MOMentum

ALTERNATIVE INVESTMENTS SA

Investor Newsletter, February 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 conflict in Ukraine on the border with the EU has significantly raised the risk premium for European assets. The geopolitical situation has intensified greatly over the last week. Western sanctions on both the Russian central bank and removal of a few banks from the swift system have sent a sharp risk off sentiment across financial markets. Deterioration of the geopolitical environment will also likely severely constrain exports on demand destruction for political reasons. Consumption will likely suffer from the spike in inflation on the back of supply disruptions, as income growth may also slow, given expected investment and export weakness. About the growth outlook, tighter aggregate supply conditions and tighter global monetary policy come with an expected downgrade of growth and cyclical expectations, likely contributing to curve flattening both in US and Europe. Sustained inflationary pressures could negatively impact European consumer demand, further deteriorating sentiment and growth outlook, while adding monetary policy uncertainty. Besides, negative real wage growth has historically coincided with slowing PMIs. We also expect some drag from higher energy prices on consumer spending, even though part of it will likely be cushioned by government support policies. Higher oil prices would likely have sticky inflation spill over effect, supporting higher wages and deteriorating consumer sentiment as > 20% of European oil comes from Russia. The inflation impact appears potentially sharp (GS est EU inflation @ 6.5% in May, slowing to 5.4% in the end of the year), which could ultimately raise the need to front load monetary tightening, while the growth impact could call for additional fiscal easing. Because of the above, Euro area growth for 2022 likely will need to be cut, but we imagine growth to remain robust because of strong momentum and fiscal support. Given this, and the impact on the growth/inflation mix, estimates for FY22 in aggregate will have to be cut and a multiple contraction is plausible. However, we continue to see value in Europe, as the equity market collapse has pushed the forward P/E below 13x, at discount compared to long-term average. Furthermore, European balance sheets are strong, and companies are buying back shares at a faster rate than at any point in the past. The market is already conservatively pricing growth and equities are pricing the PMIs falling to around 50 in the next future.

The escalation of events in Ukraine has strongly impacted markets via a rise in the risk premium. In the next future, implications for the equity market are likely to be driven by a rise in the equity risk premium, rising energy costs, inflation concerns and tighter financial conditions. This will happen despite low real interest rates, a further re-opening recovery and a sharp rise in fiscal spend this year. Indeed, we are likely under-stating that this conflict likely will justify a new fiscal boost through an increase of CAPEX for renewable energy and military defense. Commodity markets have aggressively rallied since the beginning of the conflict, but we think that prolonged commodity supply disruptions are unlikely. However, uncertainty around sanctions is beginning to create a potential (short term ?) supply shock. Russian exports account for > 30% of total European gas consumption, though some countries (Italy and Germany) are more reliant. In light of this new scenario, we have recently lowered our Funds' exposure to financials after the strong rally and considering that it has become the largest consensus overweight in the European Fund Manager Survey. If growing macro downside risks lead to less central bank tightening, hence reducing bond yield upside, this would remove the largest tailwind for financials at a time at which weakening growth momentum and widening credit spreads already point to scope for short-term underperformance. But we do not have to forget about positive news. Reopening Scale increased by another 5% last week and is now back to pre-Omicron levels (>80% activity), with improvements across both domestic and international categories. In terms of domestic data, bookings for both regional hotel and restaurant are almost back to 2019 levels, even if there is a positive price-mix effect to be considered, while motorway traffic in France for the beginning of 2022 was 3% above 2019 levels. International travel data continues to recover strongly too. Passenger traffic in European airports, on the other hand, remains far below pre-covid levels, but expectations are for a steep recovery as early as this spring and in anticipation of summer holidays.

TELECOM ITALIA (TIT IM): with the release of the disappointing FY21 results, new CEO Labriola disclosed the guidelines of the fixed network separation project (CMD within 1H22). The Group will be refocused on 4 Business Units: Consumer, Enterprise, TIM Brazil and NetCo. The latter will presumably explore the integration with Open Fiber, with the aim of creating a single ultra-broadband network in Italy. The 4Q21 results showed a sharp decline in domestic EBITDA (-31% YoY vs -1.5% YoY in 4Q20), explained by: 1) pressure on the Consumer ARPU and decline in the customer base; 2) weaker results on DAZN contents; 3) start-up costs in the digital area; 4) higher credit cost and 5) inflation costs. The € 4.1bn impairment on goodwill and € 3.8bn on DTAs caused the cancellation of FY21 DVD for both ordinary and savings shares. The 2022-24 plan shows a further sharp decline in 2022 compared to 2021 (EBITDA FY22 -14%), followed by a smooth recovery in 2023-24 (EBITDA FY24 stable vs FY21). The strong increase in CAPEX (€ 12bn) will penalize FCF. The company did not provide FCF guidance, and to mitigate the negative effect on the FY22 debt resulting from the payment of 5G and Oi, it sold its stake in Inwit for €1,3bn. The CEO confirmed his intention to pursue the separation of retail activities (ServCo) from domestic infrastructures (NetCo), as the competitive advantages deriving from being a vertically integrated operator have disappeared. In this way NetCo could integrate with an industrial (Open Fiber, 60% owned by CDP) and / or financial partner (KKR, CVC and Macquarie, according to press rumours), with the aim of: 1) avoiding CAPEX duplication; 2) have the opportunity to pursue market consolidation also for ServCo; 3) benefit from a more favourable regulatory framework. As for the purchase proposal formulated in November by KKR, according to recent press rumours, it would seem that the BOD is considering the opportunity to open the data room to the Fund. Considering the clean-up made in the FY21 balance sheet, the profit warning and the geo-political uncertainties, we think that the bid price could be revised downwards, to incorporate an higher risk profile.

DISLOCATION: the recent and worrying news regarding the Russia-Ukraine war justified a violent spike in volatility for global equity markets, followed by a deep reshuffle of the asset allocation within the portfolios of many mutual funds. As often happens in these turbulent contexts, correlations have undergone significant deviations vs previous historical series. The de-grossing implemented by many portfolio managers in such an upset phase has explained significant price dislocations, probably offering investment opportunities for those who can afford to look to the medium / long term. But which significantly penalized the Funds' performance in the short term. In this regard, we would like to clarify that we have decided not to cut the weight of these holdings in the Artemide portfolio, being convinced of the "embedded value" associated with them. Specifically: 1) UNIPOL / UNIPOLSAI: the NAV discount in the last 2 weeks has widened by approximately 10% (now above 40%), in the absence of any newsflow. Indeed, the new Business Plan will be presented in May, and we imagine that it will lead to a rerating of the holding (Unipol) vs the operating subsidiary (UnipolSai); 2) EXOR NAV: also in this case the NAV discount was penalized by the market volatility, however partially justified by negative and completely unexpected news. The Company closed a tax dispute in Italy, related to the transfer of the registered office in the Netherlands, with a cash-out close to € 800m (3% of the NAV). The news rightly annoyed investors, especially since this potential risk factor had never been mentioned in previous financial statements; 3) MEDIASET ESPANA: in these days, a Spanish law introduced in the spring of 2020 is expiring, which constrained anyone who had launched a paper-offer on a listed company to alternatively also offer a consideration all in cash. The expiry of this constraint could finally make the time ripe for the repurchase of the minorities of the Spanish subsidiary by MFE. Compared to the merger ratio proposed in conjunction with the announcement of the project blocked by Vivendi in 2018, the discount of Tele5 is now close to 5% (considering the extraordinary dividend distributed in the meantime by MFE), while the operating performance has not suffered any slowdown compared to data used at that time by the Advisors to determine those ratios.

SPIE (SPIE FP): SPIE provides exposure to attractive and structurally growing end markets (41% of sales in energy transition, 22% in digital transition), and benefits from structural factors including outsourcing, rising technological content within buildings and a focus by customers on improving energy efficiency. SPIE focuses its strategy on the fight against climate change, with the clear ambition to respond to the energy and digital challenges faced by its customers. SPIE provides 'hard' facility management services - including electrical & mechanical, ICT and specialist energy services – with 80% of sales form asset support services (o/w ~50% with 3–5-year tenure), setting it apart from the competition, which largely relies on riskier new-facility contracts. The European multi-technical services market is set to consolidate and SPIE was reported attracting interests owing to its leading pure player position and best-in class and resilient profitability and FCF generation (>100% conversion). The sector has been recently characterized by large deals (Vinci / Cobra IS in December 21, for EUR4bn EV or 12x EV/EBITA; Bouygues / Equans in Nov 21, for EUR7.1bn EV or 23x EV/EBITA; API / Chubb in June 21, for $3.1bn EV or 16x EV/EBITA; PAI Partners / Apleona in Dec 20, for EUR1.6bn EV or 14x EV/EBITA). SPIE is one of the very few sizable assets still potentially actionable. If such a take-private scenario were to materialize, it could potentially result in a valuation of SPIE > EUR30 per share. It trades on only 11x PE for a double-digit CAGR in EPS and a 15-20% FCF Yield, with supportive market trends and a strong ESG narrative. SPIE has consistently grown its EBITA over the last few years (5% CAGR in 2008-20) thanks to its flexible cost base, as well as the benefits of scale and acquisitions. SPIE's asset-light business model with negative working capital has historically resulted in cash conversion consistently above 100%, which should lead to a steady de-leveraging from 2.4x in 2020 to 1.4x in 2023E, supporting further small bolt-on M&A. Its top-line should organically grow low-single-digit and continue to make bolt-on deals, which have added c.3-4% to its revenue growth p.a. over the last 10 years. Moreover, post-pandemic stimulus packages in Europe aimed at fostering the green and digital transition will significantly enhance the group's organic sales growth profile and support its pricing power and profitability.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Atlantia	infrastructure	9,0%
Telecom Italia	telecom	4,8%
Unipol	holding	4,5%
Autogrill	food&beverage	3,8%
Exor	holding	3,5%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-27,7%
Euro Stoxx 50 Index	future	-7,8%
Euro Stoxx Insurance	future	-2,7%
Company1	insurance	-2,4%
Company2	insurance	-2,0%

"BEST"	sector	%
FTSEMIB Index (short)	future	1,4%
Enel	utility	0,3%
Euro Stoxx Index (short)	future	0,3%
Technoprobe	info. technology	0,2%
Mediaset Espana	media	0,1%

"WORST"	sector	%
Unipol	holding	-0,4%
Aquafil	textile	-0,3%
Exor	holding	-0,3%
Anima	asset gatherer	-0,3%
Telecom Italia	telecom	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	75%	-48%	123%	-5%	-
Number of holdings	25	12	-	-	37

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of February 28, 2022) : 135,24

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%	-1,11%	-0,29%	**3,96%**
2022	-0,77%	0,72%											**-0,05%**

(*) 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
35,2%	Total cumulative return	24,0%
-1,7%	6-month rolling performance	-2,3%
2,7%	Compound annual return	1,9%
59,1%	% "up" months:	54,7%
40,9%	% "down" months:	45,3%
3,6%	1-year rolling volatility (daily)	21,5%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Aquafil	textile	6,6%
Spie	industrial	3,7%
Rexel SA	industrial services	3,2%
AMG	materials	3,0%
Lenzing AG	industrial	2,8%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-5,0%
Company1	IT servicer	-4,0%
Euro Stoxx 50 Index	future	-2,8%
Company2	Industrial	-2,8%
Company3	Industrial	-2,7%

"BEST"	sector	%
Banco BPM	bank	0,8%
Company4 (short)	renewables	0,7%
FTSEMIB Index (short)	future	0,6%
Company3 (short)	Industrial	0,5%
Technoprobe	info. technology	0,5%

"WORST"	sector	%
Aquafil	textile	-0,9%
Inpost	services	-0,7%
Osai	info. technology	-0,5%
Lenzing AG	industrial	-0,4%
Iveco	automotive	-0,4%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	77%	-51%	128%	25%	-
Number of holdings	44	28	-	-	72

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of February 28, 2022) : 155,99

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%	-0,63%											**-4,55%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
56,0%	Total cumulative return	28,8%
-2,9%	6-month rolling performance	-5,5%
5,7%	Compound annual return	3,2%
59,4%	% "up" months:	56,3%
40,6%	% "down" months:	43,8%
9,2%	1-year rolling volatility (daily)	7,7%

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 February 2022)	43,000,000 (as of February 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