MOMentum ALTERNATIVE INVESTMENTS SA

Investor Newsletter, July 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

We see major downside risk to growth starting from the current quarter, because of: a) financial market tensions, b) tightening in financing conditions, c) a further decline in both business sentiment and consumer confidence, d) near-term constraints on fiscal policy, e) possible delays in the disbursement in the Recovery fund tranche planned for the end of the year (for Italy, > 1% of GDP, on top of €34bn expected for 2023). This downside risk compounds on downside growth risk already stemming from elevated gas prices and uncertainty related to the Russian-Ukrainian conflict. While an imminent gas crisis has likely been averted for now, the fact that the NordStream1 pipeline just restarted at the reduced 40% capacity it was at prior to the maintenance works could mean that the gas shortages the region has been facing for a few months now may still continue. If not get worse, as we approach winter. Given this problematic cocktail of macro headwinds, which in some cases transpired into Q2 earnings, it’s not surprising that most investors want to stay away from Europe. The termination of forward guidance on rates, a 50bp hike and deposit rate back at zero, represent the most important news about last ECB meeting. About concerns over inflation risks, they were instrumental in the ECB’s decision to frontload the policy tightening. The other factor leading to such a change in approach was the agreement on a new anti-fragmentation tool, the Transmission Protection Instrument (TPI), which made the ECB more confident about its ability to swiftly tighten its policy stance without fuelling market stress. The level of stress that would lead to an activation of the instrument is unknown and could be a source of disagreement among ECB members. We have to worry on the most vulnerable (Italy) when the strongest is itself suffering the most (Germany). We would think Europe would be more united than ever, but it does not seem to be the case yet. That will come later. About banks, capital impacts remain manageable and the earnings pressure from higher funding spreads has been more than offset by the faster pace of ECB rates increases. Net net, we expect the high funding costs to be offset by the higher rates in 2022-23.

The shocking collapse of the Draghi’s administration raises important questions ahead of new elections (September 25). A center-right (FDI, Lega and FI) government is the base-case, at this stage. Draghi’s loss is a major one for Italy. His absence will also be felt in the foreign policy space, making Italy and Europe more vulnerable to Russian pressure. We flag downside risk to growth due to political uncertainty, consistent with a contraction in activity by 4Q22. Because of elections originally scheduled for spring 2023, we were already expecting financial stress and slowdown in 2023 and the political drama has just brought forward the impacts by 6 months. It will take time to fully analyse the implications of the loss of Draghi stewardship for Italy, as well as the enormous damages inflicted to the country by reckless populist parties since the March 2018 elections. About the political elections to be held on 25 September, our working assumption will be that the united center-right coalition will win the election and secure a comfortable majority. Such a center-right government might have a considerable potential for conflict with the EU, although no longer because of Italexit concerns, but on account of a declared aversion to fiscal restraint and some reforms in the rhetoric of the right-wing parties. The bigger concern remains the recession risks in Europe, as Italian sovereign risk could amplify the economic impacts. We do not necessarily consider a center-right government as a sure driver of financial or macroeconomic risk beyond predictable high volatility in the near-term. The risk of another populist storm like in 2018 is low, given that much of Italian growth prospects depend on the EU-sponsored recovery fund, whose payments are subject to a conditionality based on a continuous compliance with agreed reforms, investments, and also with the EU fiscal framework. Furthermore, any ECB anti-fragmentation policy will likely embed conditionality, linked to compliance with the EU governance. We expect this double external constraint – EU fiscal supports and ECB spread controls at times of rising interest rates – will be powerful enough to bind any future government to the EU mainstream. The ECB is unlikely to intervene via the anti-fragmentation tool to push back potential Italian spread widening if it is driven by domestic political uncertainty.

STOCKS IN THE SPOTLIGHT

AUTOGRILL (AGL IM): on July 11th, finally the rumoured business combination between AGL and Dufry was announced. The deal is expected to close in 1Q23 and the new entity will combine the market leader in travel F&B (20% market share) with the market leader in travel Retail (20% market share in the Airport channel). Almost 80% of sales will come through airports. Edizione Holding (main AGL shareholder, 50,3%) agreed to swap its entire stake into newly issued Dufry shares, with 0.158 swap-ratio. As a result, Edizione Holding will become the first shareholder of the new group, with a 20-25% stake. It will then be necessary to await and see how minority shareholders will move, as they have been offered a double option: 1) to join the equity swap, with an exchange-ratio equal to the one negotiated by Edizione Holding; 2) to tender the shares to an all-cash offer, with the price set @ €6.33 per share (almost 10% below the market price for the day before the announcement). The current top Management of Dufry will maintain its roles in the new group, while 3 representatives of Edizione Holding will be appointed in the new BoD. The economics proposed for the merger do not seem particularly generous to us, and the market was also disappointed by what was announced. Our feeling is that the exchange-ratio has embedded a premium for the control, given that Dufry is a public company and therefore Edizione will get the control of the new group. And AGL minority shareholders have been penalized for this. On august 31, Dufry EGM will have to approve the deal. The tie-up with Dufry makes sense from a strategic point of view, because of geographical diversification, room for synergies and potential improvement for both margins and FCF. The merger targets cost-synergies with an annual run-rate in the region of CHF85mn, with > 60% FCF conversion and to be achieved in max 2 years. The new Group will host a CMD in September, to provide investors and analysts with more infos about the rationale of the deal and guidelines for the future.

ENEL (ENEL IM): The stock had a very poor performance in 2022 (-31% YTD vs -18% of the FTMIB), explained by: i) the geo-political situation and the very complex macro scenario that reduced / interrupted gas supplies from Russia, pushing spot electricity prices to unprecedented levels and causing a temporary squeeze of margins for all integrated operators; ii) the extraordinary drought in Europe penalized hydroelectric production (Italy -38% yoy, Spain -33% yoy); iii) the temporary payment extensions granted to protect retail customers and the strong appreciation of US dollar, both caused a spike in the NFP (Eu -62.2bn vs Eu -59.1mn in 1Q22). Iv) the increase in the risk premium due to the highly inflationary scenario and the government crisis in Italy, both have driven a de-rating for the sector. ENEL's 2Q22 results confirmed this fragile outlook, especially in Italy where the Global Power Gen & Retail division suffered the most. The Infrastructure-Networks division has confirmed its resilience showing growing results and the LatAm, thanks to regulatory changes, efficiencies and ForEx, offset the weakness of the domestic business. Management confirmed 2022 guidance (EBITDA Eu19.0-19.6bn, net profit Eu5.6-5.8bn and Eu0.40 DPS), thanks to a gradual rebalancing of the Global Power Gen & Retail division in the coming quarters (Eu1.3 billion of positive impact expected in Italy and Spain thanks to the repricing of contracts already implemented, Eu0.8 billion of additional contribution from RES thanks to the additional installed capacity). YE22 NFP is expected to drop to Eu61.0bn (including Eu2.6bn of government measures, gradually reabsorbed in 2023). Disposals should be in the region of €4bn, including the previously announced electricity transmission business in Chile (USD 1.5 bn, 22x EV / EBITDA). Focus remains on renewables and on investments in assets protected from inflation. In 2022, 6,000 MW will be running, more than half of which in the United States and Brazil, and RES's installed capacity is expected to exceed 60 GW. At current prices, Enel trades on FY 2022-23 with a PE of 9.3x 8.7x, EV / EBITDA of 7.0x 6.7x and DVD Yield of 8.1% 8.7% respectively.

ENERGY (ENY IM): the company has the leadership in Italy (87% of revenues) in the offer of storage systems for energy from renewable sources (ESS). Systems are assembled in-house and integrated with proprietary software that allows to manage the energy storage process, consumption and energy traffic on a cloud platform. Energy is aimed at the residential, commercial and industrial market, local-utilities and electric mobility. 82% of revenues are achieved through small applications (3-6Kw) for residential, 15% with small commercial / industrial customers and only 2% with industrial customers for extra-large applications (> 50Kw). The company launched its ZeroCo2 brand in 2021, but the business remains B2B as the customers are installers, resellers (VARs) and local-utilities. The ESS market is expected to grow strongly (2021-30 CAGR + 35%), above all thanks to a very favourable regulatory framework (EU Green Deal, Next Gen Eu). In 2021 the installed capacity amounted to 29GW and it is expected to reach 350 GW in 2030. In the last three years, Energy has increased its revenues from €13m to €52m, EBITDA from €1m to €10m and a further strong increase is expected. For FY22, Energy guides for €120-140ml of revenues, with an EBITDA% close to 20%. Energy has an asset light business, as manufacturing is outsourced to Chinese suppliers (batteries, inverters and hardware for EMS) while design, assembly and marketing are carried out internally. Listing (100% primary offer) is to finance growth in the extra-large ESS segment (new battery rack assembly plant), greater geographical diversification (Germany represents 48% of the European market vs 7% of Italy) and internalisation of some activities through the value chain. Among the risk factors, we identify: 1) products' standardization and pressure on margins; 2) reliance on Chinese suppliers; 3) high exposure to Italy and 4) internationalization and growth in the XL segment. To be underlined that the main shareholders have introduced a guarantee mechanism scheme - Price Adjustment Shares (PAS) - which provides for the cancellation of a portion of their shares if the economic targets set for the IPO are not achieved. The ESS market in Europe is very fragmented and the players closest to Energy are Sonner (GR) Ferroamp (SWE) and Neoom (AUT). In Italy we have Aton Green System listed on the EGM.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Atlantia	infrastructure	7,3%
Autogrill	F&B	7,0%
Enel	utility	5,4%
Telecom Italiav saving	telecom	5,3%
Unipol	holding	2,9%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-18,9%
Company1	telecom	-4,4%
Euro Stoxx Insurance	future	-1,8%
Company2	insurance	-1,3%
Company3	media	-0,9%

"BEST"	sector	%
Exor	holding	0,5%
Iveco	trucks	0,4%
Unicredit	bank	0,3%
Nexi	digital payments	0,2%
MFE A	media	0,2%

"WORST"	sector	%
FTSEMIB Index (short)	future	-1,5%
Telecom Italiav saving	telecom	-0,8%
Euro Stoxx 50 Index (short)	future	-0,5%
Intesa Sanpaolo	bank	-0,2%
Banco BPM	bank	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	70%	-25%	95%	5%	-
Number of holdings	25	8	-	-	33

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of July 29, 2022) : 132,19

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%	-0,73%	-1,64%						**-2,31%**

(*) 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
32,2%	Total cumulative return	13,9%
-1,6%	6-month rolling performance	-18,3%
2,4%	Compound annual return	1,1%
57,8%	% "up" months:	54,2%
42,2%	% "down" months:	45,8%
3,8%	1-year rolling volatility (daily)	24,9%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Aquafil	textile	6,8%
De Nora	industrial	4,8%
Carel	industrial	3,2%
EDP	utility	3,1%
ERG	renewables	2,9%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-7,8%
Company1	automotive	-2,5%
Company2	chemicals	-2,3%
Euro Stoxx 50 Index	future	-2,1%
Company3	asset gatherer	-2,1%

"BEST"	sector	%
Carel	industrial	0,5%
GVS	industrial	0,4%
Danieli	industrial	0,3%
EDP	utility	0,3%
Technoprobe	technology	0,3%

"WORST"	sector	%
Company4 (short)	technology	-0,4%
FTSEMIB Index (short)	future	-0,4%
Banco BPM	bank	-0,4%
Company5 (short)	renewables	-0,3%
Company6 (short)	technology	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	79%	-40%	119%	39%	-
Number of holdings	47	29	-	-	76

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of July 29, 2022) : 153,37

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%	-0,87%	-0,43%						**-6,16%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
53,4%	Total cumulative return	24,1%
-2,3%	6-month rolling performance	-5,3%
5,2%	Compound annual return	2,6%
58,4%	% "up" months:	55,4%
41,6%	% "down" months:	44,6%
8,5%	1-year rolling volatility (daily)	10,9%

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 (€) *:*	54,000,000 (as of July 2022)	42,000,000 (as of July 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
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 6900, Paradiso (CH) Phone: + 41 91 960 19 00 Fax: + 41 91 960 19 01 Email: info@mominvest.com

Investors' disclaimer