



Investor Newsletter, March 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

The month of March saw global equity markets still buoyant, with double-digit YTD returns almost everywhere. To date, equity markets in Europe are back to pre-covid levels, with investors therefore convinced that the contraction of global economies as a result of the pandemic will be more than offset by the fiscal and monetary stimuli implemented. And that the acceleration of the last few weeks in the vaccination campaign will lead to an effective immunization by the summer. In this regard, the recent data from the US and the UK are certainly comforting, considering the dramatic improvement of all indicators (new cases of infection, deaths, percentage of positives with respect to swabs). As for our reality, we remain convinced that both the EU and the ECB have moved in a timely manner, putting in place financial resources never seen before. And also with regard to the vaccination campaign, coordination at EU level is improving, with the Italian government playing a leading role. In this context, where the consensus is that in the short term (3-6 months) the emergency phase will be over and economies will gradually be back to normality, investors continue to favor those targets that will benefit the most from this new context. The violent sector and style rotation towards "value" has undergone a further acceleration, also supported by the spike in interest rates. The 10Y yield in the US rose another 30bp, while the raise in Europe seems to have eased for now. We remain convinced that, at least in the short term, it is unlikely that interest rates will go much beyond current levels, although in the future it will be necessary to pay close attention to this issue. Interest for European equities should remain a recurring theme in the medium to long term. We have at least a couple of years ahead of us of vigorous growth globally. However, in our opinion, already partially incorporated in current valuations. It will therefore be crucial to focus investments in sectors / market niches that will benefit the most from structural growth trends and that have accelerated as a result of the pandemic (digitization, infrastructure). And that will benefit from the resources made available by the Recovery Plan.

As for Italy, the vaccination campaign is proceeding slowly, also due to delays in the delivery of drugs to be dispensed. However, the Government seems to be very sensitive to this issue and we therefore imagine a strong acceleration in the next few weeks. In fact, the goal of preserving the summer season is clear, given the important contribution of tourism (and its related components) to the country's GDP. And if concrete results are to be obtained in this sense, it will soon be necessary to program the progressive reopening of the various activities that are currently locked (Museums, Fairs, bars, restaurants, hotels, transportations). We therefore expect supportive newsflow soon. The other priority issue for the Draghi Government today is the Recovery Plan, having to plan the allotment of these resources to individual sectors / activities. And therefore making it necessary to skim the possible initiatives. On this specific point, our idea is that the Government will privilege strategic investments, where the country is lagging behind and that would contribute significantly to the GDP recovery. At the top of the list we imagine infrastructures, with potentially significant repercussions for some listed companies (Telecom Italia, Inwit, ASPI, Webuild, Buzzi). The most relevant issues currently on the government table are: 1) Telecom single network, with the age-old issue linked to the governance of the new network in the event that Open Fiber and Telecom Italia join their networks, with the goal of accelerating capex and gaining significant cost-synergies; 2) sale of ASPI by Atlantia (see below for more details). We also expect a simplification of the Public Administration and changes in the healthcare system, given the inefficiencies that have come to light during the Covid emergency. We continue to select interesting targets among domestic SMEs, where for some time we have been seeing greater interest from new players. Our feeling is that the credibility of the current government is starting to at least develop curiosity among large foreign investors, who for many years had decided to cancel Italy from their investments. With optimism, we could foresee the hypothesis of finally being in the right place at the right time. If we were right, small & mid caps would be the asset class to look at with the most interest, also given the huge pile of cash raised by Private Equity funds.

STOCKS IN THE SPOTLIGHT

ATLANTIA (ATL IM): after countless postponements, the process for the sale of 88% of ASPI seems to have accelerated. And it could lead to finalize it in a short time frame. Even if there are some knots to untie. Firstly, the BOD of Atlantia has certainly found itself in constraint because of the fracture among its shareholders. Edizione Holding (Benetton family, main ATL shareholder with 30% of the voting rights) has in fact decided to drop the hypothesis of ASPI spinoff, granting CDP the exclusivity in the negotiation. On the other hand, vice versa, minority shareholders would have preferred a dual truck, with the aim of maximizing the appreciation of the asset. Likely, the final decision will be delegated to a shareholders' meeting (it is not yet clear whether ordinary or extraordinary), not to expose the BOD to the risk of lawsuits by any of the 2 factions. The recent offer, not yet formalized, by ACS, albeit slightly better than what CDP has put on the table (€ 9.0-10.0bn net vs € 9.1bn gross of € 0.8bn of guarantees for past risks) certainly represents good news for Atlantia's shareholders. Whose fair value varies by approximately 8% for every € 1bn increase in ASPI fair value, compared to the € 9bn initially offered. It is clear that, as it is a concession - albeit governed by a very solid contract - Government's moral suasion (or even the exercise of the Golden Power) represents a key issue in the negotiation. More important, the fair value of the concession depends on the "*Piano Economico Finanziario*" (PEF), where there are ongoing negotiations between the parties. As the country needs a strong acceleration of infrastructure investments - and considering the state of deterioration of the network - we imagine that the government is anxious to close the deal. That said, we do not consider fair that minority shareholders have to be penalized - in terms of discrepancy between fair value and the effective sale price for ASPI - for mistakes made by management, which apparently was close to Edizione. In our opinion, it would be more fair to go through the demerger of ASPI from Atlantia, and its simultaneous listing. After that, through a private negotiation, CDP could acquire Edizione's stake at a price that would not be necessarily in line with the one expressed by the market. Thus protecting minorities. However, the deal should materialize within a few weeks.

CERVED (CERV IM): Cerved is the leading domestic operator of Credit Information services and NPL portfolio management and operates through 3 divisions: 1) Risk Management (FY20 56% of revenues and 68% of EBITDA): provides accounting, economic, financial and legal data to both financial institutions and industrial groups; 2) Credit Management (FY20 31% of revenues and 23% of EBITDA): offers NPL portfolio management services (AUM > € 45 bn); 3) Growth Services and digital services (12% of revenues and 8% of EBITDA): provides information to support commercial strategies and other decision-making processes. In March, the Private Equity fund ION launched a voluntary tender offer @ €9.50 per share. with the aim of attaining the de-listing of the company. This offer was not pre-agreed with management. The Credit Mgt division has been Cerved's main growth driver in recent years and in the past the company had confirmed its interest in exploring various alternatives, including the sale. Sources had indicated ongoing negotiations starting from a valuation of around € 400 million, equal to FY21E EV / EBITDA of 7.5x. Should the offer go through, ION could confirm the sale of the Credit Mgt division in order to focus on the integration with Cedacri, recently acquired by the fund. Indeed, there would be meaningful cost synergies between the two companies and the cash-in would help reduce the leverage of the newco. Although at €9.50 Cerved trades at 10,5x FY21 EV / EBITDA, in line with the historical 9-11x range, according to some analysts' valuations, the price offered by ION would not be adequate. If it were assumed to sell the Credit Management division for Eu400mn, the implicit multiple paid for the remaining part of the business would be approximately 12-13x EV / EBITDA, at deep discount vs international peers. To this, you should add a premium for the control and a portion of cost-synergies with Cedacri. The Board of Directors has decided not to propose the distribution of any dividend, in light of the conditions of the offer (adjustment of the offer price in case of dividend distribution). Nevertheless, MutuiOnline (3.32% of the capital) requested and obtained the proposal to distribute an extraordinary dividend of € 0.50 to be discussed in the AGM of 27/04.

OSAI (OSA IM): In addition to the well-known RE4M and Silicon Carbide projects we have already discussed several times in depth, a third potential one has emerged. OSAI could be a supplier to Italtel, Europe's largest lithium-ion battery factory for electric cars - to be located 13km from OSAI's headquarters - which would invest €4bn by 2024 for an initial capacity of 45 GWh, to be progressively increased up to 70 GWh. Top management sounds very optimistic about 2021, due to the strong "liveliness" they have been experiencing since the end of 2020 in the two sectors where they have the main skills (Semiconductors and Industrial Automation). For this reason, OSAI is continuing to take on skilled employees. The COVID is causing a strong structural push to automation, cynically because reducing the number of people minimizes the contagion risks. Still strong focus on improving efficiency. 2021 will deliver us significant growth, but - due to the nature of its business and COVID - the first part of the year will be smoother, with an acceleration in 2H21. Normalization seen by the end of 2021. OSAI's optimism about future growth is tangible and confirmed by the need to expand its capacity by adding 3k sqm in the short term (or to €70/80m potential revenues, from current €42/43m). Additional 2k sqm may be needed soon, exceeding €100m in capacity. Finally, we take this opportunity to scan the FY20 results reported in March, as they were - at a first glance - below guidelines provided at the time of the IPO (November 2020). In fact, the company reported ~€2m of lower revenues and ~€1m of lower EBITDA. That can be justified partly with one-off adjustments and partly with unexpected events. Let us start with the first ones. The FY20 P&L was adversely affected by some budget policies totaling -€1.8m (including €0.5m of tax credit related to the IPO costs - depreciated in 2020 - which will be accounted for in 2021, and €0.8m of non-benefit for the "social" choice not to use the so-called CIG). The most significant among negative events was the slippage of an important order from December 2020 to April 2021, initially due to the lack of some components supplied late to OSAI and subsequently to the customer, that - due to COVID - was not able to perform the pre-acceptance.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Atlantia	infrastructure	6,0%	FTSEMIB Index	future	-37,3%
Exor	holding	5,5%	Euro Stoxx Index	future	-2,8%
ASTM	infrastructure	5,0%	Euro Stoxx Insurance	future	-2,6%
Unipol	holding	4,7%	Euro Stoxx Automotive	future	-2,4%
Banco BPM	bank	4,3%	Company1	insurance	-2,0%
"BEST"			"WORST"		
	sector	%		sector	%
Banco BPM	bank	0,5%	FTSEMIB Index (hedging)	future	-3,1%
Unipol	holding	0,4%	Euro Stoxx Auto (short)	future	-0,4%
Cerved	services	0,4%	Astaldi	infrastructure	-0,3%
Exor	holding	0,4%	Euro Stoxx Index (hedging)	future	-0,2%
Telecom Italia	telecom	0,4%	Euro Stoxx Insurance (short)	future	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	86%	-52%	138%	8%	-
Number of holdings	31	10	-	-	41

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of March 31, 2021) : 134,19

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%	4,40%	-0,34%										3,10%

(*) 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
34,2%	Total cumulative return	20,2%
5,0%	6-month rolling performance	29,6%
2,8%	Compound annual return	1,8%
59,5%	% "up" months:	55,6%
40,5%	% "down" months:	44,4%
5,4%	1-year rolling volatility (daily)	21,8%

LYRA - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Aquafil	textile	4,4%	FTSEMIB Index	future	-11,7%
ASTM	infrastructure	3,8%	Company1	IT servicer	-2,0%
In-Post	services	3,6%	Company2	industrial	-0,5%
CNH	industrial	3,6%			
Banco BPM	bank	3,0%			

"BEST"			"WORST"		
	sector	%		sector	%
Cerved	services	0,8%	In-Post	services	-1,2%
Carraro	industrial	0,5%	FTSEMIB Index (hedging)	future	-0,6%
Banco BPM	bank	0,4%	GVS	industrial	-0,5%
A2A	utility	0,4%	Astaldi	infrastructure	-0,2%
CNH	industrial	0,3%	Aquafil	textile	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	85%	-15%	100%	68%	-
Number of holdings	50	3	-	-	53

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of March 31, 2021) : 140,95

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%
2021	0,33%	4,38%	1,34%										6,13%

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
41,0%	Total cumulative return	28,0%
14,8%	6-month rolling performance	12,8%
5,0%	Compound annual return	3,5%
58,8%	% "up" months:	56,5%
41,2%	% "down" months:	43,5%
9,4%	1-year rolling volatility (daily)	8,4%

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 (€):	59,000,000 (as of March 2021)	37,000,000 (as of March 2021)
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 rate	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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