



## Investor Newsletter, January 2021

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 Finla Law (Federal Act on Financial Institutions - 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 2020 that all in all turned out to be much better than the expectations shared by most financial players last spring, let's now try to hazard a few predictions for the current year. The global effort to fight the pandemic is certainly delivering positive results, although we have acknowledged that the time to be back to the "new normal" will be longer than expected. The campaign to vaccinate the population is proceeding slowly, mainly due to bottlenecks in the production / distribution of the reserved vaccine doses. The real risk is not being able to reach the herd-immunity target (60-70% of the population being vaccinated) by the summer, thus compromising another tourist season. If this were the case, the consequences for the country's economy would be serious and we can therefore agree with the haste and the awareness campaign that the Government and Regions have been showing in recent weeks. However, 2021 will be a 2-speed year. If it is in fact true that vaccine delays will justify a still weak 1Q / 1H2021, we will certainly see a steep turnaround after the summer. Which - at least in the first phase - will be further boosted by an inclination for spending and investments including "one-off" components. However, we expect a sparkling and lasting growth trend, which will involve all EU countries and which should not face significant downside-risks for at least a couple of years. During the month of January, the stock markets underwent some profit taking in conjunction with the rise in US interest rates (10y from 0.90% to 1.15%). Certifying the fact that the "drug" of interest rates maintained artificially low through the intervention of central banks, represents the prerequisite to justify the valuations for any asset class. In this regard, if a significant recovery in global economic activity is confirmed, it cannot be excluded that inflation will begin to show signs of recovery (wages, raw materials). However, it seems premature to worry about an event that is very unlikely today and in any case far away. Moreover, the massive fiscal and monetary stimuli continue to be very timely and effective. At the cost of getting boring, we would like to remind you that SMEs have historically delivered attractive returns (and significantly better vs large caps) in conjunction with phases of strong expansion. Not to mention the huge tax benefits recently introduced by the government.

About government, the move by Matteo Renzi (Italia Viva) to drop the Conte-bis government has proved to be very successful. In fact, we do not know if it was an idea of him or of the President of the Republic, but the task to Mario Draghi to try to form a new government surprised everyone. In our opinion, Draghi represents exactly the right person, in the right place and at the right time. In other words, we couldn't have asked for better. And the comparison with his predecessors appears embarrassing even for the paucity of those who preceded him. Peace to their souls, as long as they decide to do something else for the rest of their days! The risk that Draghi will find himself forced not to accept due to the lack of support from a large majority is in our opinion very remote, almost nil. And we do not think that the Program that will be presented will be the result of compromises with the political parties. In fact, going to early elections today would not benefit any political party, and at the same time would create serious damage to the country. Which needs authoritative politicians, especially to negotiate the huge economic aid packages promised by the EU (> € 200bn). Given his curriculum-vitae and above all his role as President of the ECB, we believe that Draghi enjoys an excellent reputation and at the same time is considered an element of guarantee for the commitments that the country will have to sign to access the Recovery Fund. We are convinced that Draghi already has in mind the "project" to relaunch the country and at the same time to gain credibility towards the EU partners. And we feel like sharing this path in the dark, on the trust we place in his skills. The market meanwhile began to anticipate his moves, triggering massive purchases of financials. The squeeze of the country-risk as a result of his mandate (BTP-Bund spread <100 bp) is above all good news for the stock of government bonds held by domestic banks. Moreover, we imagine that the long-awaited process of consolidation of the banking sector will certainly not find an obstacle in the new government. And the appointment of Orsel as new CEO of Unicredit in April will probably coincide with the beginning of a new phase for the domestic banking sector.

## STOCKS IN THE SPOTLIGHT

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**OSAI (OSA IM):** OSAI is a niche leader in the industrial automation industry, by providing assembly and testing solutions for high-tech components. OSAI operates through four divisions (semiconductors, automation, electronics, and lasers), serving the main global players in the semiconductor, electronics, automotive and medical sectors. The end-markets of its solutions are characterized by secular mega-trends such as smart mobility/Electric Vehicles (EVs), industrial automation, the Internet of Things (IoT) and 5G, smart home & city. We decided to invest in OSAI because of: 1) Extremely attractive Risk / Reward: if we are right, the re-rating of the stock will be material, with a fair value well in excess of eu10ps; otherwise we would remain shareholders of a small Italian excellence whose traditional, core business we value at eu5.0ps; 2) Megatrends: the current core business benefits from the secular growth linked to smart mobility/Electric Vehicles (EVs), industrial automation, the Internet of Things (IoT) and 5G, smart home & city; 3) Unique Expertise: OSAI has developed unique niche skills in the semiconductor, electronics, laser and automation sectors, as demonstrated by the multi-year partnerships with major international groups, which allow to develop cutting-edge, cross-sector solutions; 4) Superior Growth: after 2020 decline due to COVID-19 pandemic, in the following two years OSAI's EBIT is seen to grow by an average of 30%, with an EBITDA% above 15%; 5) Hidden Gems: but above all OSAI – thanks to its unique expertise – has developed a project to optimize the production cycle of the Silicon Carbide (SiC) and another for the recycling of rare-earth and precious metals from scrapped electronic devices (RE4M); 6) A Fascinating Comparison: If these projects are successful, the impact on the stock valuation will be substantial. There are some listed pure SiC- players trading at very rich valuations. Just as there were two peers in the photonics business in the early 2000s, but no investor was – back then - willing to rate it inside Pirelli until it sold for \$3.6bn cash (over 165x EV/sales!) a loss-making start-up, accounting for less than 1% of its group revenues. And then we have the business of the recovery of rare earths. The machine has already been tested at a recycling site and was presented at the E-Waste World Conference and Expo 2019.

**INPOST (INPST NA):** InPost is the leading, vertically integrated e-commerce enabler through a network of innovative Automatic Parcel Machines (AMPs) in Poland, where GDP is seen growing by 4 / 6%. INPST owned c. 11k APMs with 1.5m lockers at the end of 2020, with a 98% share in locker delivery services and 35% of the Polish total consumer parcel market (C2X). We believe INPST's business model will disrupt the parcel delivery industry supported by the EU Green Deal and will benefit from the bans on using ICE Vehicles in many cities by 2025 / 30. It is cost efficient (20 / 25% cheaper than the traditional to-door delivery model, with distribution representing 22% of e-retailers costs of which half for the last mile), more convenient (24/7 accessibility, handy proximity with up to 7-minute walking distance for half the Polish, user-friendly mobile app, quick delivery, APM finder, radar functionality to remember to collect the parcel when nearby, etc), greener and more productive (66% lower CO2 footprint, lower traffic congestion, on average 1k delivery per courier / day with 100% hit rate) and an easier return policy (free, no label, contactless). INPST strategy is based on the increasing adoption of lockers for out-of-home delivery and on international diversification with a city-centric approach, concentrated in fewer, large cities. INPST will invest both to increase its domestic share of C2X to 45-50% by 2024 and to grow abroad, where APMs still accounts for only < 5% of parcel delivery mostly due to national postal companies' strategy & legacy. By 2025 the UK is expected to contribute for 10 / 15% of its Ebitda and Italy, France, and Spain together for an additional 10 / 15%. We forecast that INPST Sales, Ebit and Net profit will grow by respectively 35%, 50% and 70% p.a. on average in FY21 and FY22. The ROIC exceeds 30% and new capex are very profitable as a new APM has an average payback period of 13 months only with an 80% capacity utilization (but > 100% in the best locations) powered by its cutting-edge proprietary technology (Track & Trace, Big Data Analytics, APM automated reload optimization, open architecture integrable with all vendors, etc), which both maximize customers' experience and savings. For the above-mentioned reasons, we believe INPST valuation should be based on a growth-adjusted EV/Ebitda which will return an upside of 25%+.

**UNICREDIT (UCG IM):** The resignation of CEO Mustier at the beginning of December did not honestly surprise us. In fact, the dissatisfaction of some large shareholders with the CEO's output had been evident for some time and some of his attitudes were heavily criticized even from within the bank itself. Mustier's great merit was in being able to secure UCG, obtaining huge fresh resources from the market. The decision to dispose strategic assets (Fineco Bank above all), on the other hand, is very unacceptable, contributing to a strong dilution of the bank's profitability. His successor - Orcel,- will find himself managing a bank without any issue in terms of capital requirements, but with strategic decisions on the horizon, that can no longer be postponed. Specifically, the bank has always suffered from competition from the market leader (Intesa Sanpaolo) and likely will now be forced to copy its moves, albeit late. From this point of view, the recent acquisition of UBI by ISP will probably force UCG to make a similar move. For some time there has been rumors of an interest in Banca Monte dei Paschi and / or Banco BPM. We share the strategic rationale for a possible integration with Banco BPM, a move that would allow the combined-entity to gain leadership in Lombardy, also benefiting from the large tax assets that would be recognized if the deal is finalized by the end of the year. Conversely, in our opinion, the hypothesis of integration with MPS could hardly be strategically appealing, especially considering the strong presence of the Sienese bank in the rural regions of central Italy. This is probably the reason why the Government – main shareholder of MPS with a 73% stake - seems willing to improve the economics of a hypothetical deal, in order to get it through at any cost. Likely the integration project could be announced shortly, but it will have to be EPS-accretive for UCG shareholders, not to run the risk that the EGM will reject it. In this respect, the market appears very skeptical, which has contributed to depress the bank's valuations. That today deals with cheap multiples: P / TE @ 0.35x; P / E21 @ 7.0x and 2021 ROTE @ 4.5%. 2020 will probably end with extra-provisioning as a result of the pandemic. The new strategic plan that will be presented by Orcel, the strong macro recovery expected from 2H21 and the M&A pipeline could all represent catalysts able to explain a re-rating of the bank during the year.

## ARTEMIDE - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Exor	holding	4,8%	FTSEMIB Index	future	-33,8%
NEXI	tech services	4,1%	Euro Stoxx Index	future	-5,6%
BPER Banca	bank	3,9%	Euro Stoxx Insurance	future	-2,3%
Prysmian	oil&gas services	3,9%	Euro Stoxx Automotive	future	-2,0%
Unipol	holding	3,7%	Company1	insurance	-1,7%
"BEST"			"WORST"		
	sector	%		sector	%
FTSEMIB Index (short)	future	0,8%	NEXI	tech services	-0,5%
Intesa Sanpaolo	bank	0,1%	Exor	holding	-0,4%
Euro Stoxx Insur. (short)	future	0,1%	Unicredit	bank	-0,3%
BPER Banca	bank	0,1%	Aquafil	textile	-0,3%
Company3 (short)	automotive	0,1%	ASTM	infrastructure	-0,3%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	74%	-48%	122%	5%	-
Number of holdings	32	8	-	-	40

## ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of January 29, 2021) : 128,97

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%	1,30%	2,30%
2021	-0,91%												-0,91%

(\*) 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
29,0%	Total cumulative return	5,2%
2,5%	6-month rolling performance	13,0%
2,5%	Compound annual return	0,5%
59,7%	% "up" months:	54,8%
40,3%	% "down" months:	45,2%
6,1%	1-year rolling volatility (daily)	36,9%

## LYRA - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Osai	technology	5,7%	FTSEMIB Index	future	-11,3%
CNH Industrial	automotive	3,9%	Company1	IT servicer	-1,3%
Aquafil	textile	3,8%	Company2	industrial	-1,2%
In-Post	services	3,7%	Company3	industrial	-0,7%
ASTM	infrastructure	3,6%	Company4	industrial	-0,5%

  

"BEST"			"WORST"		
	sector	%		sector	%
Osai	technology	2,2%	Aquafil	textile	-0,5%
Piteco	technology	0,4%	ASTM	infrastructure	-0,4%
FTSEMIB Index (short)	future	0,3%	NEXI	tech services	-0,4%
ERG	renewables	0,2%	Technogym	consumer discretionary	-0,3%
CIR	holding	0,1%	Inwit	infrastructure	-0,3%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	91%	-15%	106%	71%	-
Number of holdings	46	5	-	-	51

## LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of January 29, 2021) : 133,25

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%	4,07%	9,16%
2020	0,33%												0,33%

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
33,3%	Total cumulative return	20,9%
13,5%	6-month rolling performance	8,5%
4,2%	Compound annual return	2,8%
57,8%	% "up" months:	55,4%
42,2%	% "down" months:	44,6%
12,1%	1-year rolling volatility (daily)	13,0%

## FUNDS MAIN FEATURES

	<b>ARTEMIDE</b>	<b>LYRA</b>
<b>Name:</b>	Multilabel SICAV - Artemide	Multilabel SICAV - Lyra
<b>Inception :</b>	October 2010	March 2014
<b>Isin Code :</b>	LU0515666294 (retail); LU0515666377 (institutional)	LU1012189707 (retail); LU1012189889 (institutional)
<b>Bloomberg :</b>	JBMARBE LX (retail); JBMARCE LX (institutional)	LYRABEU LX (retail); LYRACEU LX (institutional)
<b>AUM (€):</b>	57,000,000 (as of January 2021)	28,000,000 (as of January 2021)
<b>Strategy :</b>	Equity, Market-Neutral&Multi-Strategy	Equity, European small cap
<b>Liquidity :</b>	Daily	Daily
<b>Lock-up :</b>	None	None
<b>Notice period:</b>	1 business day	6 business days
<b>Management fees :</b>	1.5% per year (retail); 1.0% per year (institutional)	2.0% per year (retail); 1.5% per year (institutional)
<b>Performance fees :</b>	10%	15%
<b>Hurdle rate</b>	Eonia	25% FTSE Italia Mid Cap Index 25% MSCI Small Cap Index 50% Eonia
<b>High watermark :</b>	Yearly	Yearly
<b>Minimum investment (€):</b>	25,000 (retail); 250,000 (institutional)	na (retail); 100,000 (institutional)
<b>Currency :</b>	Euro	Euro
<b>Administrator :</b>	State Street Bank (Luxembourg)	State Street Bank (Luxembourg)
<b>Custodian :</b>	State Street Bank (Luxembourg)	State Street Bank (Luxembourg)
<b>Auditors :</b>	PriceWaterHouseCoopers	PriceWaterHouseCoopers
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