

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	\$1.189	
Mgt. Fee	1.15%	
Perf. Fee	0%	
APIR Code	PIM7035AU	
Class 2		
Unit Price	\$1.194	
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

Risk Statistics

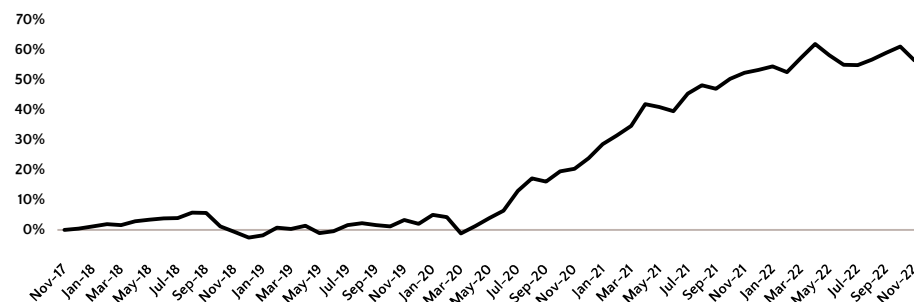
Sharpe Ratio	1.13
Sortino Ratio	2.02
Standard Deviation	7.44%
Maximum Drawdown	-7.88%
% Positive Months	65%

Service Providers

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

¹Per unit

Cumulative Growth Since Inception

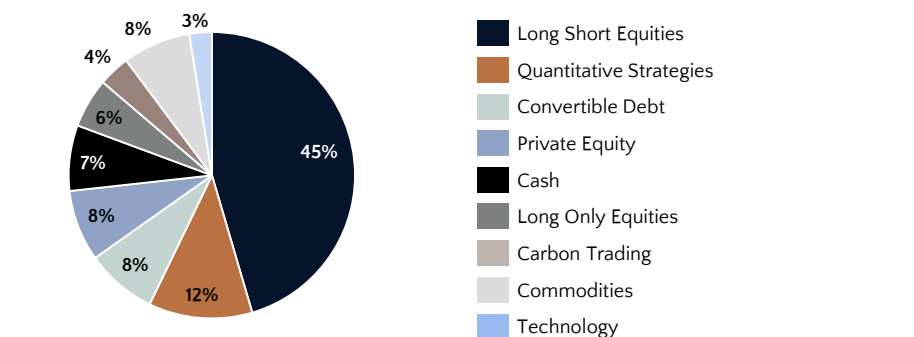


Performance Table

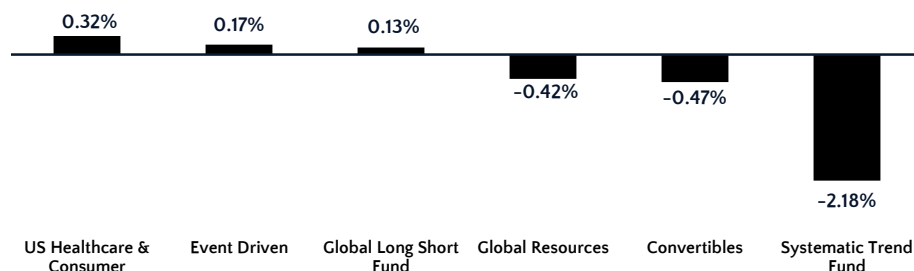
	Since Inception	Since Inception p.a.	1y	6m	3m	1m							
Class 1 (net)	56.53%	9.37%	2.71%	-1.10%	-0.15%	-2.84%							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	-	-	-	-	-	-	-	-	-	-	-	0.40%	0.40%
2018	0.71%	0.80%	-0.37%	1.30%	0.53%	0.42%	0.04%	1.80%	-0.16%	-4.21%	-1.84%	-1.87%	-2.96%
2019	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%		2.11%

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 – November 2022

Time the market at your peril!

Global equity markets ended higher for a second consecutive month, as investors fixated on the likelihood of a downshift in the pace of US Federal Reserve rate hikes. But the US labour market is proving slow to cool, increasing the risk that the Fed may have to do more to bring inflation down to target. We anticipate the effect of rate hikes lag and will take 3 to 4 quarters to really start making an impact.

Central banks, so far, haven't had much success wrestling down sky high inflation, but we note the monetary tightening campaign is having a major impact in deflating asset bubbles that swelled during the pandemic.

- The crypto market – once valued at 3 trillion has shrunk by more than two thirds.
- Investor favorite tech stocks have tumbled by more than 50%
- Red hot housing prices are falling for the first time in a decade.

Most importantly and surprisingly all this is occurring without upending the financial system (Yet!).

Soft Landing?

With economic growth already in decline, we note the market is yet to concede to a majority consensus of a possible recession. There seems to be a pretty clear geographical difference of opinion amongst US fund managers on how to position their portfolios compared to Europe/UK managers according to a recent survey from FactSet, perhaps due to an earlier and deeper expected downturn.

While recent data offers some hope the US Federal Reserve might pull off a soft landing, we reiterate the full effect of rate rises are yet to materialise. As noted above, we expect this to be the driving macro headwind in 2023. Our expectations are tilted towards a highly volatile equity and bond market as the macro noise filters through the system.

Markets

Equity markets ended strongly in the last week of November (again), fueled by the gradual China reopening and lower than expected inflation print in the US. The S&P 500 returned 5.38% for the month while ASX 200 Accumulation index returned 6.58%. The softer headline inflation in the US provided the support to risk asset prices globally and is expected to carry into year end. However, our view remains the same as high asset prices and falling earnings to be major concerns in 2023.

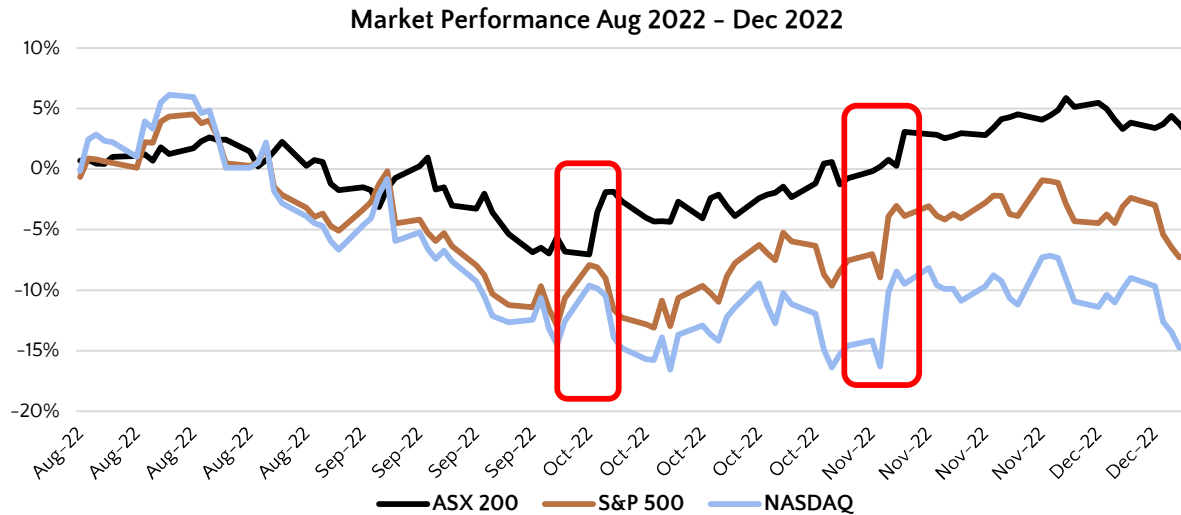
Performance

For the month of November, the Lucerne Alternative Investment Fund was down 2.84%. Whilst November produced a challenging month of performance, LAIF is up 2.11% since 1 January which is a strong result given significant losses in global markets.

LAIF's largest contributors were our allocations in US Healthcare and Consumer Discretionary, Australian Event Driven and Global Long Short strategies.

The biggest detractors were our allocation to the Systematic Trend Following, Convertible Debt and Global Resources Strategies. Widespread market reversals in equities, fixed income, currencies and metals as seen below led to poor performance in the Trend Following strategy. USD weakened by 10% over November and although this was a negative for the Fund, contributing to approximately 50% of the drawdown, we remain firm in our view that the USD will strengthen again post current market volatility.

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The convertible debt strategy, from which LAIF has initiated a redemption was impacted due to an underlying investment write down. While we believe this to be an outlier event, the Investment Committee is steadfast on portfolio allocation supported by our investment themes. We reiterate the importance of having a disciplined investment process and staying true to it as the golden ticket in this uncertain investment environment.

The Investment Committee remains risk off as the outlook for earnings and debt downgrades intensify and direct the focus to underlying market drivers. As seen in the past two months, we expect short term market leaps as inflation prints slow. However, these are expected to be short lived as shown above, as markets and currencies have pulled back in December.

Lucerne Alternative Investments Fund
January 2023

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