MOMentum
ALTERNATIVE INVESTMENTS SA

Investor Newsletter, September 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

After a strong rebound in August, in September the equity markets suffered some profit taking which therefore helped to push them into negative territory (S&P -4%, NASDAQ -5%, Euro stoxx -2.5%, FTSE MIB -3%). The uncertainties about the new fiscal stimulus package in the US, the PMI indices in Europe that did not surprise positively and above all the strong acceleration in the number of new infections, are the factors that have pushed towards a more conservative approach. The VIX index did not show any spike, and this could confirm the fact that investors show no signs of concern (at least in the short term). With regard to Europe - and Italy in particular - we continue to think that the conditions are being created for a significant and lasting rerating. The timeliness and size of both monetary policy (ECB) and fiscal stimuli by all countries should create the conditions for a robust recovery of the economy. The strong commitment showed by all policy makers in the EU should also help to significantly reduce tail risk. And in our opinion it is no coincidence that the debates about the survival of the EU are no longer topical for some time now. The continuous compression of the BTP-Bund spread - which by now has stood below 130bp - confirms this view, and we do not think it represents a short-lasting element. The Recovery Fund - and the constraints that its use imposes to all countries - represents another element in support of the framework described above. Looking at the few months left until the end of the year, we believe there could be many possible disturbing elements. The outcome of the upcoming elections in the US - barring unlikely twists - seems very obvious. But we are not sure what the reaction of the financial markets could be to this new scenario. In fact, we imagine that Trump - with all the excesses to which he has accustomed us - is not at all unwelcome by the financial community and his likely defeat could create uncertainty at least in the short term. In much more modest proportions, Brexit itself continues to represent a possible source of risk that is difficult to model. Investors' attention is focused on macro and micro estimates for next year, which, however, we find difficult to quantify in light of the uncertainties mentioned above. The fact that the multiples of the stock markets today do not show any discount compared to the historical averages means, in our opinion, that risks are not so negligible.

The curve of new infections has unfortunately highlighted a marked surge in every geographical area, excluding China. On an aggregate level, the infections have reached all-time high levels in these days. In Europe too, the situation appears to be clearly worsening, with governments beginning to reintroduce more or less invasive restrictions. The feeling is that we are fast and dangerously approaching a new lock-down, probably less exasperated than the one we experienced this spring. However, it is undeniable that the repercussions on the real economy would be very profound, especially if we consider that the effect of the first wave is still cushioned by the existing shock absorbers (Moratorium, state aid ...). In other words, we think that - given the huge stock of additional public debt accumulated in Europe as a result of super accommodative fiscal policies - it is necessary to be able to guide the economy towards a path of growth as early as next year. Conversely, we could relive a financial crisis triggered by a lack of confidence and which would push interest rates up in a stagnant economy. A scenario that obviously we all would like to avoid, due to the heavy repercussions - which have already been experienced - that would ensue. The fact that the times to have the vaccine available, beyond the proclamations of the electoral campaign, appear increasingly uncertain, adds risk to an already very intricate context. Looking into specific investment themes, without forgetting the above, the consolidation of the domestic banking sector could offer investment opportunities. The ISP-UBI merger has certainly mixed up the cards, starting a process that has been talked about for several years now. We remain convinced that Banco BPM represents the object of desire for those who want to acquire / increase their market share in Northern Italy and especially in Lombardy. The bank certainly has a very modest power to generate profits in a stand-alone logic, also due to the fact that it has diluted the expected returns through disposals implemented to avoid the need to request fresh capital from its shareholders. The strong discount on the TBV (P / TBV @ 0.27) and DTA equal to almost 2x its market cap (€2,6bn are tax credits) would make a merger accretive for anyone who already has a profitable business in Italy. The fact that BAMI is a public company represents a further element of protection if an EGM had to approve any deal.

STOCKS IN THE SPOTLIGHT

EXOR (EXO IM): Exor is the Holding Company of the Agnelli family, whose GAV is represented for about 80% by listed assets (FCA 26%, Ferrari 37% and CNH 14%) and for the remaining 30% by Partner RE (re-insurance). The NFP is negative for just over € 2bn. The Agnelli family firmly controls the Holding (53% of the capital, with also approximately 4% of treasury shares and a buyback plan still in place). The holding discount is now close to 40%. The disappointing performance is certainly partly attributable to the cancellation in May of the proposed sale ($ 9bn) of PartnerRe to Covea due to the pandemic. It should be emphasized that in today's Exor NAV this asset is valued € 6bn, and therefore the premium for the control that Covea would have recognized has already been largely curtailed. Good news, vice versa, regarding the merger project between FCA and Peugeot. The initial terms of the agreement have recently been revised, but with the sole intention of providing Newco (Stellantis) with extra liquidity (2020 net cash close to € 11bn), in order to be able to cope with any prospective scenario. Specifically, the extra dividend promised to FCA shareholders has been significantly reduced (from € 5.5bn to € 2.9bn), due to the distribution of Faurecia shares (46% of the capital) after the merger and therefore also to the current FCA shareholders. New terms are substantially aligned with the previous ones. At the same time, the guideline for synergies extractable from the merger was revised upwards (> € 5bn vs € 3.7bn initial), vs non-recurring costs equal to € 4bn (vs € 2.8bn initial). According to our calculations, Stellantis would trade at cheap multiples: 2021E P / E <4.5x and EV / EBITDA close to 1.5x (including pension liabilities), Thus supporting our expectation for a significant rerating as soon as the last doubts about whether the merger will be successful are dispelled. As a result of the dividends that will be distributed, Exor will collect approximately € 1bn (10% of its market cap) and will find itself holding stakes in listed companies that could more easily be sold. Furthermore, we think that the search for a buyer for PartnerRE is still topical. In summary, in the medium term it is not unrealistic to assume that a significant portion of Exor's NAV will be represented by cash, ready to be returned to its shareholders. In this hypothetical scenario, it is likely to expect a strong downsizing of the holding discount.

SNAM RETE GAS (SRG IM): Snam is a “RAB regulated” company that manages the transport of gas mainly in Italy. Today the stock trades at 11.5x EV / Ebitda and 1.25x EV / RAB with a DVD yield of 6% over 2021, at a 25% discount compared to Terna. This is historically justified by the fact that electricity still plays a central role in the energy strategy of each country, while gas seemed destined to play an increasingly marginal role. In our opinion, the announcement of the Green Deal has redesigned the scenarios. since the EU considers the "Hydrogen Strategy" to be the key to achieving the zero emissions target by 2050. Green hydrogen appears to have strong potential, being probably the best option available in the most polluting industrial segments. For this to be possible, it is necessary to reconvert the gas transport networks also for hydrogen. The studies carried out show that an infrastructure for the transport of hydrogen does not differ significantly from a traditional gas pipeline and that existing gas pipelines require few capex to fit for the transport of hydrogen. Empirical Operator Evidence (TSO) indicates that the cost of a newly built dedicated pipeline for hydrogen would be 10-50% more expensive than one for gas, and therefore discussions lean towards reconversion of existing pipelines. The TSOs estimate investments of € 40 bn by 2040; to this could be added potential investments in storage - typically the capital employed in storage is about 30% of the total capital employed in the gas transport network - for a total of € 55 bn. At EU level, Italy could represent around 15% of total expenditure and this would imply investments to convert / upgrade the Italian gas transportation system of € 8 bn, equal to around 40% of Snam's current RAB. The analysts, assuming a linear development of the additional 8 bn CAPEX in the period 2025-30 and assuming maintenance costs, estimate € 450 ml of incremental CAPEX per year (+ 30%). By applying a consistent return to these CAPEX, an increase in EPS FY30 of 5% would be obtained compared to the base case which provides for a substantially flat EPS. In November, SNAM will hold a CMD in which the following aspects could be highlighted: 1) acceleration of core investments and impact on RAB; 2) first indications about hydrogen; 3) DVD Yield of about 6%. In light of this, we believe that Snam must narrow the valuation gap vs peers.

LABOMAR (LBM IM): The IPO of Labomar was 4.2x oversubscribed (or 5.7x excluding two anchor investors) valuing its equity at Eur111m market cap or 8.5x EV/Ebitda and 18x P/E 2020. Labomar is expected to grow both its top line and EBITDA by 13% CAGR (margin > 20%), benefiting from the megatrends of aging population and healthy lifestyle. The Eur30m IPO proceeds will be used mainly to feed and accelerate its development and growth, consolidating the Italian market and growing organically in North America thanks to the ImportFab acquisition, building the new L6 plant and scouting for M&A opportunities. Labomar is a research-driven full service B2B Contract Development and Manufacturing Organisation (CDMO) of nutraceutical and pharmaceutical products. It mainly manufactures dietary supplements, medical devices, cosmetics and, through ImportFab, pharmaceutical products for pharma and nutraceutical companies. Labomar provides global big pharma firms with high-grade value-added technological content dietary supplements. Labomar aims at being the reference partner for customers looking for innovative and effective products. The top 5 clients represent 25% of its revenues, while the top 15 account for 48%. It has been increasing the share of wallet with its customers (+54% over the last 5 years, to Eur305k per client on average). The peculiarity of Labomar is its vertically integrated business model, which allows a quick time to market and a superior quality and customer care. The group leverages on its R&D department to offer tailor-made solutions with a high proprietary R&D content for each therapeutic area. Labomar insources activities, such as the study of new raw materials, product formulations and delivery systems. One third of its revenues are generated by products based on Labomar’s registered patents, patent applications and know-how, with a strong focus on the development of probiotic products in all dosage forms. The CDMO sector is characterised by great fragmentation, with over 1,000 firms worldwide as either pure CDMOs or companies with some CDMO services or capabilities. The top 10 players hold less than 20% of the total market share and there are only 20 CDMOs generating in excess of $500m revenues. The CDMO sector is facing a consolidation process, mainly on the back of big pharma companies’ trend to simplify their supply chain.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
IMA	industrial	4,8%
Unipol	holding	3,5%
Illimity	bank	3,3%
Banco BPM	bank	3,2%
FCA	automotive	3,1%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-15,6%
Euro Stoxx Index	future	-2,9%
Company1	utility	-2,4%
Euro Stoxx Insurance	future	-1,9%
Company2	insurance	-1,7%

"BEST"	sector	%
ASTM	infrastructure	0,6%
FCA	automotive	0,4%
Inwit	infrastructure	0,3%
Tele5	media	0,3%
Illimity	bank	0,3%

"WORST"	sector	%
Unipol	holding	-0,3%
Exor	holding	-0,2%
UBI	bank	-0,2%
Aquafil	textile	-0,1%
Mediolanum	bank	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	74%	31%	105%	5%	-
Number of holdings	35	13	-	-	48

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of September 30, 2020) : 127,81

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%	0,50%	-1,35%	0,29%	1,32%				**0,45%**

(*) 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
27,8%	Total cumulative return	-3,6%
1,7%	6-month rolling performance	11,5%
2,5%	Compound annual return	-0,4%
60,0%	% "up" months:	55,0%
40,0%	% "down" months:	45,0%
5,9%	1-year rolling volatility (daily)	36,3%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Sesa	software	5,8%
ERG	renewables	3,9%
IMA	industrial	3,7%
Banco BPM	bank	3,7%
Inwit	infrastructure	3,6%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-14,5%
Company1	IT servicer	-1,6%
Company2	industrial	-0,9%
Company3	industrial	-0,9%
Company4	shipbuilding	-0,7%

"BEST"	sector	%
ASTM	infrastructure	0,9%
Sesa	software	0,7%
Inwit	infrastructure	0,5%
NEXI	tech services	0,3%
Amplifon	health care	0,3%

"WORST"	sector	%
Company1 (short)	IT servicer	-0,5%
Cerved	information services	-0,3%
Avio	aerospace	-0,3%
Aquafil	textile	-0,2%
ERG	renewables	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	90%	22%	112%	61%	-
Number of holdings	54	8	-	-	62

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of September 30, 2020) : 122,81

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%	2,50%	-0,25%	2,46%	2,13%				**0,94%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
22,8%	Total cumulative return	13,4%
15,8%	6-month rolling performance	9,8%
3,2%	Compound annual return	1,9%
57,0%	% "up" months:	55,7%
43,0%	% "down" months:	44,3%
11,6%	1-year rolling volatility (daily)	12,5%

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 September 2020)	27,000,000 (as of September 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

Investors' disclaimer