MOMentum
ALTERNATIVE INVESTMENTS SA

Investor Newsletter, January 2022

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 FinIa 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 FED pivot hawkish triggered the market turmoil suffered in January, as likely it'll drive a normalisation in post-covid demand dynamics. It is clear that Powell has withdrawn the Fed "free put option" from equity markets. The initial move lower was triggered by rates driven risk de-rate on the back of an end of the 'inflation is transitory" narrative and an acceptance that the FED was behind the curve. The dominant macro factor in 4Q was without a doubt the upturn in inflation. Although widely expected, the sharp increase in energy and commodity prices was the most disruptive event in 4Q. And labour inflation will come immediately after. These elements were not fully reflected in equity market performances, which remained largely positive, but did spill over into a much more volatile and nervous beginning to the year, with investors bracing for multiple interest rate hikes in the US and also starting to factor in similar developments in Europe. The Italian market is only marginally down YTD, but this masks a marked outperformance of banks and energy stocks (Tenaris, ENI, ISP, UCG and BAMI) vs. growth stocks (Amplifon and Diasorin, just to name a few). ECB recently set guideline for inflation at 3.2% for 2022, whereas short-term figures point out a significant spike (> 5%). President Lagarde acknowledged "universal concern around inflation data" and indicated a policy recalibration in March. It could mean that ECB will boost inflation forecasts at the March meeting, justifying a much quicker wind down of QE than expected. It should keep the sequencing of QE-hikes intact for credibility purposes and to keep QE proportional to the inflation outlook. Peripheral government bonds will likely struggle. Hiking could start in July, or in September at the latest. The fragility of the peripheral debt is precisely the reason why the ECB should go early. They absolutely cannot let inflation (energy and wages) run away to the same extent that we could expect in the US and UK, as they can't afford to be so aggressive in pace once they start. So, from a prudential policy perspective, the ECB needs to go early, to have time to run slowly.

Our overall expectations on earnings trajectory remain positive. Indeed, companies benefitted from strong demand and financial stocks from positive market trends. However, the outlook is getting complex, based on how changes in monetary policy could translate into market multiples, as well as how the likely economic slowdown could affect earnings direction. As of today, we haven't seen any notable changes in 2022 estimates. In the meantime, expectations for 2022 Italian GDP growth have been cut to 3.5%, on the back of the potential negative impact stemming from the massive increase in energy costs and some supply chain constraints. On the positive side, restrictions linked to the pandemic are receding and it is now unlikely that new severe limitations will be enforced. The Italian stock market is cheap (12x 12-month forward PE, with a dividend yield > 4%), and it could continue to benefit from investors' ongoing repositioning in favour of value sectors in a context of higher inflation. Earning season will provide more clarity about sectors that took advantage of the recovery in economic activity and surge in demand. On top of it, we expect market focus to be on capital management indications (dividends and buybacks) and on 2022 guidance, which will be key to drive estimate revisions and stock performances. The investing environment has changed significantly and the degree of difficulty in managing short-term risk has unequivocally risen. Earnings are driving truly enormous single stock dispersion. While there's an element of the macro shot, if inflation remains high and well above the level assessed by central banks, the Fed (and the ECB later) will be draining liquidity, and it makes the equity game harder than it was before. We expect European equities finally to outperform US equities in 2022, because of: 1) for the first time in a decade, the forecast is for stronger GDP growth in Euroland (> + 4%) than in the US (+3.2%); 2) Europe has a higher gearing towards banks and commodities; 3) in aggregate, Europe is cheaper; 4) Europe enjoys a few more innings of fiscal expansion vs US that is facing a significant fiscal contraction.

STOCKS IN THE SPOTLIGHT

REXEL (RXL FP): global leader in the distribution of electrical equipment for professionals, that uses the most effective products from the best manufacturers, to help its customers to optimize their processes and maximize the energy performance of their installations. The market is worth €180bn worldwide, growing at +3% p.a. supported by rising electrification, the shift toward renewable technologies and the need for increased energy efficiency. RXL is an attractively valued (~10x P/E, ~7x EV/Ebitda) play on several secular trends, supported by best-in-class ESG credentials, with half its sales from green products. RXL achieves ~20% of group revenues in the European building renovation, expected to accelerate on the back of the EU Renovation Wave by 2023/2024, and is an inflation hedge from pass through pricing capability. Most of RXL's products should benefit from increased electrification of industrial and building infrastructure. Opportunities include EV-charging, electrical HVAC, lighting control and growth in datacentres. The share of electricity in the global energy mix is estimated to increase to 42% by 2050 vs 19% in 2020. Furthermore, the group is increasing revenue per customer by raising digitalisation across the group's operations, which typically improve customer share of wallet. Digitalisation increased from 13% of sales in 2016 to current 22%, with a mid-term ambition to reach one-third of group sales. Connected customers typically buy over 2x more. The company made substantial investments in data gathering and utilisation to raise performance throughout the distribution value chain, increasing market barriers which make it more difficult for many of the smaller and mid-sized distributors. It has spent €300m building a digital platform to offer customers a multi-channel platform, highly scalable. Rexel also benefits from the increasing complexity of the business, due to the growth in connected products, smart systems, new regulation around efficiency and new applications. Between 2021 and 2023, the group's mid-term ambition is to outperform end market growth by 50-100bps, to raise EBITA from 5.7% in 2021 to above 6% by 2023. Moreover, Rexel targets a conversion rate of > 60% for EBITDA into FCF (pre interest & tax), which supports dividends & M&A (~1bn firepower). The company aims to sustain leverage at an efficient level of ~2.5x net debt/EBITDA, while maintaining a dividend pay-out ratio @ 40%.

UNIPOL GROUP (UNI IM; US IM): in the face of traffic volumes which at the end of 2021 were back to pre-covid levels (late 2019), on the other hand the frequency for claims remains much lower (frequency @ --120bp vs 2019), even if the average cost of each single claim is increasing. The frequency will remain structurally lower, with the same traffic, compared to the same pre-covid data, mainly because of technology and the progressive improvement of the infrastructures. In this new scenario, it is plausible for the next future to expect most of players to adopt a more disciplined behaviour, with the common target to break off the price-pressure we have witnessed in the last 2 years. However, we would like to remind that historically there has always been a time lag – 6-12 months on average - between the resumption of traffic (and claims) and tariff-increases. In this period of time, the combined-ratio (> 94% at the end of 2021 vs 92.8% in 9M21) has always suffered, even if a cautious reserving-approach has often mitigated these negative effects in the short term, at the same time supporting visibility to the dynamics for the following years. Furthermore, the negative impact of inflation on margins should not be underestimated. The Solvency Ratio is less volatile today than in the past, due to the partial disposal of its BTP stock (sensitivity: -9% in 2021 vs -26% in 2019) and the increase in the exposure to infrastructure funds. In May 2022 the Group will present the new 3Y industrial plan, that could justify some negative one-off components to be disclosed in 4Q21 results. The management could clarify options related to the excess capital (increase in payout and/or buyback) and provide granularity regarding the bancassurance strategy that the Group is implementing. In this regard, as Popolare di Sondrio has finally been transformed into a SPA, it could speed-up a merger with BPER Banca, where Unipol is currently the largest shareholder with a 20% stake. The new Business Plan could also represent a catalyst for the Holding (Unipol), whose NAV discount is excessive (> 35%). Now that the Solvency Ratio has been secured, a buyback plan on the Holding could be considered. Where in the last years the Group has been increasing it's stake in UniploSai (85% as of today), supporting the market price.

TECHNOPROBE: Technoprobe is an Italian company specialized in the design, planning and construction of electromechanical interfaces (Probe Cards) used by semiconductor manufacturers (Intel, TSMC, Samsung, STM, etc…) to test the functionality of each chip. It is the second largest manufacturer in the world in terms of volumes and the leader if we look at the highest added value segment (non-memory chips). The Probe Card has a high technological content and has increasingly become a key-component in various market sectors (ICT, Smartphone, digital data and 5G, IoT, home automation, mobility and automotive, aerospace, etc ...). It is a "consumable", as the life cycle is linked to the number of tests performed for each type of chip. Over the years, Technoprobe has become a market leader thanks to the TPEGTM Vertival MEMS technology. The Group has a global footprint, to be close to its customers both from a production point of view and for after-sales assistance, which must be real time. The business model is increasingly vertically integrated, to maintain high technological barriers and to be able to develop a sort of partnership with the customer. In 2021 the non-memory Vertical MEMs Probe Card market was worth $ 1.1bn and is expected to reach $ 2.5bn in 2027 (CAGR '20 -'27 + 12.8%), thanks to a rapidly expanding semiconductor market. Technoprobe in 2021 achieved revenues of $ 461 ml (+ 23% YoY) and the first 5 customers represent 70% of the revenues. The EBITDA margin was 48% thanks to great operational efficiency and lower labour costs, if compared to the main competitor operating in the US (FormFactor EBITDA% @ 22.4%). The company is finalizing a Capex plan equal to 15% of revenues, to increase production capacity by > 50% in Italy and to allow the in-house production of a critical component, with benefits in terms of better performance and flexibility in the production cycle. Technoprobe will reach 1bn sales in 2026 thanks to the launch of new products / technologies and stronger relationships with some of the existing customers. In 2021-26 a cumulative FCF of Eur 850ml and a ROCE of 50% is expected. On the bottom of the IPO price-range, it'd trade @ EV / EBITDA FY21-23 of 17x 13.5x and 10.9x respectively, a P / E of 27.5x 22.5x and 18.8x. The free float will be 20% and the access to MTA could therefore entail to increase it up to above 30%.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Atlantia	infrastructure	8,3%
Telecom Italia	telecom	5,3%
Unipol	holding	4,8%
Exor	holding	3,7%
Intesa Sanpaolo	bank	3,0%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-25,5%
Euro Stoxx 50 Index	future	-6,1%
Euro Stoxx Insurance	future	-2,8%
Company1	insurance	-2,0%
Company2	automotive	-1,1%

"BEST"	sector	%
FTSEMIB Index (short)	future	0,6%
Intesa Sanpaolo	bank	0,2%
Unipol	holding	0,2%
Banco BPM	bank	0,2%
Company2 (short)	automotive	0,1%

"WORST"	sector	%
Atlantia	infrastructure	-0,5%
Exor	holding	-0,3%
Company3 (short)	automotive	-0,3%
Nexi	financial services	-0,2%
Aquafil	textile	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	72%	-39%	111%	4%	-
Number of holdings	27	10	-	-	37

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of January 31, 2022) : 134,27

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%	-1,11%	-0,29%	**3,96%**
2022	-0,77%												**-0,77%**

(*) 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
34,3%	Total cumulative return	30,8%
-2,8%	6-month rolling performance	5,7%
2,6%	Compound annual return	2,4%
58,8%	% "up" months:	55,2%
41,2%	% "down" months:	44,8%
4,0%	1-year rolling volatility (daily)	16,4%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Aquafil	textile	7,8%
Banco BPM	bank	4,6%
Lenzing AG	industrial	4,1%
Rexel SA	industrial services	3,8%
Intesa Sanpaolo	bank	3,4%

TOP 5 "SHORTS"	sector	% AUM
Euro Stoxx 50 Index	future	-9,1%
FTSEMIB Index	future	-6,8%
Company1	IT servicer	-4,3%
Company2	renewables	-3,8%
Company3	automotive	-3,2%

"BEST"	sector	%
Company2 (short)	renewables	0,8%
Rexel SA	industrial services	0,5%
Company1 (short)	IT servicer	0,5%
Company4 (short)	luxury	0,4%
Intesa Sanpaolo	bank	0,4%

"WORST"	sector	%
Inpost	services	-1,3%
Seri	energy	-1,1%
CNH	industrial	-0,7%
Lenzing AG	industrial	-0,5%
Amplifon	health care	-0,5%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	101%	-58%	159%	41%	-
Number of holdings	51	25	-	-	76

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of January 31, 2022) : 156,98

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%	-2,55%	1,90%	**23,06%**
2022	-3,95%												**-3,95%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
57,0%	Total cumulative return	31,1%
-1,0%	6-month rolling performance	-2,2%
5,9%	Compound annual return	3,5%
60,0%	% "up" months:	56,8%
40,0%	% "down" months:	43,2%
9,0%	1-year rolling volatility (daily)	7,1%

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 January 2022)	44,000,000 (as of January 2022)
***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 rale	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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Investors' disclaimer