

## Fund Summary

The Lucerne Select Alpha Fund (LSAF) offers suitably qualified wholesale investors the potential to diversify their investment portfolios by allocating to some of the best investment ideas generated from Lucerne's professional investor network.

The portfolio primarily consists of companies who exhibit key characteristics sought in private capital markets including differentiated, leading ideas that are supported by strong business fundamentals. These opportunities are expected to produce a substantial return on capital over the investment timeframe.

LSAF will:

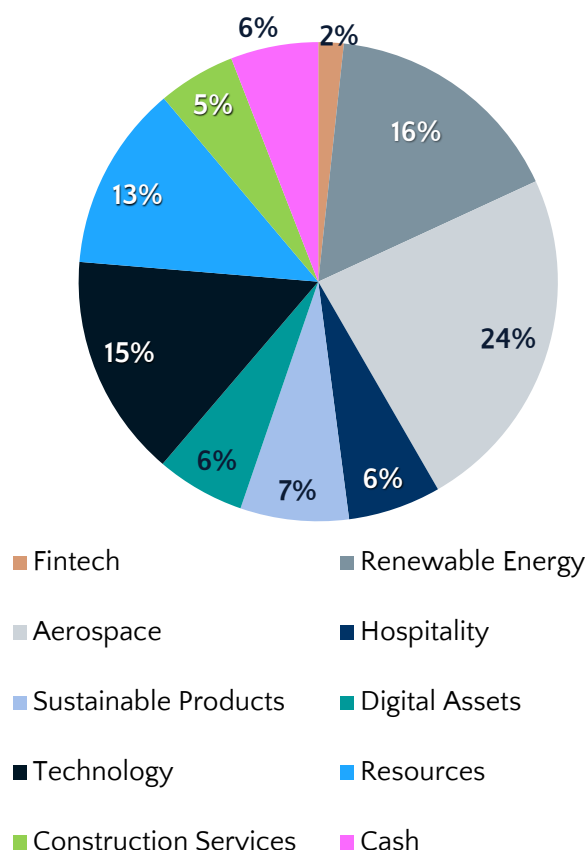
- Diversify capital across different ventures and sectors
- Seek returns over the long run – 20%p.a. over rolling 5-year periods is possible
- Charge an aligned fee structure – charging only a performance fee subject to a hurdle

LSAF is a diversified portfolio of carefully curated investments, with a focus on unlisted, established, later growth stage investments. Investments will generally be established and positioned for accelerated growth. Start ups and mature entities will generally fall outside of consideration.

## Key Facts

Investment manager	Lucerne Australia Pty Ltd
Trustee	iPlatforms Nominees Pty Ltd
Target return	20% p.a. over rolling 5-year periods
Risk level	Medium to high
Minimum initial Investment	\$100,000
Minimum additional investment	\$50,000
Management fee	0%
Performance fee	20% above hurdle
Hurdle	10% p.a.
Expenses	0.20% p.a
Buy/sell spread	±0.20%

## Industry Exposure\*



## Cumulative Growth Since Inception

	Mar	Jun	Sep	Dec	YTD
2021	-	-	-	10.24%	10.24%
2022	1.24%	0.41%	16.31%	-0.28%	17.91%
2023	0.54%	-2.51%	0.31%	4.33%	2.57%

All performance figures are quoted net of fees and expenses. No allowance has been made for taxation. Past performance is not indicative of future performance.

\*May not total 100% due to rounding. A person should consider the IM in deciding whether to acquire or continue to hold units in Lucerne Select Alpha Fund. The IM is available upon request by contacting [lsaf@lucernepartners.com](mailto:lsaf@lucernepartners.com). This document is issued by Lucerne Australia Pty Ltd, a corporate authorised representative (CAR: 1237281) of Lucerne Services Pty Ltd (AFSL 481217). Lucerne Australia Pty Ltd 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 needs of any particular person. To the extent permitted by law, Lucerne Australia Pty Ltd 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 Australia Pty Ltd.

## Quarterly Update – December 2023

The Lucerne Select Alpha Fund (LSAF) returned +4.33% for the December 2023 quarter, resulting in an annualised return since inception (October 2021) of +13.65%. One of LSAF's core positions doubled in value through the period, and we anticipate several markups and liquidity events in the coming 12 months.

### New investments

**Jet Zero Fund** is an Australian bioenergy company focused on the accelerated production of Sustainable Aviation Fuel (SAF). SAF is a sustainable alternative to traditional aviation fuel, that is substantially less impactful to the environment by using agricultural waste products as the source of the fuel, rather than fossil fuels. SAF reduces aircraft carbon emissions by 71%, and production in Australia fosters economic growth and employment opportunities in rural north Australia.

Jet Zero have a deeply experienced board and executive team, and the market opportunity is enormous with SAF comprising <2% of global aviation fuel; this figure is expected to grow to 60% by 2050.

The company raised \$15 million in ordinary equity in the December quarter, a round underpinned by a convertible note investment of \$5m by Qantas and Airbus and a \$700,000 grant from the Queensland government. LSAF participated in this equity raise as part of an investor syndicate arranged by Dragonfly Enviro Capital; a manager well known to us. LSAF is targeting an exit from Jet Zero within 12-18 months.

**Gasco Holdings Pty Ltd** is a gas exploration company founded in Australia by experienced resources executives, backed by several family offices and strategic investors. The company's goal is to create value through exploration and development of large volumes of natural gas from Mongolia's extensive coal endowment and to then supply domestic and export markets with a clean, reliable, and affordable source of energy.

The company raised capital at a share price of \$3.00, doubling the value of LSAF's existing holding. LSAF originally invested at a valuation of \$1.50 in March 2023. The uplift in valuation validates Gasco's seismic findings and allows the company to continue expanding their drillable area within Mongolia. LSAF also participated in the latest capital raise, reinforcing our conviction in the company and their prospects.

Gasco is targeting a listing in 2H2024 but could remain private should a strategic investor across Asia or the Middle East agree to terms acceptable to the company.

### Existing portfolio

**Primal Capital** continues to support the web 3.0 and blockchain ecosystem with robust growth opportunities expected in the medium term. Pleasingly 70% of committed capital has been deployed with the likelihood they will be fully invested by the end of CY24. From there the involvement and growth in the sector will see liquidity events unfold for the fund.

If you have any questions or would like further information on the Fund, please contact the team at [lsaf@lucernepartners.com](mailto:lsaf@lucernepartners.com) or +61 3 8560 1440.

Thank you to all investors for your ongoing support.

**The Lucerne Select Alpha Fund team, February 2024.**