MOMentum ALTERNATIVE INVESTMENTS SA

Investor Newsletter, April 2020

MOMentum Alternative Investments SA is a regulated independent asset manager based in Lugano (Switzerland). It was incorporated in 2008 and was authorized in 2010 by FINMA (the Swiss financial market supervisory authority) as an Independent Asset Manager under LICol law (Swiss federal law on collective investment schemes - January 2007).

MOMentum Alternative Investments SA has been appointed as investment manager for "Multilabel SICAV - Artemide" and for "Multilabel SICAV - Lyra"

Multilabel SICAV - Artemide is a SICAV (UCITS IV) registered in Luxembourg. The Fund provides daily liquidity with 1 business day notice period.

The Fund aims to generate solid risk-adjusted absolute returns, irrespective of the market environment, through a "bottom-up" research-driven approach ("stock-picking") and extensive use of derivatives (options and futures) to protect the "main" holdings. Strong focus on "capital protection". Much time and effort is devoted to managing the potential downside risk of the overall portfolio ("tail risk"): the main goal is to limit losses and preserve capital during severe market dislocations. Moreover, we try to smooth volatility in an effort to handle returns.

Multilabel SICAV - Lyra is a SICAV (UCITS IV) registered in Luxembourg. The Fund provides daily liquidity with 6 business days notice period.

The Fund aims to generate sustainable Alpha over a three-years period, with a strong focus on European small and mid caps. The Fund is directional, long bias, with net exposure from -20% to +70% and volatility target in the region of 10%.

MONTHLY COMMENTARY AND OUTLOOK

In the last 2 months we have first witnessed the most violent collapse of global equity markets (global equity index @ -35% in just 4 weeks), and subsequently a steep rebound, which allowed to contain the YTD fall in a range between - 10% (US) and -20% (Europe). With reference to April, prompt and massive interventions by the FED led to a strong recovery in overseas markets. In fact, President Trump has launched a maneuver with a value close to 8% of the GDP, while at the same time the FED has made available to US companies a package with a value close to $ 2.3tn. In Europe, as unfortunately often happens, the interventions were much less timely, but above all the crisis following the spread of the covid19 certified - if ever it were still needed - that the European Union represents an unfinished project. Within which each member country continues to put its personal interests before the common good of all participants. In this regard, our impression is that the seriousness of the situation, associated with the deep recession in which we find ourselves, represents the point of no return for the integration project. In the sense that if it were not possible to promptly coordinate an effective package of interventions, the worsening of existing clutches would be inevitable. This would probably be followed by repercussions in terms of approval from the voters of the most vulnerable countries. And the alarm bells have already been clear for a few years now. While it is true that interventions by central banks and governments are curbing the negative effects of the pandemic, we remain convinced that the impact will be significant on both future profits and multiples that investors will be willing to pay. Markets' fall was generally less than the drop in the estimates, with a consequent multiple-expansion. This situation would be sustainable only in the event of an economic recovery already from 3Q2020, which should necessarily be followed by a strong acceleration in 2021-22 and without slowing down phases. This scenario, although not impossible, appears optimistic, especially if we consider the uncertainty associated with a new context for all and therefore difficult to foresee in terms of development in the near future. The abundant liquidity made available to companies is certainly a positive element, capable of avoiding what was the main source of concern in the previous financial crisis.

As for Italy, as widely expected, the covid19 curve of infection in recent weeks has fortunately highlighted a macroscopic inversion. Thus certifying a sharp reduction in health risk and forcing the government to dictate the times for restarting production activities. The lock-down phase officially ended at the beginning of May, even if the recovery will be gradual and therefore it will take several months to return to a normal situation. Provided that in the meantime there is no re-escalation of the pandemic, resulting from less stringent constraints in terms of mobility. Regardless of future developments, the damage will still be enormous. The estimates for the GDP for the entire year 2020 are gradually converging towards a drop of between -8% and over -10%. We share these expectations only in the hypothesis in which already from 3Q of this year there will be a solid recovery. Otherwise, this figure could be even more penalized. In this context, what concerns us most is the macro theme, rather than the considerations related to individual issuers. A country that will present itself at the end of the year with a Debt / GDP ratio of over 160% and with unsatisfactory prospective growth rates when compared to other European countries, appears very vulnerable. Financial markets' diffidence is evident in the yield spread of government securities, which has widened markedly (from 160bp to over 250bp), despite the massive buying interventions by the ECB. The issue of shared debt instruments (eurobonds or coronabonds) - which has been much talked about in recent weeks - does not seem viable in the short term, mainly due to the veto imposed by the Netherlands and Germany. Estimates for the entire 2020 in some cases suffered contractions >50% and the companies often were unable to provide guidelines for the current year. Nonetheless, the FTSEMIB Index treats at over 15x P/E 2020 (> 20x with reference to small caps), against a downward revision of the estimates in the order of 25%. We have therefore not witnessed a compression of the multiples, and this certifies investors' willingness towards a scenario of "V" recovery starting from this summer. The current situation of strong uncertainty could accelerate cross-border M&A, especially in the most vulnerable sectors (banks), while some SMEs may be ideal targets for Private Equity funds mainly as a result of poor, and in some cases unjustified, valuations.

ATLANTIA (ATL IM): From the date of the collapse of the Morandi bridge in Genoa (August 2018) onwards, the newsflow for Atlantia has been heavily negative and the lock-down as a consequence of the pandemic has represented another unexpected bad event for the Group. To date, Atlantia is capitalizing € 11bn, compared to >€20bn two years ago. The market therefore discounts an overall "cost" - inclusive of the new estimates for traffic post coronavirus - equal to over € 10bn. At the end of the year, the Government, pushed by the M5S, unilaterally modified the model for quantifying the compensation in favour of the concessionaire in case of revocation of the concession. And it has determined for ASPI a value close to € 7bn, which compares to >€ 20bn that the Government would have had to pay according to the old concession scheme. We think that a long legal battle is not in the interest of the parties and therefore an agreement will presumably be reached. Other costs to the concessionaire will be added to the cost for the reconstruction of the Morandi Bridge (approximately € 700m), in the form of unpaid extra-capex and probably a 5% cut in tariffs. The sum of all these components would have a value of around € 3-4bn. As regards the consequences of the pandemic on the Group's accounts, both airport traffic (>-80%) and motorway traffic (-40% approximately) have suffered from severe repercussions in recent months. In the medium term, we expect a rapid recovery of traffic (both light and heavy) on the motorway network, while airport traffic will take longer to normalize. The car will in fact be privileged as a means of transport vs public transport (buses, trains, subways and planes for short distances). Post covid19 emergency, it is desirable that the government seeks to encourage private investments in any way, to contribute to the country's economic recovery. Infrastructure should be at the top of the list of priorities, also in light of the recent EU guidelines on this issue. Lastly, the investigations carried out clearly showed that the entire Italian road network requires extraordinary and maintenance capex. ASPI concession is today likely considered an unattractive target both by public entities (ANAS) and private operators. The weakening of the position of the M5S within the government is also a further element that facilitates a hypothetical Government-Atlantia agreement in the near future.

AMPLIFON (AMP IM): In recent weeks we built a “long” position in AMPLIFON, taking advantage of the collapse of the stock. AMP is the world leader in the hearing aid retail market (11% mkt share, 29 countries, 11,000 points of sale). The sector benefits from structural trends such as the aging of the population, the increase in noise pollution and the consolidation among operators. The company is a leader in almost all the countries in which it operates and this guarantees good profitability. Over the years, AMP has achieved important results thanks to both solid organic growth and through M&A (Sales CAGR '15 / '19 + 14%; Adjusted EBITDA + 17%). The company, historically present in the most developed countries, in recent years has started to invest in the main emerging markets (China, India, Egypt, LatAm). AMP has been heavily impacted by the restrictive COVID19 measures imposed in most of the countries in which it operates. The 1Q20 data showed revenues down -7.3% despite strong growth in January-February. Despite this, the FCF was much better than expected (€ 44 ml), thanks to the control of WC. The ex-IFR16 NPF amounted to -790ml with an NFP / Ebitda of 1.99x (covenant @ 2.85x). The 2Q20 will presumably be horrible: in April the most affected countries, equal to 60% of revenues, fell by -70 / -80%, New Zealand was closed, while those markets not completely blocked (Germany, Countries Netherlands, Australia) dropped by -30% approx. The FCF is expected to be negative (-60/70ml), bringing the debt to a peak of 850 / 870ml. To preserve profitability and the FCF, the company has implemented important actions on costs, both variable and fixed, up to 60% of the total and has cut investments by 70/80%. The new openings and the M&A of small chains have been suspended. Thanks to this, the FCF FY20 is however expected to be positive (+80/90 ml). For the future, management has provided reassuring comments on the ability to quickly return to growth with margins at least equal to the pre-crisis ones. In FY20 the new estimates forecast sales in the 1.5 bn area (-16% organic decline) with an EBITDA of approximately 260 ml. Assuming a "normalized" 2021, revenues should rise to 1.8 bn (+ 20% YOY) with an EBITDA >400 ml (EBITDA%> 22%).

SESA (SES IM): Sesa is a key player in the digital transformation of the Italian economy, acting as solution partner in the innovative areas of IT, such as collaboration, cloud, security, Internet-of-Things. The outbreak of Covid-19 will affect in the short term the IT European market, which is now expected to slowdown to +1/1.5% in 2020 vs previous expectations of +4%, but to rebound by 4% in 2021 driven by higher demand of digitalization. Sesa has a sound balance sheet (c. 50m net cash) and a business model which proved to be resilient to market crisis over the last 30 years. Management confirmed its proactive M&A approach, and capital allocation remains at the core of its strategy for strengthening the offering and increasing the market share. Companies and organizations will require greater support in digitalization and remote control and are reviewing all operating processes with higher demand of collaboration, digitalization, IoT. Sesa sees an acceleration of IT demand in collaboration, digital work place, security, digital commerce and cloud computing services. Sesa is the strategic partner of the Global IT Vendors, the so-called IT Titans (SAP, IBM, Microsoft, Samsung, Oracle, HP, etc), and focuses on value added segments like Enterprise Software, Networking, Collaboration, Cloud, Security and Analytics. It is the absolute leader in the Italian Value Added Distribution market, with a 46.5% share (2011-19 CAGR of 9%) through its fully owned subsidiary Computer Gross, with over 13k customers (Software Houses, System Integrators, Managed Service Providers) and full coverage of the Italian territory thanks to its 15 local branches. Sesa is a true and unique Digital and Innovation Partner for Enterprises and SMEs. Its division VAR Group is an Italian Software and System Integration (SSI), controlling 35% of total Italian market (2011-19 CAGR of 12%). Its full offering of solutions ranges from Business Technology Solutions to Digital Cloud, Digital Security, Digital Process, Enterprise Resource Planning & Business Applications, and a Hybrid Cloud services integrating public cloud solutions with own datacenter services. In February 2020 Sesa opened a new business line Base Digitale, active in Business Services & Business Process Outsourcing for Financial and Large Enterprise Sector. It is always scouting for opportunities, acting as a natural consolidator in a fragmented market.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Mediaset Espana	media	5,7%
Unicredit	bank	4,0%
Unipol	holding	3,3%
Hera	utility	2,5%
FCA	automotive	2,4%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-11,8%
EuroStoxx 50 Index	future	-5,5%
S&P 50 Index	future	-5,2%
Company1	insurance	-3,4%
Company2	automotive	-1,1%

"BEST"	sector	%
FCA	automotive	0,5%
Atlantia	infrastructure	0,3%
Fineco Jr Sub	bank	0,2%
Guala Closures	packaging	0,2%
ASTM	infrastructure	0,2%

"WORST"	sector	%
EuroStoxx 50 (short)	future	-0,2%
FTSEMIB Index (short)	future	-0,2%
Mediaset Espana	media	-0,2%
ENI	oil&gas	-0,1%
Company2 (short)	automotive	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	79%	30%	109%	2%	-
Number of holdings	38	8	-	-	46

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of April 30, 2020) : 126,30

YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009 (*)	na	na	na	na	na	na	na	na	na	na	*0,78%*	*0,52%*	**1,30%**
2010 (*)	*3,21%*	*0,50%*	*1,41%*	*0,64%*	*1,25%*	*-0,84%*	*-0,52%*	*0,04%*	*0,43%*	0,89%	0,21%	-0,35%	**7,01%**
2011	0,42%	0,57%	-0,09%	0,75%	-0,20%	-0,53%	1,47%	-0,15%	0,61%	1,21%	-0,74%	0,13%	**3,48%**
2012	2,22%	1,45%	0,04%	0,53%	-0,73%	0,06%	1,35%	0,75%	2,87%	-0,43%	-0,19%	0,75%	**8,96%**
2013	2,37%	1,07%	1,16%	2,28%	0,58%	0,74%	0,07%	-0,06%	0,56%	2,28%	0,10%	0,25%	**11,95%**
2014	2,11%	-0,19%	1,57%	0,23%	-0,23%	-0,67%	-0,33%	0,21%	0,60%	-0,88%	1,12%	0,20%	**3,75%**
2015	2,63%	1,50%	0,20%	0,25%	0,56%	-0,29%	0,32%	0,03%	-1,54%	-0,04%	0,02%	-0,43%	**3,20%**
2016	-0,36%	-0,79%	0,33%	0,38%	-0,48%	-1,94%	1,52%	0,31%	-1,27%	0,11%	-1,36%	0,54%	**-3,03%**
2017	1,62%	-0,71%	2,43%	1,05%	0,82%	0,77%	-0,66%	-0,62%	0,15%	-0,35%	-0,88%	0,39%	**4,02%**
2018	0,41%	0,58%	-0,66%	-1,19%	-1,69%	-0,04%	0,07%	-0,17%	0,24%	-1,39%	-3,75%	-1,31%	**-8,61%**
2019	-0,80%	-0,06%	1,88%	-0,61%	-0,70%	0,74%	-0,18%	0,14%	0,79%	-0,38%	1,11%	-0,55%	**1,36%**
2020	-1,37%	3,08%	-2,88%	0,52%									**-0,74%**

(*) Performance from Nov. '09 to Sept. '10 was achieved through "Pegasus Fund Limited", our first fund investing in Artemide's same strategy.

ARTEMIDE	HISTORICAL PERFORMANCE (since Oct. 2010)	FTSEMIB Index
26,3%	Total cumulative return	-13,0%
-0,2%	6-month rolling performance	-22,1%
2,5%	Compound annual return	-1,4%
59,1%	% "up" months:	54,8%
40,9%	% "down" months:	45,2%
4,9%	1-year rolling volatility (daily)	34,2%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Avio	aerospace	6,1%
Inwit	infrastructure	4,0%
ASTM	infrastructure	3,9%
Sesa	software	3,6%
Aquafil	textile	3,6%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-8,3%
EuroStoxx 50 Index	future	-4,1%
Company1	automotive	-1,2%
Company2	software	-1,1%
Company3	industrial	-1,0%

"BEST"	sector	%
Avio	aerospace	1,0%
Sesa	software	0,7%
Nexi	financials	0,5%
ASTM	infrastructure	0,4%
Amplifon	health care	0,3%

"WORST"	sector	%
FTSEMIB Index (short)	future	-1,1%
Company2 (short)	software	-0,3%
Safilo	consumer disc.	-0,2%
Company1 (short)	automotive	-0,2%
Company3 (short)	industrial	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	88%	17%	105%	56%	-
Number of holdings	48	9	-	-	57

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of April 30, 2020) : 110,99

YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	na	na	3,48%	-0,19%	-0,86%	-3,56%	-2,91%	-0,54%	-2,02%	-3,03%	1,89%	0,63%	**-7,11%**
2015	5,54%	5,85%	4,21%	0,02%	0,04%	-1,96%	3,94%	-2,14%	-1,71%	0,46%	0,42%	-0,63%	**14,47%**
2016	-4,78%	-2,36%	0,15%	2,07%	0,15%	-4,62%	1,02%	1,21%	0,37%	2,90%	-4,79%	4,51%	**-4,61%**
2017	1,43%	0,74%	10,50%	5,27%	4,94%	0,37%	0,39%	2,39%	1,52%	0,73%	0,42%	-0,21%	**31,86%**
2018	1,20%	-1,51%	-0,28%	-0,45%	-3,26%	1,03%	-0,28%	-2,93%	-0,81%	-3,51%	-4,88%	-0,82%	**-15,47%**
2019	-0,25%	0,40%	2,30%	0,44%	-1,87%	1,38%	0,30%	-1,86%	2,62%	1,51%	3,40%	-0,84%	**7,62%**
2020	-0,77%	-2,71%	-9,72%	4,67%									**-8,78%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
11,0%	Total cumulative return	8,0%
-6,5%	6-month rolling performance	-8,2%
1,7%	Compound annual return	1,3%
55,4%	% "up" months:	54,1%
44,6%	% "down" months:	45,9%
10,3%	1-year rolling volatility (daily)	11,9%

FUNDS MAIN FEATURES

	ARTEMIDE	LYRA
Name:	Multilabel SICAV - Artemide	Multilabel SICAV - Lyra
Inception :	October 2010	March 2014
Isin Code :	LU0515666294 (retail); LU0515666377 (institutional)	LU1012189707 (retail); LU1012189889 (institutional)
Bloomberg :	JBMARBE LX (retail); JBMARCE LX (institutional)	LYRABEU LX (retail); LYRACEU LX (institutional)
AUM (€) :	63,000,000 (as of April 2020)	24,000,000 (as of April 2020)
Strategy :	Equity, Market-Neutral&Multi-Strategy	Equity, European small cap
Liquidity :	Daily	Daily
Lock-up :	None	None
Notice period:	1 business day	6 business days
Management fees :	1.5% per year (retail); 1.0% per year (institutional)	2.0% per year (retail); 1.5% per year (institutional)
Performance fees :	10%	15%
Hurdle rale	Eonia	25% FTSE Italia Mid Cap Index 25% MSCI Small Cap Index 50% Eonia
High watermark :	Yearly	Yearly
Minimum investment (€):	25,000 (retail); 250,000 (institutional)	na (retail); 100,000 (institutional)
Currency :	Euro	Euro
Administrator :	State Street Bank (Luxembourg)	State Street Bank (Luxembourg)
Custodian :	State Street Bank (Luxembourg)	State Street Bank (Luxembourg)
Auditors :	PriceWaterHouseCoopers	PriceWaterHouseCoopers
Investment Manager :	MOMentum Alternative Investments SA Via Delle Scuole 3 6900, Paradiso (CH) Phone: + 41 91 960 19 00 Fax: + 41 91 960 19 01 Email: info@mominvest.com	MOMentum Alternative Investments SA Via Delle Scuole 3 6900, Paradiso (CH) Phone: + 41 91 960 19 00 Fax: + 41 91 960 19 01 Email: info@mominvest.com

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