



Investor Newsletter, October 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

Last month we shared with our investors our feeling that global equity markets needed to take a breath before being ready to deliver positive performance again. The slowdown in US growth and concerns about the Chinese economy (3Q GDP @ + 4.9% YoY and + 0.2% QoQ) represent items that should not be underestimated. Even in the EU, the PMI index was negative in October (-1.9%), after the declines suffered in the previous 2 months. In addition, the upcoming 3Q reporting season should highlight – forgetting for a while about top-line's strong growth due to the expansionary phase that Europe is experiencing in recent months - some concerns about margins' sustainability. In fact, it will take some time before most companies will be able to pass on to customers both labour and raw materials inflation. Furthermore, 2022 will certainly be a year still characterized by strong economic growth (in 1Q22 Italy will have finally fully recovered GDP fall caused by the pandemic), but there will certainly be a deceleration compared to the current year (+ 4% vs +7 % approximately in 2021). Having said all this, global equity markets have instead continued their run undeterred, scoring an increase close to 5% (Global Equities). We continue to believe that the persistence of inflationary pressures on the one hand, but above all the beginning of the tapering-phase by the Fed with a likely steepening for the curve, could drive a wave of volatility for equities. However, we expect real interest rates to remain negative, as central banks have no alternative to sustaining nominal growth in order to make sustainable the stock of additional debt printed during the pandemic. This scenario is consistent with the decision by many investors to increase the equity component within their portfolios, with the aim of mitigating the inflation risk. Finally, we remain convinced that the volatility of the equity markets is currently very compressed, due to the bull market on the one hand and the intervention of ultra-accommodative fiscal and monetary policies on the other. In our opinion, it cannot be ruled out that the new prospective scenarios may justify volatility being back to levels more consistent with historical data.

Investors' interest for Italian equities is certainly increasing, mainly as a result of the visibility of the Draghi government and the structural reforms that the government itself is preparing. The context, therefore, remains favourable and we do not think it will be a short-term opportunity. We will have to be patient before even just a portion of the underperformance accumulated in the last decade compared to the most solid countries (Germany) will be recovered, but it is plausible that this event will materialize. As for Artemide, the results for October were honestly not satisfactory, and this was largely due to: 1) Generali's takeover bid for Cattolica Assicurazioni, where we expected an improvement in terms, which did not happen. Indeed, the unexpected attendance of Berkshire in the offer allowed Generali to gain control of the target, making vain any attempt by the market to force the hand to obtain better conditions; 2) Nexi in the last few weeks delivered a very poor performance, in our opinion not related to stock-specific facts. The 3Q21 results should be in line with analysts' expectations and the guidelines for FY21 will be met, in our opinion. The whole sector was penalized (Worldline -20%, Visa -10%) and the feeling is that there were also technical factors that amplified the deep fall (rebalancing for indices, ETFs, passive funds); 3) Unicredit: the stake held by our Funds was liquidated when the company announced that negotiations with MPS had been interrupted. The deal would in fact have been EPS accretive, adding visibility to the short-term targets of the new Strategic Plan that the bank will present next month. About SMEs, we confirm a growing interest from investors, certified by the stormy pipeline of new companies joining the public market and expressions of interest that are often oversized compared to the real size of the offer. The YTD performance of this niche justifies a selective approach by investors, who in some cases severely punished targets that did not meet short-term previews (Technogym). Within Lyra portfolio, room has been set for new targets (Medical, Tax Solution, Forsee Power) that are now joining the public market, proportionally reducing the exposure to companies that we believe are now fairly priced. The M&A theme within this asset class is still alive, in some cases representing a strong catalyst.

STOCKS IN THE SPOTLIGHT

MEDICA (MDC IM): Medica Group is a global solution provider of membranes and electromedical devices in the healthcare industry, with a vertically integrated business model covering the entire value chain of its niche. We are attracted by its singular focus on innovation, research & development, and superior quality (employing 20% of the FTE) allowing to develop cutting-edge solutions for blood purification (its core business) and leading to 18 families of inventions protected by Intellectual Properties (hollow fiber spinning for hemofiltration, plasmapheresis, water ultrafiltration, etc) and an impressive product pipeline. We would like to mention here only a few: a potentially disruptive graphene technology for water purification (funded by the EU), Medair (an air purification device for small indoor environment removing of breath-generated droplets), a new membrane for cell encapsulation therapy project (commissioned by the US Neurotech). These unparalleled skills, testified by the number of registered patents (plus 14 still pending), can be leveraged and is scalable to virtually countless markets and applications with an appropriate marketing salesforce. We, therefore, share the flawless rationale of the IPO, as the proceeds will be devoted to accelerating both organic and external growth through highly synergic M&A, by acquiring distributors to enter new markets, and new technologies to spread its offer. MDC is expected to grow its revenues by ~10% 2021 – 23 CAGR and its Ebitda by ~14% with a ~20% margin, maintaining a sound balance sheet. The visibility will improve, as recurrent revenues from the sales of disposables (filters, tubing sets, kits) will increase proportionally to the park of installed machines (23 sold in 2015 and 208 in 2020). The IPO valued MDC at 8x 2023E Ebitda. We believe MDC will deserve a material re-rating (> +50%) as soon as it executes. The new Water Division is an additional free option, as peers insisting on the UN Sustainable Development Goal 6 "Clean Water and Sanitation" trade at stellar multiples: the Dutch NX Filtration at ~50x EV/Sales 22, the Belgian Ekopak at 10x EV/Sales 22, the Swedish Sdipotech at 5.5x EV/Sales 22. MDC is based in the biomedical district of Mirandola (Italy), operates three, highly automated and flexible facilities and its customers are industry leaders, supplied in 60 countries (69% of revenues outside Italy).

ERG (ERG IM): ERG is one of the main electricity producers in the renewables sector (2.1 GW installed) and operates through the management and development of wind and solar assets. ERG also owns a thermoelectric plant in Sicily, which is in the process of being divested. The company has developed its portfolio both through the development of green fields and external acquisitions. In recent years it has accelerated on geographical and technological diversification: today ERG is the 1st wind operator in Italy and owns assets in several European countries (Germany, France, Bulgaria, Romania, Poland, and the UK) with the aim of diversifying its presence, to reduce exposure to incentive and regulatory mechanisms. After an initial transformation from an oil company into a utility, in 2021 ERG completed the transition to a 100% renewable operator through the sale of the Hydro assets for >€1.1bn and the sale of the Priolo gas plant is nearing completion. (price > € 200m, thanks to a contract with Lukoil for the supply of electricity). Thanks to the cash-in, ERG will be able to accelerate the 1.5 GW reinvestment plan envisaged in the 2021-25 business plan. The current spike in energy prices along the entire forward curve is undoubtedly positive for renewable operators such as ERG. Although these excesses seem destined to subside, the process of eliminating coal-fired power plants and increasingly ambitious growth targets for renewables should still guarantee a positive scenario. Over time, ERG has signed framework agreements with turbine suppliers (Vestas and Enercom) that should protect the company against cost increases over the 2021-25 plan. The Simplification Decree in Italy has introduced relevant news that should speed up the authorization process for the construction of new plants and sanctioned the eligibility of repowering projects in the auction system. Thanks to the excellent 1H21 results and the improvement of the macro scenario, ERG has recently raised its FY21 targets of EBITDA (Eu505-525mn vs Eu490-510mn) and Capex (152MW of wind and solar assets acquired in France and Germany). Despite the strong performance, we believe that ERG represents an interesting investment among Renewables, thanks to the pipeline of investment opportunities abroad and the potential of the fields-repowering in Italy. Erg currently trades at 11x Ev / Ebitda 2021 vs 15.8x for main European peers.

BANCO BPM (BAMI IM): we consider 3Q results a positive starting point for the new strategic plan the bank just published. Indeed, results were above estimates thanks to better fees, positive cost control and slightly lower cost of risk. CET1 was solid (13.3% vs exp 13.0%) and the gross NPE ratio improved further (5.9% or 5.3% on a proforma basis, including planned disposals). Management has set targets for 2023 and 2024 with expected 2024 ROTE at 9% and net profit >€1bn. The main drivers to regain profitability are fee income acceleration, thanks to better placement of investment products (AuM/indirect deposits expected to grow to 70%), the internalization of bancassurance together with positive cost control, and better cost of risk (48bps in 2024) as the bank no longer has any legacy in terms of asset quality (gross NPE at ca. 5% vs >20% just five years ago). Payout ratio set at 40% in our opinion is conservative, considering the very solid CET1 ratio that should further grow (from current 13.3% to > 14.0%) thanks to internal capital generation, which will offset some negative impact from no exercise of the put option on Agos and the bancassurance buyback. We believe the business plan just presented by BAMI goes in the right direction to show sustainable and credible profitability thanks to the hard work done by management in the last 5 years to de-risk the balance sheet and improve cost efficiency. We think the last few quarters have shown that BAMI can generate higher revenues. The reduction of Cost of Risk is reasonable in the next years (and in line with guidelines provided by other domestic players), even if we retain some caution compared to guidance. We think the current solid capital position and future core capital generation could enable the bank to pay higher dividends in the medium term. In our opinion, the completely unexpected decision by Unicredit to stop negotiations with Treasury for the purchase of Monte dei Paschi could put Banco BPM at the center of the consolidation process for the domestic banking sector. Although getting closer to the deadline (end of the year) to be able to use all the tax assets in the event of mergers is generating some concern among investors. Even if the bank keeps on trading at highly compressed multiples (<0,45% TBV, with a ROTE >6% in 2023).

ARTEMIDE - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Atlantia	infrastructure	8,6%	FTSEMIB Index	future	-25,4%
Exor	holding	5,9%	Euro Stoxx 50 Index	future	-6,2%
Banco BPM	bank	5,6%	Euro Stoxx Insurance	future	-2,6%
Unipol	holding	4,7%	Company1	insurance	-2,1%
Aquafil	textile	3,1%	Company2	insurance	-1,9%
"BEST"			"WORST"		
	sector	%		sector	%
Exor	holding	0,6%	FTSEMIB Index (short)	future	-1,9%
Aquafil	textile	0,3%	Euro Stoxx 50 Index (short)	future	-0,3%
Anima	asset gatherer	0,3%	Company3 (short)	automotive	-0,2%
Unipol	holding	0,2%	Mediobanca	bank	-0,2%
Atlantia	infrastructure	0,1%	Nexi	services	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	64%	-40%	104%	8%	-
Number of holdings	23	10	-	-	33

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of October 29, 2021) : 137,24

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%	-0,30%	1,25%	-1,52%			5,44%

(*) 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
37,2%	Total cumulative return	31,1%
1,9%	6-month rolling performance	11,3%
2,9%	Compound annual return	2,5%
60,2%	% "up" months:	55,6%
39,8%	% "down" months:	44,4%
4,3%	1-year rolling volatility (daily)	14,9%

LYRA - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Aquafil	textile	8,3%	FTSEMIB Index	future	-17,9%
Salcef	industrial	5,6%	Euro Stoxx 50 Index	future	-9,9%
Banco BPM	bank	4,7%	Company1	renewables	-3,5%
Luve	industrial	3,6%	Company2	IT servicer	-3,0%
ERG	renewables	3,5%	Company3	industrial	-2,9%

"BEST"			"WORST"		
	sector	%		sector	%
Seri	electrical components	2,7%	FTSEMIB Index (short)	future	-0,7%
Salcef	industrial	0,9%	Company2 (short)	IT servicer	-0,7%
Aquafil	textile	0,8%	Inpost	services	-0,4%
Seco	technology	0,8%	Euro Stoxx 50 Index (short)	future	-0,3%
ERG	renewables	0,6%	Company4 (short)	industrial	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	102%	-51%	153%	49%	-
Number of holdings	44	14	-	-	58

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of October 29, 2021) : 164,57

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%	1,26%	-0,86%	3,35%			23,91%

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
64,6%	Total cumulative return	36,0%
12,6%	6-month rolling performance	4,5%
6,7%	Compound annual return	4,1%
60,9%	% "up" months:	57,6%
39,1%	% "down" months:	42,4%
8,7%	1-year rolling volatility (daily)	6,4%

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 (€) :	62,000,000 (as of October 2021)	47,000,000 (as of October 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
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 Paradiso (CH) 6900, Phone: + 41 91 960 19 00 Fax: + 41 91 960 19 01 Email: info@mominvest.com

Investors' disclaimer

This is an advertising document distributed for pure information purposes and does not constitute an investment advice, investment research, offer or solicitation. Potential investors in the funds should seek their own independent financial Advisor. This material is issued only to and/or directed only at persons who are professional clients. Accordingly, the opportunity to invest in the Fund or to participate in any other investments to which this material relates is only available to professional clients or eligible counterparties and this material must not be relied or acted upon by any other persons. The information and opinions contained in this document are for background purposes only and do not purport to be full or complete. No reliance may be placed for any purpose on the information or opinions contained in this document or their accuracy or completeness. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this document by the Investment Manager (MOMentum Alternative Investments SA) and no liability is accepted by the Investment Manager for the accuracy or completeness of any such information or options. Investing in the shares of the Fund involves certain risks, as more fully described in the prospectus. There can be no assurance that the investment objectives of the Fund will be met or that its investment program will be successful. The Funds' investment program is speculative and entails substantial risks. The law may restrict distribution of this document in certain jurisdictions; therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions. For detailed information please refer to the official documents of the collective investment schemes.

THE DISTRIBUTION OF THIS DOCUMENT IS NOT ALLOWED IN US, CANADA, AUSTRALIA AND JAPAN