



Investor Newsletter, April 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

In April, while strategists from most large global firms are spreading cautious messages about the expected performance of equity markets at least in the short term, markets showed no sign of weariness. Leading indicators remain very strong and above expectations (composite PMI in the EU rose by 50 points in April compared to the previous month), confirming the expectations of a strong acceleration in conjunction with the easing of lock downs by summer. In this regard, the 1Q21 reporting season that has just begun is delivering tonic results, above consensus expressed by analysts and with guidelines for the full year that confirm the strong acceleration in recent months. Even financials surprised us positively, incorporating an unexpectedly compressed cost of risk and therefore a real economy less vulnerable due to the pandemic than the economic indicators of the past year suggest. In this regard, it is legitimate to suspect that the "moratoria" in place contributes to making such data partially untrue. It will therefore be necessary to wait until the second half of 2022 to quantify the damage of the pandemic for corporates. The feeling is that such damages will substantially depend on the steepness of the recovery that the global economy will experience in the next 12 months. In other words, growth will be needed on the one hand to support economies and on the other hand to make sustainable the huge stock of additional debt accumulated to cope with the pandemic. Without growth the system would implode, and this is clear to all: governments and central banks. This is why we don't think interest rates will be allowed to go much beyond current levels in the US as well. It is clear that wages and raw materials will contribute to spike inflation data in the short term, even more so if future economic growth goes above expectations. However, we think central banks will remain supportive even in a (in our view very likely) scenario of robust economic growth. The fact that volatility remains at very compressed levels (VIX below 20) certifies that investors are not worried about recent multiples-expansion for targets. Some commodities are experiencing spikes that could justify a significant squeeze for margins in some sectors, at least in the short term.

About pandemic, recent data in our opinion are reassuring. The vaccination campaign continues to spread throughout Europe and the setup now seems to be working well. Therefore, as vaccine supplying increase, the process will undergo a further significant acceleration. It is therefore not surprising that the number of new infections is gradually decreasing, while to meet a drastic drop in deaths it will probably be necessary to wait a few more weeks. Recent news flow in India might be worrying, but the fact that available vaccines appear to be effective against the Indian variant justifies moderate optimism. We remain convinced that the "reflation trade" (economic growth accompanied by inflation) will continue to drive equity markets in the coming months as well. In fact, we share the idea that inflation will increase, even if remaining below levels that would force central banks to change attitude. Indeed, likely they will continue to energize economic growth as their main target. In other words, interest rates are unlikely to be allowed to move beyond certain levels. As for Italy, we are convinced that the country has finally returned to being "investable". The risk profile is in fact undergoing a drastic downsizing, justified by both the new government and the Recovery Plan. Italy is among main beneficiaries for funds made available by the Next Generation EU and this process represents a form of debt-mutualisation, to the benefit of the most vulnerable countries. Because of the above, we are surprised that the domestic equity market has not been able to deliver an extra-performance, but we are convinced that this represents a great opportunity today. You just need to be patient. Some financial and industrial players seem to have noticed this, given recent corporate-events (all-cash bids for Credito Valtellinese, SICIT, Cerved, Guala Closures and ASTM). At the cost of becoming boring, we do not get tired of underlining that SMEs represent today the most promising niche for those who share the aforementioned scenarios with us. As of today above 10% of our Funds' portfolio is facing delisting-attempts. It represents an event never experienced before. And we don't think it's a coincidence. Lastly, we picture an eventful future for the domestic banking sector.

BANCO FDESIO E BRIANZA (BDB IM): Banking group with 255 branches mainly concentrated in Lombardy and Umbria. Two families hold the majority of the bank and savings shares are still listed (15% discount vs ordinary). BDB offers traditional banking services directly, while over the years it has delegated specialized services such as asset management, factoring, etc., to external providers. With the exception of consumer credit and CDQ, that are provided through the subsidiary Fides S.p.A. The distribution model is one-stop-shop-centric, as the role of physical channel is still considered primary. A multichannel model will instead be key to be able to satisfy the growing needs especially from younger customers. During 2020, main shareholders appointed a new CEO with experience in a large domestic group and at the end of the year the 2021-23 Business Plan was approved. In 2020 the bank was able to withstand the difficult economic context by successfully implementing initiatives to strengthen capital ratios and improve some indicators (cost saving, strengthening of omnichannel, new products, optimization of funding). The strategy is based on three pillars: 1) focus on wealth management, 2) greater focus on geographic areas where Bank's presence is stronger; 3) strong push on the Fides subsidiary (CQS and Consumer Credit). In detail, the plan envisages loans growth above competitors (+ 2.4% vs the market + 1.7%), strong efforts in asset management (+ 9% vs the market + 5.1%); The coverage of bad loans is expected to remain stable at 46% despite the growth in loans, thanks to improvement in risk management tools. At the end of 2023, the ROE is expected to be 5.4% thanks to a cost / income ratio which should drop close to 62%. About capital, CET1 is expected to be well above the SREP requirements (CET1 fully loaded 2023 10.4%), despite the economic context remaining particularly complex. Current multiples: P / TBV FY21 0.41x, ROTE FY21-22 of 3.1% and 3.7% respectively, P / E Adj. 12.6x and 10.1x. Today BDB does not seem interested in participating in the ongoing consolidation process. We believe that the only way to survive is to specialize in your area of expertise, maximizing the efficiency of the industrial process. Otherwise, we believe that the small size of the Group will force shareholders to review their stand-alone strategy.

UNICREDIT (UCG IM): The bank published 1Q21 results well above expectations. With positive surprises especially as regards commissions (+ 12% QoQ), cost of risk (15 bp vs 50 bp expected) and trading income (+ € 300m vs estimates). The market reaction was amplified by the fact that most investors found themselves displaced, after that analysts had shared the expectation of a particularly disappointing set of results. CET1 @ 15.9% (+80 bp QoQ) confirms the bank's strength, after the profound derisking process completed by the previous CEO. The net profit guideline for FY21 is confirmed above €3bn, with the market consensus remaining at >10% discount. The cost of risk in Q1 was exceptionally low (15bp) and this level certainly cannot be confirmed over the entire year (55-60bp). The only negative element highlighted by this set of results, which however was shared by all domestic banks, is represented by the weakness of interest margin (negative both QoQ and YoY). After the summer, CEO Orcel will present the new business plan, which will probably focus on the relaunch of the bank, after the strong downsizing imposed by Mustier. It is likely that this growth path will be largely driven by M&A. In this regard, we almost take for granted an agreement with government for a merger with MPS. We imagine that this integration will be proposed with tempting economics (Tax assets, exemption for legal risks, preventive cash injection), in such a way to make the deal EPS accretive from day 1. On the other hand, we remain skeptical about the strategic angle for this integration, given the significant presence of MPS in geographic areas of little interest for the new commercial banking model that is gradually emerging (focus on wealth management and insurance products). We therefore think that Orcel is looking beyond the MPS deal, to at least partially fill the gap that exists today with ISP. The integration with Banco BPM, for example, would allow the market share in Lombardy to be increased by approximately 10%, while benefiting from substantial tax benefits. Furthermore, in recent years BPM has implemented a profound derisking process, such as to make it today the ideal target. However, Orcel's priority today is to drive the market towards a re-rating of the stock, which today trades at adj PE / 21 <8x and 0.35x P / TE. To avoid over-diluting its shareholders in case of any paper deal.

SICIT (SICT IM): The company is currently the target of a voluntary takeover bid at €16 per share launched by Neuberger Berman, that also signed a binding term sheet with Intesa Holding (the largest shareholder with 43.4%). Subsequently, Syngenta Group presented a non-binding offer at €17.30. We welcome the non-binding offer from Syngenta not only because it is proposed by a trade buyer – which, by the way, is also one of the three main customers in the core business of the biostimulants along with BASF and Bayer - at a higher price but, above all, for its intention "to discuss long-term commercial agreements [...] for the provision of services and of waste collection and processing in favour of the stakeholders of IH [...] aimed at ensuring that the local districts [...] continue to benefit from the presence of the latter". Moreover, now "The Board of Directors [...] will assess any potential offer in compliance with the principles of fairness and of equal treatment (including of equal information), in order to protect the market and all shareholders". What, finally, expressed in the last quote was one of the several reasons for which we deemed as unacceptable the previous bid by NB. The future of SICIT is looking markedly brighter: in May 2019 the company and the SPAC SprintItaly, in a joint presentation, acknowledged that the rationale of the business combination was to fund the "2019-22 huge investment plan" and "accelerate the path of growth and internationalization". Based on this information, investors approved the deal. But just when it is the time to ultimately reap the benefits, foreign financial investors are trying to take it private and, moreover, basically at market price. We are talking about an "Italian excellence of the green and circular economy", "the world leader" in biostimulants for agriculture. Italy has already "lost" Isagro S.p.A, even if the bid was at a 118% premium to the last market price. "Thanks to a 27.8 ESG Risk Rating score" by Sustainalytics, "SICIT ranks in the world's top 8% of agricultural chemicals companies". Still quoting: "2021 has started very well, [...]. All business areas are growing [...] even up, compared to 1Q19 [...] and almost all geographical areas. [...] the ever-increasing demand for biostimulants, in which new and important customers are being added [...] animal fat of excellent quality [...] whose impact on revenues will be increasingly seen in the months to come [...]".

ARTEMIDE - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Exor	holding	5,2%	FTSEMIB Index	future	-31,9%
ASTM	infrastructure	5,0%	Euro Stoxx Index	future	-2,5%
Unipol	holding	4,4%	Euro Stoxx Insurance	future	-2,5%
Nexi	services	4,3%	Euro Stoxx Automotive	future	-2,3%
Illimity	bank	3,8%	Company1	insurance	-2,0%
"BEST"			"WORST"		
	sector	%		sector	%
FTSEMIB Index (short)	future	0,5%	Exor	holding	-0,3%
Aquafil	textile	0,4%	Telecom Italia	telecom	-0,3%
Nexi	services	0,3%	Unipol	holding	-0,2%
Cerved	services	0,1%	Unicredit	bank	-0,2%
Euro Stoxx Auto (short)	future	0,1%	Stellantis	automotive	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	86%	-49%	135%	3%	-
Number of holdings	32	7	-	-	39

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of April 30, 2021) : 134,63

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%	0,33%									3,43%

(*) 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
34,6%	Total cumulative return	17,8%
6,6%	6-month rolling performance	34,5%
2,8%	Compound annual return	1,6%
59,8%	% "up" months:	55,1%
40,2%	% "down" months:	44,9%
5,3%	1-year rolling volatility (daily)	20,9%

LYRA - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Sicit	chemicals	5,2%	FTSEMIB Index	future	-15,2%
Aquafil	textile	5,1%	Company1	IT servicer	-2,1%
In-Post	services	4,1%	Company2	industrial	-1,1%
ASTM	infrastructure	3,8%	Company3	industrial	-0,5%
Banco BPM	bank	3,3%			

"BEST"			"WORST"		
	sector	%		sector	%
Aquafil	textile	0,7%	CNH	industrial	-0,2%
In-Post	services	0,5%	Pirelli	tyre	-0,1%
Tod's	consumer discretionary	0,5%	Unicredit	bank	-0,1%
Technogym	sporting goods	0,3%	Company1 (short)	IT servicer	-0,1%
Amplifon	health care	0,3%	Banca Mediolanum	bank	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	96%	-19%	115%	74%	-
Number of holdings	53	5	-	-	58

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of April 30, 2021) : 146,11

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%	3,66%									10,01%

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
46,1%	Total cumulative return	30,2%
22,4%	6-month rolling performance	19,1%
5,4%	Compound annual return	3,7%
59,3%	% "up" months:	57,0%
40,7%	% "down" months:	43,0%
9,2%	1-year rolling volatility (daily)	7,8%

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 April 2021)	37,000,000 (as of April 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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