MOMentum
ALTERNATIVE INVESTMENTS SA

Investor Newsletter, May 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

Investors' complacency towards global financial markets was evident in May. After the violent "technical" rebound in April, all the main equity markets have in fact recovered further ground (increases between + 4% and + 8%). As is now customary, NASDAQ has given us above 2x results compared to other indexes, effectively approaching pre-covid19 levels. The recent wave of optimism largely finds its justification in the abundant liquidity that central banks continue to pour into the markets, with the passive funds that - after the terrible losses suffered during the collapse - are returning to the fore as protagonists in terms of intermediated volumes with reference to the main asset classes. Furthermore, the lock-down introduced by almost all EU countries to counter the spread of the pandemic has certainly led to positive results. The historical series of infections and deaths has in fact recently slowed down sharply. We only partially share this generalized optimism, and we think it will be essential to monitor the events of the first three to four weeks after the return to everyday life in terms of mobility. In fact, there is a concrete risk of a second health emergency near autumn. Furthermore, in other regions (South America, the United States, India, Russia) the health situation to date does not show the expected signs of improvement. The return to the (new) normality therefore appears still far away, with tail-risks not to be underestimated. The massive aid packages (in the form of both funding and non-repayable grants) to individual member countries deployed by the ECB and the EU have helped reassure financial markets about the skepticism and concern that was spreading towards most vulnerable peripheral countries. As for Italy, at the end of the year the debt / GDP ratio will probably be close to 170%, a level that is difficult to sustain in a context of low growth and without the support of the ECB. The performance of Italian government bonds therefore represents a variable to be monitored carefully in the near future. The fact that the BTP-Bund spread narrowed significantly (<200bp as of today, vs over 240bp last month) is good news in this regard. Lastly, the strengthening of the € compared to the CHF - considered a "safe haven" par excellence - confirms that the full-bodied and timely interventions to support the economy have reduced the perception of the risk associated with investing in the EU.

The data of the first post lock down weeks (motorway traffic, car registrations, retail sales) show a significant improvement compared to April's levels. But they still appear to be very distant from the same data at the end of 2019. This gap remains significant even if the sectors most affected by the pandemic (financials, retail, automotive, travel & leisure) are segregated. To date, the revision of estimates has been significantly higher than the correction suffered by the markets. With a consequent multiple-expansion: US today deals at a P / E which is over 22x, while this indicator that stands close to 16x for Europe. Definitely generous multiples, all the more considering that most likely in conjunction with the publication of 2Q2020 results, it will be necessary to further cut the consensus estimates for the FY2020. The market is therefore telling us that the emergency we are experiencing is basically over and that a recovery is already underway. And it will quickly bring the global economy back to near pre-crisis levels. What happened to the oil prices in May (+ 60% approximately) represents another element supporting this theory, and can only be justified by the expectation of a (at least partial) recovery in demand. We struggle to share all this optimism. While the stock markets continue undaunted to recover part of the ground lost in March, all - except very rare cases - the companies we have met recently appear very cautious, even if the mood is showing shy signs of improvement. The visibility on the order backlog is very poor, and just in a few cases the management is able to provide indications that go beyond a time horizon of a few weeks. In this context, it is obvious that the investment plans have been reset, with the companies trying to equip themselves (liquidity and NWC) to be able to deal with any scenario that may arise in the near future. This crisis has certainly destroyed wealth, significantly increased the unemployment rate and changed the habits of a large part of the global population. It is therefore in our opinion unrealistic to think that an event of this magnitude does not leave any consequences and that we can even go back to the pre-crisis conditions before being able to definitively put the word "end" to this humanitarian drama (vaccine discovery, expected not before 2H2021), which demonstrated the vulnerability of the highly acclaimed globalization.

STOCKS IN THE SPOTLIGHT

BANCA MEDIOLANUM (MED IM): Banca Mediolanum manages and distributes asset management and insurance products through a network of 5,100 family bankers (78.5bn of AUM + AUC). Compared to peers, Mediolanum's business model requires more capital because it is a bank: this allows it to internalize more margins in the value chain, simultaneously offering the client a more complete product-range. Mediolanum has always invested heavily in digitalization, providing the customer with innovative access channels. The bank is very exposed to equity products: the higher return on shares over the long term allows margins to be higher than the market average, adequately remunerating the network, the company and the customer. The COVID19 effects severely penalized the stock's performance (-27% YtD), due to the contraction of the AUM and the zeroing of perf. fees (EPS FY20 / 21 –28% / - 25%); despite this, 1Q20 results demonstrated the resilience of the business model, thanks to the network's ability to accelerate on both inflows and mix: 1) Net profit was slightly better than expected, thanks to higher management and performance fees; 2) The inflows of the 1Q20 allowed to raise the target FY20 to 5 bn (of which 3.5-4 bn in AUM); 3) the bank does not foresee a significant increase in the cost of risk; 4) the company is very confident of being able to pay the interim-dividend this autumn (Yield 5.3%), thanks to solid results and an CET1 of 18.8%; 5) Asset quality: € 10 bn retail portfolio with 1.3% gross NPL, low LTV on mortgages (on average 50%), personal loans (1.8 bn) covered by guarantees (generally investments in BMED funds). Among the risks to report, Mediolanum has a relatively low tax rate, thanks to its Irish and Luxembourg branches; any "tax normalization" within the EU would lead to a significant spike in the tax rate. We believe that the FY20-21 NP estimates of € 305-365 ml incorporates the effects of the pandemic, as analysts have significantly cut performance fees. A better scenario may even create the basis for an upward revision. The acceleration on funding (+ 4bn YTD) and the recovery of the performance (we estimate -8 / 9% on 31/05 vs -20% on 31/03) have demonstrated the resilience of the business model and the strong relationship with its clients. Mediolanum trades at 15.8x-13x FY20-21E P / E, with a P / TE of 2.5x and an ROE close to15%.

MEDIOBANCA (MB IM): the health emergency had violent repercussions on the banking sector. It is in fact common opinion that as a result of the violent global recession that ensued, the sector will suffer a severe spike of the cost of risk (up to 3x the level of the end of 2019) with a new wave of NPLs expected in the coming years . We share the Regulator's request to suspend the distribution of dividends and / or buyback plans until the macro data show tangible signs of improvement. The violent sell-off that followed affected all targets without distinction, with investors who understood the scale of the events and the vulnerability of the sector. In our opinion, the evaluation expressed today by Mediobanca appears too penalizing, and is partly explained by the events of the past few months. In fact, last autumn, CEO Nagel presented the new business plan, which focuses on the solidity and stability of the results, with a consequent generous shareholder remuneration policy. Furthermore, the governance is not stable yet. Mediobanca, with its 12.9% stake, is the largest shareholder of Generali (> € 20bn market cap), which has long been at the center of rumours about the consolidation of the insurance sector on a pan-European level. Leonardo Del Vecchio (owner of Luxottica and today first shareholder of Essilor-Luxottica) is the bank's first shareholder with a 9.9% stake, ready to increase it up to 20% in case of authorization - very likely, in our opinion - by the Bank of Italy. In this case, it is possible that Bollorè (6.7%) would decide to leave the game permanently, effectively giving control of Mediobanca to Del Vecchio. And it is not at all clear what his plans are and above all if the previous frictions with CEO Alberto Nagel are remediable or not. The bank's business model is certainly much more resilient than traditional banks, even if Compass (consumer credit) appears vulnerable in the event of a deep and lasting recession in the country. The corporate financing business could also hide some risks, even if historically the selection process has always been an effective filter. To date, Mediobanca's market cap is close to € 6bn, and almost half of its value is represented by stakes in listed assets (Generali and Italmobiliare). The recent confirmation by Del Vecchio of his mind to double the stake, has put the bank back in the spotlight. Simultaneously canceling the risk of overhang for Bollorè's stake.

ENEL (ENEL IM): Enel is a multinational energy company, with presence in 22 countries across five continents and almost 70m customers. We see it as one of the global leaders in the implementation of the energy transition, with an integrated business model (gas and electricity) that allows to capture growth opportunities in a wide range of businesses within the energy sector. Enel enjoys a geographically diversified footprint and one of the most diversified renewable portfolios (with Wind, Solar, Geothermal and Hydro assets). No surprise that Enel provides for one of the highest exposures to the ESG themes, both in terms of investment potential and current positioning in main reference ESG index. Enel should benefit from the EU new Green Deal, which is expected to simplify and harmonize authorizations rules and permitting, accelerating new capacity programs and replacing coal with green technologies. The renewables account for around 30% of its Enterprise Value, and most of its €10bn of annual investments will be focused to develop wind/solar at a rate of 4-5GW per year and to expand the power grid. A very strong cash flow generation is an additional differentiating feature of the company, which provides a stronger basis to aspire to outgrow its European utilities peers. Enel has some 25.9bn of liquidity available or 2.1x the long-term debt maturity in the plan. Enel has also limited refinancing needs with only €5.9bn of debt expiry in 2020-21. Enel remains at a discount to peers on main valuation metrics and offers an attractive and visible yield (dividend floor set at €35 cents in 2020 and at €40 cents by 2022), in an environment of lower-for-longer rates with investors desperately seeking for safe yield. Its business model also provides some protection against the current headwinds for the sector, which are the risks of lower commodity / power prices, demand decline and bad debt, lower regulated network returns and retail margins, higher country risk premia and depreciation of LatAm currencies. The contribution of the ancillary services should mitigate any short-term economic weakness as earnings from the Italian balancing mechanisms will continue to be strong. Working capital will peak at €2bn in June/July due to COVID-19, but most of it being re-absorbed by year. The devaluation of LatAm currencies should amount to €500m at EBITDA level and c. 150m at net income level in FY20, which means a modest 3% of its Net Profit.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Mediaset Espana	media	6,5%
Enel	utility	3,6%
Unipol	holding	3,3%
Illimity Bank	bank	2,7%
Poste Italiane	financial services	2,6%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-21,4%
EuroStoxx 50 Index	future	-9,4%
Company1	insurance	-3,0%
Company2	automotive	-1,1%
Company3	insurance	-0,9%

"BEST"	sector	%
EuroStoxx 50 Index	future	0,5%
Illimity Bank	bank	0,4%
Enel	utility	0,3%
ERG	renewables	0,2%
Intesa Sanpaolo	bank	0,2%

"WORST"	sector	%
Telecom Italia	telecom	-0,5%
Aquafil	textile	-0,2%
Leonardo	defense	-0,1%
Unicredit	bank	-0,1%
Mediaset Espana	media	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	86%	40%	126%	8%	-
Number of holdings	37	9	-	-	46

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of May 29, 2020) : 126,87

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%	0,45%								**-0,29%**

(*) 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
26,9%	Total cumulative return	-11,2%
-0,8%	6-month rolling performance	-21,8%
2,5%	Compound annual return	-1,2%
59,5%	% "up" months:	55,2%
40,5%	% "down" months:	44,8%
5,3%	1-year rolling volatility (daily)	34,6%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Avio	aerospace	6,0%
ASTM	infrastructure	3,9%
ERG	renewables	3,9%
Inwit	infrastructure	3,7%
Sesa	software	3,6%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	12,3%
Company1	automotive	-1,2%
Company2	software	-1,0%
Company3	industrial	-0,8%
Company4	industrial	-0,6%

"BEST"	sector	%
ERG	renewables	0,8%
Avio	aerospace	0,7%
Amplifon	health care	0,6%
Illimity Bank	bank	0,4%
Nexi	financials	0,3%

"WORST"	sector	%
Aquafil	textile	-0,5%
FTSEMIB Index (short)	future	-0,4%
Astaldi 7,125	bond	-0,2%
Inwit	infrastructure	-0,2%
Biesse	industrial	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	87%	16%	103%	55%	-
Number of holdings	49	7	-	-	56

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of May 29, 2020) : 114,78

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%	3,41%								**-5,66%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
14,8%	Total cumulative return	10,2%
-6,5%	6-month rolling performance	-8,9%
2,2%	Compound annual return	1,6%
56,0%	% "up" months:	54,7%
44,0%	% "down" months:	45,3%
10,8%	1-year rolling volatility (daily)	12,1%

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 (€) *:*	62,000,000 (as of May 2020)	25,000,000 (as of May 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
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