MOMentum
ALTERNATIVE INVESTMENTS SA

Investor Newsletter, November 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

November was certainly a month full of positive surprises, which ended with one of the best performances ever (S&P + 10.3%, Nikkei + 15%, Stoxx600 + 14.5%, FTSEMIB + 23%). If it is undeniable that in the short term the lockdowns recently reintroduced by most Western governments will cause a new contraction of global growth, with the real GDP of the Euro area expected to shrink in the last quarter of the year, on the other hand the financial markets are certainly already looking beyond this time horizon. The disruptive news has certainly been that 3 pharmaceutical companies have almost simultaneously announced surprisingly positive news about the development of vaccines. To date, there is therefore a reasonable expectation that several vaccines will be available by the end of the year, which will then be distributed on a larger scale from the end of Q1 next year. The scenario shared today by investors is of a strong spike of global growth in conjunction with the attenuation of the risks associated with the pandemic. With the aim of recovering in the course of 2021 at least part of the contraction suffered this year by Western economies. As for the election of Biden as new President in the US, the new economic programs will be key for financial markets. More growth for the country and the creation of new jobs are priorities for his agenda, with additional social and infrastructure spending. Focus also on the environment ("green deal"). This program will be financed in part by a tightening of fiscal policies, which will mainly affect companies and citizens with the highest incomes. The current division of Congress, which will therefore oblige Biden to bipartisan compromises, could, however, delay the implementation of his ambitious plans presented during the electoral campaign. In this scenario, around 2 million new jobs would be created at the end of the mandate, with the increased budget deficit that will stand at sustainable levels. Furthermore, geo-political tensions are expected to cool, with positive effects on global trade. Europe should benefit from this new desirable scenario, having been trapped in the grip of the trade war desired by Trump. Finally, even the most recent news on Brexit hint at optimism. Dominic Cummings, a close adviser to Boris Johnson and considered the architect of the success of the Brexit campaign, has resigned. And this could be the prelude to a friendly and therefore less traumatic solution.

The scenario of low interest-rates for longer and the massive fiscal stimuli, forced investors to pursue an asset allocation where the equity component of portfolios has been gradually increased. This decision was also supported by the fact that government and corporate bonds offering negative yields now represent above 40% of the total (ex US). Furthermore, further expansion of the European Central Bank (ECB) Pandemic Emergency Purchase Program (PEPP) is likely before the end of the year (likely by another € 500 billion until the end of 2021) and an extension of the current favourable conditions of the TLTRO III. Not to mention that the public-utility services and digital sectors in Europe should receive an additional boost from the Recovery Fund. Peripheral government bonds should remain well supported by the Recovery Fund and the action of the ECB and therefore we do not expect a widening of the BTP-Bund spread. We believe it is unlikely that central banks will raise interest rates as early as next year. In this new context, it is likely that profits in the second half of 2021 will in many cases require substantial upward revisions, to return close to pre-covid (2019) levels. Coming from a prolonged period of "risk-off", we had to intervene promptly and revisit the portfolios of our Funds, to acknowledge the new context where we find ourselves now and which will probably walk with us at least for most of the new year. Specifically, exposure to the banking sector was increased, favouring very solid targets (ISP), or those that presumably will be involved in the consolidation of the sector (BPER, Banco BPM and Credito Valtellinese). In addition, pending a significant multiple-expansion, selective investments were made among the companies most exposed to the economic cycle (FCA, CNH, Pirelli) and awaiting the recovery of both light and heavy traffic (ASTM). Companies specialized in the purchase and / or management of bad loans (NPLs and UTP) should also benefit from this scenario. We therefore decided to add Cerved to our holdings. We are pleasantly surprised by the abundance of "special sits" within the domestic market and by the quality of the latest IPOs among small&mid caps (Labomar, Osai). We continue to remain convinced that in this context of renewed optimism, SMEs represent a very attractive niche over a 2-3 years time-horizon.

STOCKS IN THE SPOTLIGHT

GAROFALO (GHC IM): The company carries out healthcare services in Italy with 1.5k accredited beds in 26 different buildings (22 owned and 4 rented), with approximately 28k hospitalizations and 1.3 million outpatient treatments per year. Over the years, the Group has adopted an external-growth strategy, thanks to a consolidated model of integration of the new structures (7 acquisitions in 2 years). The Group is diversified both in terms of services provided (hospitalization 70% of revenues, assistance 30%) and geographically (8 districts of Northern and Central Italy). During 2Q20 the pandemic penalized the Group's business due to the suspension of all non-urgent deferrable services, but as early as June there was a progressive increase in production. In fact, 3Q20 benefited from solid organic growth (+ 13%), thanks also to the contribution of the acquired companies (+ 34% YoY); the EBITDA% showed a strong improvement (17.7%, +140 bps) and the NFP was better than expected due to the NWC, which benefited from the upfront-payments by the main districts. The ongoing health emergency could entail an opportunity for the Group: management confirms negotiations with the districtss to revise the annual budgets for accredited private healthcare professionals such as Garofalo, to accelerate the normalization of waiting lists in the healthcare sector. We believe these spending increases will also apply for years to come. The 3Q data has fully shown this potential, since larger budgets have allowed the use of "spare capacity" available today especially in the new acquired structures. To take advantage of this opportunity, Garofalo is moving in three directions: 1) Capex plan of €20mn, partly shared with Local Authorities, in machinery and technologies to support the recovery phase of the suspended activity; 2) increase the business with the private customer, through new agreements with insurance companies; 3) M&A: external growth with a focus on hospitals that are expected to benefit the most from the new resources made available by districts. We highlight how Garofalo is well positioned to seize both organic growth opportunities, deriving from the increase of healthcare spending, and inorganic growth due to the ongoing consolidation. At current prices on FY21-22 Garofalo trades respectively 16.5x-15.4x the P / E, 9.8x-8.7x the EV / EBITDA with an FCF Yield> 8%.

DOMESTIC BANKS: the hostile takeover of ISP on UBI this summer has spun the cards, contributing a strong acceleration to a consolidation process which we still consider healthy and therefore desirable. And the first effects didn't take long to be visible. CAI's offer on Credito Valtellinese was not entirely unexpected, as the French bank had already purchased 10% of the bank in conjunction with the latest capital increase. At the same time, the Government is rushing to pass a law that would allow the conversion of off-balance DTAs into tax credits in the event of mergers completed by the end of next year. It is clear that this rule was designed to facilitate an aggregation of MPS, given that in this specific case the amount of those DTA is equal to more than 2x the market cap of the bank itself. Even the ECB today seems to have adopted a much more accommodating attitude, compared to previous requests for capital increases in the case of merger projects. Expectations for a strong economic recovery, less intransigent Regulators and fiscal incentives represent all together an explosive boost for a sector that is still very fragmented. And where the gap between the market leader (ISP) and all the other operators is widening. The overt aversion to M&A transactions by the CEO of Unicredit ultimately cost him his job. And therefore today the integration with MPS appears likely. It will be crucial how this transaction will be cooked, arguing and justifying the "value" for UCG shareholder. In fact, we would not take the outcome of the shareholders' meeting for granted. If the above scenarios were to occur, the natural consequence would be the birth of a third banking conglomerate, through the integration between Banco BPM and BPER. That deal would certainly be sponsored by the main BPER shareholder Unipol, 19%), if only for the opportunity to expand its bancassurance agreements. The combined entity would become the second largest player on the domestic market with a share of 13.6% (19% in Lombardy), it would have a CET1 of 12.9%, with a SREP buffer of 450 bps and an NPE ratio of 9.4%. The restructuring costs would amount to approximately € 1.5bn, against annual synergies of approximately € 300m. Unipol would remain the first shareholder of the combined entity, with a stake just < 10%. The new entity would trade with a 2021-22 P / TE of 0.30x, post synergies P / E of 4.5x-4.0x with a ROTE > 7%.

OSAI (OSA IM): OSAI is a niche leader in the industrial automation sector, providing assembly and testing solutions for high-tech components. OSAI operates through four divisions (Semiconductor, Automation, Electronics and Laser), servicing global Layer 1 and OEM operators active in the semiconductors, electronics, automotive and medical markets. It is uniquely positioned in segments that have the benefits of secular growth trends such as smart mobility, industrial automation, IoT and 5G market consolidation and smart home & city. OSAI is a real partner for its clients, from co-design to co-development of key technologies, which contributed to build a very loyal customer base of more than 140 clients, with the top ten accounting for about 72% of the total turnover. OSAI was able to progressively improve its EBITDA margin to more than 15% thanks to a more profitable product mix. The stock still trades at attractive multiples (18x P/E, 8x EV/Ebitda) considering its superior growth profile. Moreover, we see two potential game changer opportunities, which could make it easily a double: 1) The RE4M (Recycling for Manufacturing) project which is the OSAI's solution for the automated separation and selection of valuable and rare materials from used electronic devices. As a member of the 5-year, EU-sponsored ADIR (Automated Disassembly, Separation and Recovery) project and thanks to its work in advanced optical recognition, OSAI has studied and developed a machine capable of automatically identifying for these materials. The prototype should be ready in a couple of years. 2) Silicon Carbide (SiC): Osai has received the first order for the first machine in the world to automize the SiC crystal growth process by perfectly positioning it. Silicon Carbide is an innovative material, which, when substituted for silicon, makes it possible to make the management of high currents more efficient and less sensitive to high temperatures (>200°). SiC has many advantages compared to Silicon. but is still more complex and expensive. Aside from its nearly immediate adoption into energy-oriented industries such as EVs (inverters, converters, chargers, storage) and solar energy, silicon carbide shows significant promise at drastically increasing electronic efficiencies across industries,, with the goal of reducing carbon footprints worldwide. The SiC market is estimated to be rising at a 30% CAGR.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
IMA	industrial	6,8%
BPER Banca	bank	5,2%
Exor	holding	4,4%
NEXI	tech services	4,2%
Unipol	holding	3,9%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-25,0%
Euro Stoxx Index	future	-2,8%
Euro Stoxx Insurance	future	-2,3%
Euro Stoxx Automotive	future	-1,9%
Company1	insurance	-1,8%

"BEST"	sector	%
BPER Banca	bank	2,3%
Unipol	holding	0,9%
Exor	holding	0,8%
FCA	automotive	0,7%
NEXI	tech services	0,7%

"WORST"	sector	%
FTSEMIB Index (short)	future	-4,6%
Euro Stoxx banks (short)	future	-0,6%
Euro Stoxx Index (short)	future	-0,6%
Company2 (short)	utility	-0,3%
Company1 (short)	insurance	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	78%	40%	118%	5%	-
Number of holdings	29	12	-	-	41

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of November 30, 2020) : 128,49

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%	-1,18%	1,73%		**0,98%**

(*) 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
28,5%	Total cumulative return	7,6%
1,3%	6-month rolling performance	21,2%
2,5%	Compound annual return	0,7%
59,8%	% "up" months:	54,9%
40,2%	% "down" months:	45,1%
6,0%	1-year rolling volatility (daily)	37,5%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
ASTM	infrastructure	4,3%
NEXI	tech services	3,8%
Aquafil	textile	3,7%
IMA	industrial	3,7%
CIR	holding	3,4%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-11,9%
Company1	construction	-1,8%
Company2	IT servicer	-1,3%
Company3	industrial	-1,1%
Company4	industrial	-0,8%

"BEST"	sector	%
BPER Banca	bank	1,5%
ASTM	infrastructure	0,9%
Aquafil	textile	0,9%
CIR	holding	0,8%
NEXI	tech services	0,7%

"WORST"	sector	%
FTSEMIB Index (short)	future	-3,4%
Euro Stoxx banks (short)	future	-0,5%
Company4 (short)	industrial	-0,3%
Company1 (short)	construction	-0,2%
Avio	aerospace	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	84%	18%	102%	61%	-
Number of holdings	46	7	-	-	53

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of November 30, 2020) : 127,61

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%	-2,80%	6,90%		**4,88%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
27,6%	Total cumulative return	18,7%
11,2%	6-month rolling performance	7,7%
3,7%	Compound annual return	2,6%
56,8%	% "up" months:	55,6%
43,2%	% "down" months:	44,4%
12,0%	1-year rolling volatility (daily)	13,0%

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 (€) *:*	60,000,000 (as of November 2020)	27,000,000 (as of November 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