such predictions, and the default response is always a resounding No! These predictions are notoriously unreliable, inherently complex, and subject to chaos. While some forecasters may prove correct, predicting their identity is nearly impossible.

It's intriguing how investors continually face evidence highlighting the shortcomings in making accurate predictions and timing markets yet persist with unwavering determination. Despite being wrong yesterday, there's an unfounded belief that it will somehow be right the next time. Major events like elections pose a challenge because of their prominence and compelling action despite the inherent uncertainties. Humans are naturally inclined to address what's immediately before them, so the more prominent and accessible an issue, the more likely they will react.

Markets

Global markets experienced a notable increase in February, as benchmark indices reached record highs in the US, Japan, Europe, and Australia. The MSCI World Index rose by 3.6% during the month, with notable performances from the Nikkei 225 (+7.9%), China's HSI (+6.1%), NASDAQ Composite (6.1%), the S&P/ASX 200 Accumulation Index reached a new high on the domestic front, climbing by +0.79% and the S&P500 (+5.1%). Company earnings reports significantly influenced stock price movements during the month, with more positive surprises due to low expectations and generally better-than-anticipated profit margins.

Performance

In February, the Lucerne Alternative Investments Fund returned 1.18%, which conformed to expectations and a pleasing outcome for our investors. It is common for markets to experience reversals after abrupt, short-lived rallies, and the Fund's performance was commensurate with this trend.

The Systematic Trend Following, Deglobalisation and Credit strategies drove the Fund's positive performance, while the Global Long Short and Resources strategies detracted from returns. It is noteworthy, however, that these strategies continue to provide valuable portfolio diversification. Additionally, the appreciation of the USD over the month had a favourable impact on the Fund.

It is important to remind investors that LAIF manages themes that we see emerging instead of reacting to every major event or period of heightened uncertainty. We focus on managing behavioural risk, taking a measured approach that leads to more positive outcomes in the long run. In situations where the behavioural risk indicator signals a high level of concern, as it does today, the potential for poor decisions in response to events poses a greater risk than the events themselves.

Lucerne Alternative Investments Fund
February 2024

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