



Investor Newsletter, July 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

July was a photocopy of the previous month, with global equity markets delivering another - albeit modest - positive performance, driven by the US and Europe. In fact, emerging markets have shown sharp profit-taking, justified by expectations of less accommodating fiscal and monetary policies. It should also be noted that volatility has slightly risen from the minimum levels reached during the month of June. Our feeling is that equity markets are a bit tired after the long and steep run and therefore need at least a pause for reflection. We have no doubts about the fact that both micro and macro data that will be published from here on will be more than satisfactory, but the assessments expressed by equity markets already incorporate in our opinion a portion of today's context. It will be interesting to observe how the markets react to the ongoing reporting season. In fact, in our opinion, it is possible that there will be some profit-taking, even in the case of companies that report better results than expected. While the GDP of the Eurozone fell slightly in 1Q21, in the spring the economy recorded a consistent recovery, which should accelerate further in the second half of the year. It is not surprising that GDP estimates for the whole year have recently been revised upwards. The hope is that real GDP worldwide - after the + 4.5% achieved in 1H21 - will continue to grow at a higher rate vs historical data, over the next few years. The recent sharp fall in interest rates (10-year yield down by more than 30bp both in the US and in Europe in June alone) has contributed to fuel fears about the expansionary phase in which we find ourselves. The "reflation trade" has been abandoned for now, but it will still be necessary to monitor the trend in interest rates in the coming months. Recent inflation data continue to highlight tensions (core inflation close to 3%), mainly due to supply-side bottlenecks (including labour cost). On this issue, central banks remain convinced that these effects will only be temporary and therefore in the medium-term inflationary pressures will be destined to fade.

Issues that existed before the pandemic, and which at this stage have been overshadowed, will return to investors' radar. Climate change is one of the most important. But also on this front we are convinced that the answers to the problems and risks associated with it represent more than anything else an opportunity for the European economy. As with the pandemic, science, innovation and targeted investments will be an important part of the solution. But innovation and investments mean more growth and opportunities for companies. ESG (environmental, social and governance) criteria do not jeopardize the prospects for successful investment, but on the contrary they can even increase them. Private consumption will still have to represent the locomotive of the economy. The repressed consumer demand should in fact provide a strong boost to consumption in conjunction with the fade of the restrictions introduced to deal with the health emergency. Aggregate additional private consumption is estimated to be 5% of GDP in 3Q21. Investments and export demand are also showing signs of strong acceleration. If analysts' estimates are confirmed, GDP in the Eurozone should grow by more than 8% in 2H21, overtaking the US and gaining global leadership. It is possible that this dynamic will continue for the whole of next year. From a macro point of view, it is possible that both fiscal and monetary tapering - the latter expected in Europe towards the end of next year - will be offset by more robust underlying growth. The huge funds earmarked for digitalization, infrastructure and climate change aim exactly at this goal. We are convinced that the issue of climate change will remain central to the financial markets. The answers to the problems and risks associated with this issue will, in our opinion, offer an opportunity for Europe. In fact, innovation and targeted investments will represent the only possible solution to the problem. The economic outlook as a whole should therefore be sufficiently solid in the coming years to cope with the modest reduction expected due to both fiscal and monetary stimuli in place today, without negative repercussions for the financial markets. During the month of July we tactically reduced the level of Lyra's net exposure (from 60% to about 50%) and Artemide's gross exposure. In order to be ready to seize opportunities that could arise in the event of any short-term weakness in the equity markets.

STOCKS IN THE SPOTLIGHT

UNICREDIT (UCG IM): The bank is trading at cheap multiples (2021-22 P/E @ 7.0x-6.5x; P/TE @ 0.39x-0.35x), which in our opinion do not adequately reflect the increased visibility on results, company's improving profitability and its high capital base. The bank reported very strong 2Q21 results, which beat consensus and provided higher visibility on the improving trend of bank's operating performance and on 2021 guidance (net profit above €3bn). Cost of Risk is now seen < 50 bps, confirming that the derisking phase for Unicredit is over. New CEO Andrea Orcel will unveil the new industrial plan somewhere in 3Q21 and we think he'll try his best to regain credibility with investors and consequently push the bank's valuation towards less sacrificed multiples. Indeed, we remain convinced that the consolidation of the domestic banking sector is upon us and UCG will necessarily have a central role in this process. About that, a couple of weeks ago UCG agreed with the Italian Ministry of Economy (MEF) the conditions for a potential transaction involving BMPS's commercial operations which will envisage the definition of a selected perimeter and the adoption of appropriate risk mitigation measures. More in details, the deal would have to meet: 1) Exclusion of all the extraordinary litigations (not related to banking activity); 2) Exclusion of all BMPS NPE with also an adequate protection vs other potential credit risks; 3) flexibility regarding employee management; 4) Capital neutrality of the deal; 5) double-digit EPS accretion, including synergies deriving from the deal. The merger – if completed - will have to be favourable from both an economic and capital perspective. We think that the Government is fully committed to completing the deal, as there is no other viable alternative on the table today. Adding up the preventive recapitalization (€ 2.5bn), the guarantees on legal risks and NPLs, the total "bill" will certainly exceed € 6bn. We think that the deal will be successful, but we are also convinced that it is not enough to fill the gap that exists today with ISP in the domestic market. In other words, Banco BPM is likely to be brought up shortly, being the target of both BPER Banca and Unicredit itself. In any case, within a couple of years we will certainly have a third banking group in Italy and ISP leadership will likely be less undisputed.

LU-VE (LUVE IM): The LU-VE Group is one of the world's leading manufacturers in the field of air heat exchangers for the market of commercial and industrial refrigeration, cooling for industrial applications, power generation and air conditioning. LU-VE is an international player, with 16 plants in 9 different countries and a global commercial network. The company has achieved a very strong competitive position in Europe, thanks to the undisputed leadership in the use of CO₂. Over 40% of turnover is achieved in market segments where the company has market shares of 40-50% and benefits from high customer loyalty. Heat exchangers and refrigeration represent the core business and over 80% of the turnover comes from abroad. Turnover grew from Eu186mn in FY07 to Eu392.5mn in FY20 (CAGR 07-20 + 6.1%) thanks to constant investments in new production capacity and M&A. Since listing (2015), the company has recorded an organic revenue growth CAGR of 9.4%. In Europe, the refrigeration market recorded growth rates higher than the GDP. Lu-Ve has long focused on "green" refrigerants (in particular CO₂) to replace traditional fluids, allowing its customers to classify investments in the green category. The introduction in Europe of a new regulation both to reduce energy consumption and to eliminate the use of harmful gases, should further accelerate the growth path, driven by important investment plans funded by the Recovery Plan. In the next few years, the US market, which is still under-evolved in terms of regulation, should offer interesting growth opportunities, while emerging markets will benefit from the setup of a cold chain that is still underdeveloped today. LU-VE's strategy consists in efficiently through the integration of acquired companies to take advantage of both revenue and cost synergies, continuing to explore new opportunities to increase both geographic and industrial applications' diversification. The company stated that it intends to maintain an organic growth trend for revenues in the region of 5/6% in the medium term. In 2Q21 LU-VE delivered record results: revenues @ €119.8 million (+ 32% YoY, + 14.5% QoQ) and order book @ €146.3 million (+ 78.3% YoY, + 47% QoQ). The strong demand today is accompanied by spikes in raw materials' prices, but historically the group has been able to transfer those extra-costs to its clients.

SERI INDUSTRIAL (SERI IM): Seri Industrial's mission is to accelerate the energy transition to sustainability and decarbonisation. The Group operates through two companies: Seri Plast, active in the production and recycling of plastic materials for the battery market, automotive and thermo-sanitary market; FIB, active, through the FAAM brand, in the production and recycling of lead and tailored-made lithium batteries for traction, industrial, storage and military applications. The equity story of the group has gained tremendous traction in the last month, but it is not reflected in the share price yet. At least when compared to the US likes of QuantumScape and SolidPower. The former has a ~\$9bn mkt cap, no revenues until 2023, first positive Ebitda in 2024 (valuation: ~3x EV/2028E Sales). The latter announced a SPAC merger for a pro forma enterprise value of \$1.2bn based on minimal revenue projections until 2027, when they are seen at ~\$1bn (valuation: ~1.2x EV/2027E Sales). Despite all differences (solid technology, legacy businesses, OEMs-backed, tailor-made, etc) and just as a reference, we cannot but note that Seri (~€440m fully diluted mkt cap) expects to post ~€2bn sales in 2025. On July 12th, Italy's Inter-ministerial Decree enabling the EU's €1.7bn IPCEI Fund has been finally published. FIB's €505m project for the realization of a Gigafactory of cells, modules, and next generation li-on battery systems, as well as the recycling of end-of-life lithium batteries will be fully funded by grants, as soon as a specific activation decree from Italy's Ministry of Economic Development is issued (by year-end). Seri is confident to finalize the investment plan by 2023 and to reach full production by 1H24. On July 22nd, the BoD approved the 2021-25 Business Plan, calling for a 15x increase in revenues to ~€2bn. It includes the lithium batteries business of the Teverola 1 site (~€120m sales at regime), the new Teverola 2 plant (~€1.4bn), and the JV with Unilever in the recovery of post-consumer packaging to be realized in Pozzilli (~€130m). Consob has just communicated the exit of Seri from the so-called "blacklist", in which it was placed because of the reverse merger with the troubled KRE. On August 5th, as a clear recognition of its cutting-edge technological expertise, FIB signed an exclusivity contract with Fincantieri for cells and modules prototypes for lithium-iron-phosphate batteries for the electric drive of submarines.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Exor	holding	5,2%	FTSEMIB Index	future	-20,8%
Unicredit	bank	5,2%	Euro Stoxx 50 Index	future	-11,1%
Cerved	information services	4,4%	Euro Stoxx Insurance	future	-2,5%
Unipol	holding	4,3%	Company1	insurance	-1,8%
Atlantia	infrastructure	3,2%	Company2	automobiles	-1,0%
"BEST"			"WORST"		
	sector	%		sector	%
Autogrill	food services	0,4%	FTSEMIB Index (short)	future	-0,5%
Aquafil	textile	0,3%	Tenaris	materials	-0,2%
Exor	holding	0,1%	ENI	oil&gas	-0,1%
OVS	retailer	0,1%	Unipol	holding	-0,1%
Unicredit	bank	0,1%	Euro Stoxx 50 (short)	future	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	61%	-38%	99%	2%	-
Number of holdings	24	8	-	-	32

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of July 30, 2021) : 138,06

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%	2,08%	0,33%	0,13%						6,07%

(*) 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
38,1%	Total cumulative return	23,7%
7,1%	6-month rolling performance	17,6%
3,0%	Compound annual return	2,0%
60,8%	% "up" months:	55,4%
39,2%	% "down" months:	44,6%
4,5%	1-year rolling volatility (daily)	18,2%

LYRA - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Seri	electrical components	6,3%	FTSEMIB Index	future	-13,7%
Aquafil	textile	6,3%	Company1	renewables	-3,5%
Amplifon	health care	4,1%	Euro Stoxx 50 Index	future	-3,2%
In-Post	services	3,3%	Company2	industrial	-3,1%
Luve	industrial	3,1%	Company3	IT servicer	-2,7%

"BEST"			"WORST"		
	sector	%		sector	%
Aquafil	textile	0,6%	Company1 (short)	renewables	-0,5%
Luve	industrial	0,5%	FTSEMIB Index (short)	future	-0,2%
Seri	electrical components	0,4%	Labomar	consumer staples	-0,2%
Tinexta	software	0,3%	GVS	industrial	-0,2%
Sicit	chemicals	0,2%	Company2 (short)	industrial	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	93%	-38%	131%	51%	-
Number of holdings	48	13	-	-	61

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of July 30, 2021) : 158,61

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%	4,07%	9,16%
2021	0,33%	4,38%	1,34%	3,66%	4,65%	2,29%	1,41%						19,43%

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
58,6%	Total cumulative return	34,0%
19,0%	6-month rolling performance	10,8%
6,4%	Compound annual return	4,0%
60,7%	% "up" months:	57,3%
39,3%	% "down" months:	42,7%
8,7%	1-year rolling volatility (daily)	7,0%

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 July 2021)	44,000,000 (as of July 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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