MOMentum
ALTERNATIVE INVESTMENTS SA

Investor Newsletter, May 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

Global equity markets recorded a slightly positive performance during the month of May, due to the sharp rebound in the last days of the month. The rally has paradoxically been fuelled by disappointing macroeconomic data, leading investors to expect that monetary policies will be less aggressive, thus mitigating risks of a recession. In this scenario, the economy should move away from full employment and the labour, goods and services markets cool down with a mitigating effect on inflation. With savings now below the pre-pandemic average and wealth declining because of the sharp fall in the equity and real estate markets, it is unclear how long households will be willing to reduce savings if inflation won't go down any time soon. The stagflation risk, with PMIs worsening and inflation always high, has increased in recent months. As for the Russia-Ukraine conflict, the feeling is that an agreement is not a likely scenario, at least in the short term. It is therefore not surprising us that the prices of raw materials have remained very high. About interest rates, the 10-year yield in the US stood below 3%, while in Europe the yield of the German bund rose slightly and the same happened to the Italian government bonds, in this case amplified by the widening of the BTP-Bund spread (currently> 200bp) because of fears of ECB normalizing the monetary policy. The last 30 years were marked by a falling cost of capital, culminating in the zero interest rate policy, disinflation, globalization and hyperstimulative fiscal and monetary policies. Leverage, credit sensitivity and risk were rewarded. Now, looking ahead, we must forget about this environment. The next regime could look very different: ambitious and coordinated emission reduction goals, globally intertwined economies and internet of everything are a few things to keep in mind. We are moving into an environment of rising costs of capital, inflation, more volatile economic cycles, de-globalization, and rumblings of antimonopolistic rhetoric. The next decade will likely be marked by a shift from deflation to inflation, from globalization to de-globalization, from monetary to fiscal excess, from inequality to inclusion.

1Q22 reporting season overall showed an unexpected stability, while the macro indicators are confirming a slowdown in the economic growth. It should be noted that real wage growth remains strongly negative in both Europe and the US, and this will inevitably have a negative effect on the economic growth and / or company margins. Also, we cannot underestimate the rise in mortgage rates, which will justify a slowdown in volumes and an erosion of private wealth. One of today's greatest market inefficiencies may stem from the shift in capital toward shorter-term strategies relying on shorter term data like prices, news and flows, and the scarcity of capital devoted toward long-term, fundamental investing. Just an example: the number of fundamental analysts covering €1bn of market cap has shrunk from 15 in 1990 to 2 people as of today. If a recession can be avoided, there is good reason to think that real yields may continue to rise over time. Paradoxically, this would make even more difficult to justify the valuations of Long Duration or Growth stocks. The next equity market driver will be, in our view, the Equity Risk Premium (ERP). To date, investors are satisfied with an equity risk premium in line with the average since 2010, a period characterized by falling rates, inflation under control, economic growth and geopolitical tensions certainly not comparable to the current ones. Equities remain very sensitive to both a slowdown in economic growth and an increase in ERP or more sustained real rates / inflation. Inflation and central banks were the main concerns of investors until a few weeks ago, causing the de-rating of the markets, nervous because of the rise in rates. From now on, the variables that will most affect the prices are the trend of the economy (and therefore of EPS) and the evolution of the Equity Risk Premium. Also, the multiples at which stocks trade usually go down as inflation rises. Hence, apparently depressed valuations could be consistent with the current high inflation environment. Rising inflation - often a harbinger of an economic slowdown - tends to lead to valuations that are only apparently lower, hiding the market's scepticism on consensus estimates. Central Banks want more restrictive financial conditions and will achieve their goals. Furthermore, they are draining liquidity at a time when the economy is slowing down.

STOCKS IN THE SPOTLIGHT

MONDADORI (MN IM): The Mondadori Group is an Italian publisher that can be defined as a “pure book player” as it is highly exposed to the more resilient business of books. It is characterized by 3 business areas: 1) Books (55% of FY21 revenues, 84% Ebitda): market leader (30% market share) specialized in fiction, non-fiction, classic works, art catalogues, comics and school; 2) Retail (21% of revenues, 5% Ebitda): it manages over 540 points of sale between franchising and DOS; 3) Media (24% of revenues, 11% Ebitda): it has a consolidated leadership in both physical and digital verticals specialized in the TV, Women & Fashion, Entertainment, Design, Cooking and fitness sectors. The Media division accounts for just 11% of the group's Ebitda, due to the weight of the magazines that suffer from the structural decline in circulation and advertising revenue. The company's strategy is to further cut its presence in magazines by concentrating on digital activities, where advertising continues to show a double-digit growth. At the end of May Mondadori acquired Edizioni Star Comics (FY21: €21.6m revenues, €7,2m EBITDA and €5,1m net profit), the leading publisher of Italian comics and distributor of the most important international productions (especially Japanese and Korean). The 4x EV / EBITDA FY21 multiple paid (Enterprise Value for 100% of the company equal to €28m, with put / call to reach 100% in 2024 and 2027) is low since the main distribution licenses have a duration of 2-3 years and therefore there is a risk about the renewal of the agreements. The acquisition is strategic because it allows Mondadori to enter a very dynamic and rapidly expanding niche of publishing in Italy, with above-average margins (FY21 EBITDA% 33%). The company recently confirmed the FY22 guidance: revenues + 5%, Adj. EBITDA> + 20% YoY, net profit up> 10%, FCF in line with FY21 (FCF yield 10.5%) and NFP / EBITDA adj IFRS16 <1.1x. Thanks to an annual FCF of approximately 50/55 ml, finally Mondadori returned to pay a dividend after more than 10 years (yield 4.5%) and the current financial leverage leaves ample room for further acquisitions (€ 130-150 million, while maintaining approximately D / EBITDA @ 2x).

REPSOL (REP SM): Why an Article 8 fund like Lyra is invested in an Oil Company like Repsol? Very simple: first, the fund strategy is to invest according to a selection of the SDGs of the United Nations (and in this case we are referring to the Goal 7 “Affordable and Clean Energy”, 9 “Industry, Innovation and Infrastructure, 11 “sustainable Cities and Communities” and 13 “Climate Action”). Second, we have also stated that we are willing to invest in both ESG enablers and improvers. “*Repsol is one of the few industry leaders to have outlined a clear decarbonization roadmap aimed at achieving carbon neutrality by 2050. To accomplish this goal, the company leverages years of expertise in the production of biofuel and carbon-neutral fuels, as well as investments in renewable energy projects. Repsol is also developing artificial carbon capture technologies to accelerate decarbonization efforts, in addition to ongoing natural carbon sequestration (tree planting) projects*.” (MSCI ESG, AA rating). This was the necessary explanation of our Double Materiality philosophy applied to the sustainability one. As far as the “traditional” financial materiality is concerned, Repsol appears perfectly positioned to benefit from the strong chemical margins and higher US gas prices, which in our view will be higher for longer. Repsol is exposed to key improving macro drivers, with its complex refining system ideally placed to benefit from strong diesel margins. Repsol’s high exposure to US natural gas (19% of its production vs. 6% for sector) is also driving positive momentum, and its vast low-cost resource base is becoming increasingly valuable considering the revival of US LNG exports. 2021 was a difficult year, affected by heavy maintenance and operational issues in several key upstream assets. We see 2022 as a turning point, with recovering production in Libya/Norway/Trinidad/the US and Peru paving the way for stronger production in H2. Repsol is also benefiting from an advantageous position in solar, bio-energy and green hydrogen, three technologies at the forefront of Europe’s increasing focus on energy security. Repsol has already created value in its low carbon businesses, with the company’s stated intention of a partial monetization of its renewable power business. The stock offers a c.20% FCF yield in 2023E. We believe that strong cash flow generation will support strong total cash returns to shareholders.

MEDIASET ESPANA (TL5 SM): in line with our expectations, MFE recently has improved its offer for Mediaset Espana by €0.3 per share. For every TL5 share, MFE is now offering €2.16 in cash (vs €1.86 previously), 4.5 newly-issued MFE A Ordinary Shares and an MFE A dividend of €0.05 to be paid in autumn. This is equivalent to €4.6 a share based on MFE A’s current share price (€0,52), that would grow close to €8 per share applying a multiple equal to 9x 2023E earnings. Following the improved terms, TL5 has entered a co-operation agreement and the Board of Directors will recommend the offer to shareholders. We believe that it is a reasonable offer, giving TL5 investors almost 50% cash and a stake in MFE, which we believe offers significant upside, while aligning their interests more closely with MFE and Fininvest (main shareholder, 50%). TL5 shareholders not accepting the offer, which is now expected to close at the beginning of July, risk being left as a minority investor in an illiquid asset, with no control over dividends and/or buybacks for the next future. On the other side, MFE could go through a merger after six months and consequently force minorities to exit at the price equal to the 3 months average price. Without any visibility about it, as market price could be “driven” much higher as liquidity will almost disappear. And it could potentially represent a significant risk for MFE. On top of it, if it were not possible to go shortly through a merger between TL5 and MFE, cost savings (above €50m per year) would be partially squandered. As of today, Mediaset Espana trades @ 7x 2023E EPS (ex-cash and Pro7 stake). On the other side, MFE A shares are down almost 25% YTD, offering a > 12% yield over the next 3 years. We believe that MFE, helped by merger cost savings and potential merger synergies, can at least maintain stable profits and cash flows going forward. We believe the improved offer will pave the way for MFE to get 100% of TL5, realizing merger savings that would add > 10% to group EBIT. The new entity would play the role of aggregator for further European consolidation, and Germany could be the next country to be added.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Atlantia	infrastructure	7,1%
Anima	asset gatherer	3,9%
Exor	holding	3,7%
Enel	utility	3,6%
Unipol	holding	3,5%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-35,7%
Euro Stoxx 50 Index	future	-6,3%
Euro Stoxx Insurance	future	-1,8%
Company1	insurance	-1,5%
Company2	media	-0,9%

"BEST"	sector	%
Aquafil	textile	0,3%
ENI	oil&gas	0,2%
Cattolica Ass.	insurance	0,2%
Telecom Italia saving	telecom	0,2%
Banco BPM	bank	0,2%

"WORST"	sector	%
FTSEMIB Index (short)	future	-0,8%
Euro Stoxx 50 Index (short)	future	-0,3%
Unipol	holding	-0,2%
Intesa Sanpaolo	bank	-0,1%
Unicredit	bank	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	72%	-48%	120%	-5%	-
Number of holdings	24	9	-	-	33

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of May 31, 2022) : 135,38

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%	-0,80%	1,42%	-0,51%								**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
35,4%	Total cumulative return	19,5%
-0,2%	6-month rolling performance	-5,1%
2,6%	Compound annual return	1,5%
58,6%	% "up" months:	54,3%
41,4%	% "down" months:	45,7%
3,8%	1-year rolling volatility (daily)	22,5%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Aquafil	textile	7,3%
Ence Energia&Celulosa	energy	3,8%
Repsol SA	oil&gas	3,6%
EDP	utility	3,2%
Carel	industrial	3,1%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-13,5%
Euro Stoxx 50 Index	future	-7,6%
Company1	industrial	-3,4%
Company2	automotive	-3,1%
Company3	retailer	-2,8%

"BEST"	sector	%
Aquafil	textile	0,9%
Company4 (short)	IT servicer	0,3%
Company5 (short)	retailer	0,3%
Banco BPM	bank	0,2%
Repsol SA	oil&gas	0,2%

"WORST"	sector	%
FTSEMIB Index (short)	future	-0,6%
Company6 (short)	staples	-0,6%
Harbour Energy PLC	utility	-0,6%
UCB SA	healthcare	-0,3%
Recticel	industrial	-0,3%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	81%	-66%	147%	14%	-
Number of holdings	46	29	-	-	75

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of May 31, 2022) : 155,38

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%	1,13%	0,84%	-2,33%								**-4,93%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
55,4%	Total cumulative return	28,4%
-3,1%	6-month rolling performance	-3,6%
5,5%	Compound annual return	3,1%
59,6%	% "up" months:	55,6%
40,4%	% "down" months:	44,4%
9,0%	1-year rolling volatility (daily)	10,1%

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 (€) *:*	56,000,000 (as of May 2022)	42,000,000 (as of May 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