Investor Newsletter, August 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

Back from summer holidays - leaving behind us the worst semester of the last 60 years for equity, bond and balanced investments (60/40) – the context was not the most peaceful. Investor nervousness was initially fuelled by both Fed and ECB strongly committed to fight inflation and by the Russian decision to continue blocking the NS1 pipeline. The midsummer rally, supported by expectations for relatively low exit rates, came to an abrupt halt. Russia's decision to indefinitely interrupt the gas-supply from the Nord Stream 1 (NS1) pipeline has resulted in a new spike in the TTF prices. At current forward prices, energy bills will peak early next year at around €500 per month for a typical European household, which implies +200% increase compared to 2021. For Europe, the cost of energy could increase by about €2tn, equal to about 15% of its GDP. This new context represents an adverse scenario, with some energy-intensive sectors (cement, industrials) that are already facing an unsustainable context. The introduction of a price-cap by the EU would certainly be useful, while contributing to exacerbate geopolitical tensions. Most economists revised downwards their GDP growth estimates for the Eurozone, largely due to the inflationary shock and concerns about gas supplies. The ECB is therefore dealing with a dilemma: on the one hand, the inflation spike will put greater upward pressure on wages, generating the second-round effect that the ECB would like to prevent. On the other hand, however, it reduces the consumers' spending power, with negative effects on the economy and helping to slow down the spike for prices. The interest rates rise has a modest direct impact on inflation because it is largely imported, but it will weigh on future economic growth. Recent hawkish commentary from both the ECB (post the 75bp hike) and the Fed suggests us that we are not at peak hawkishness yet, which underpins expectations for larger hikes at the upcoming meetings. The ECB made it clear that they want to get rates to neutral, but they are unsure of where that is, given the extended period of negative rates in the Eurozone.

SMid-Caps, and equities in general, have sold off almost 30% from peaks. Such a correction has historically been the kind of drawdown experienced in SMid-Caps during a mild recession, which is what the current fundamental picture suggests could be the most likely outcome. However, when analysing current valuations in the face of current inflation trends, history shows that equities could fall further. About us, we continue to focus on those targets that either a) have sold off enough already to price in a big recession, or b) benefit from this new context. We remain bearish particularly on cyclicals, despite their underperformance YTD. The PMI is expected to decline further by year-end, and likely it is still too early to start picking up even the most beaten-up cyclicals. Investor sentiment is already very cautious and begins to incorporate recession fears in 2023. Multiples the market is dealing with already seem to be pricing in a marked economic slowdown (P/E 2023E @ 10x for the FTSEMIB) . However, we think it is premature to embrace a more optimistic approach in the medium-term. Indeed, we take for granted a deterioration of the global macro picture (more evident in Europe), the duration and depth of which is difficult to quantify today. Some sectors are already experiencing a sharp decline in margins, due to inflation. And this effect will probably be amplified by the slowdown (hard to pass through price-increases to customers) and by labour inflation (for now almost imperceptible in Europe). General election on 25 September are expected to deliver a big win for the center-right coalition, as it is projected to gain close to 50% of votes vs. <30% for the center-left. The current electoral law assigns roughly one third of seats in the Chamber of Deputies and the Senate on a first-past-the-post basis. This will further boost gains for the center-right. Ms. Giorgia Meloni is therefore likely to be Italy's first female Prime Minister. She is not expected to call into question the current stance on sanctions against Russia, the NATO alliance or the relationship with the EU, although likely she will take a more confrontational stance. In the short term we cannot rule out a spike in the spread even above 300bp, which could translate into some pressure for domestic stocks (financials and utilities). However, a political government with a solid majority could reassure markets regarding the consistency of economic policy.

STOCKS IN THE SPOTLIGHT

NEXI (NEXI IM): The combined Nexi-Nets-SIA is a European payment champion, serving 2.4mn merchants and managing 170mn cards with a diversified footprint in Europe, operating in a >€4trn consumer market with a low digital penetration rate, thus supporting solid long-term organic revenue growth. The company reported a solid performance in 2Q22, with 10% sales growth and 400bps Ebitda% expansion. Volumes in summer continued to be solid. We expect the company to reach the mid-point of FY22 guideline, while consensus still sits lower. CMD on September 27th should provide early insights into 2023 and mid-term outlook, representing a soft-catalyst for rerating. The merger with Nets and SIA allowed Nexi to (i) gain scale by c3x; (ii) diversify its geo mix outside Italy, and (iii) strengthen presence in eCom, processing and non-card-based payments. Nexi trades @ 14xP/E 2023E (vs 26x average since IPO), which we find attractive considering 2022-24 20% EPS cagr. Recently, press speculated again on possible interest by Private Equity (Silver Lake mentioned). About this, we cannot forget that CDP is among NEXI main shareholders (13.6%) and payment infrastructure is considered a strategic asset. Tougher financing markets have been a major deterrent for private equity deals this year, even in resilient industries such as payments. But buyout firms could, ultimately, end up facilitating sector consolidation as many still own stakes after being unable to fully exit following the IPO. Payments companies are fundamentally defensive and well positioned for an inflationary environment, so if public investors won't recognize the true value of some of these names, there could be private investors ready to consider it. Private equity firms are eager buyers of payments businesses, having previously owned many such companies on both sides of the Atlantic. Digital wallet spending is expected to rise > 70% by 2025. As of today, valuations for all players in the sector are at historic lows, having almost halved: for Nexi, from > 30x to 14x PE. Leverage is 3.4x and we estimate it to be 3.1x at the end of 2022 and 2.6x by 2023. Deleverage can be fast, and that could favour LBO deals by PE, even if market conditions are not that optimal for leveraged deals as they were before. Finally, the chances of ABB by current investors should become more unlikely in the case of real interest by third parties, lowering the overhang risk.

AQUAFIL (ECNL IM): Summer was an intense period for Aquafil, so a refresh is in order. First, the ECONYL brand - a unique special type of nylon made from regenerated waste materials - grew by > 60% YoY in Q2, thanks to higher demand in contract and fashion sectors, accounting for 42% of the Group’s fiber sales. Aquafil is targeting 60% by 2025 (M&A excluded), and - so far - the demand of ECONYL is still completely pulled by customers and not pushed by Aquafil. ECONYL has been growing at 2.5 times the rate of traditional fibers for the last few years. Then, Aquafil Group signed a non-binding term sheet to acquire a majority stake in the Indian Gujarat Polyfilms Private Limited, subject to a 5-month due diligence. Gujarat posted ~€55m revenues through the production of nylon-6 polymers and textile fibers. The strategic rationale is clear: to enter and benefit from the superior growth of the domestic Indian market, to add cost-competitive polymer production capacity (and, probably also of ECONYL), to diversify its geographical footprint of fibers for fabrics and to leverage on Gujarat to expand even further its presence in Asia. Worldwide shipments of polyamides are projected to increase at a CAGR of 3.6% from 2022 to 2032 (vs +2.7% CAGR in 2017 / 21), and Nylon 6 - the one produced by Aquafil - should outperform with a +4.2% CAGR. India will grow faster: sales of polyamides are anticipated to rise at a CAGR of 4.5% from 2022 to 2032 and to reach US$ 1.6bn revenues by 2032. Moreover, Genomatica and Aquafil successfully completed the first demonstration scale production runs for plant-based nylon-6. The material is intended to reshape the nylon industry, enabling brands to meet demand from consumers for sustainable everyday materials from apparel to automotive parts to carpets. Aquafil has also formed a new Chile-based company to improve its nylon waste collection for the ECONYL reverse supply chain, a very critical part of its regeneration process. The company will oversee the purchasing fishing nets, managing their storage, processing, and transportation to Aquafil’s premises. Last, but not least, ECONYL is in the top 5 most influential Ingredient Brands according to BRAIND Ingredient Brand Strategy Consulting (with Gore-tex, Impossible Foods, Tencel di Lenzing, Made of Air and OrthoLite).

UTILITIES: Since the beginning of the Russia-Ukraine conflict, utilities in Italy have been heavily penalized (-31% vs -18% for FTSEMIB) due to 4 factors: 1) regulatory risk related to taxation of extra-profits; 2) shortage for gas supply; 3) credit risk and worsening of WC/NFP; 4) spikes for both interest rates and inflation. The market has been selective, penalizing companies exposed to retail generation and distribution (Enel -33%, A2A -37%, Hera -34%, Iren -45%) while the pure RES players reached new highs (ERG + 11%, Alerion + 27%). About estimates, the market has cut -5% EBITDA 2023/24 and -15% net profit. In the face of the crisis, Italy has diversified its gas supply sources by investing in LNG, coal-fired power plants, accelerating the authorization process for renewables and launching a plan to cut consumptions. Gas storage will soon reach 90% of capacity and Italy will be able to completely replace Russian gas with alternative sources by 2025. This week the European Commission presented the draft of the reform to deal with the electricity emergency (30/09 the key meeting on the energy crisis). During all the crises, governments had used utilities as tools to support the public budget and also in the case of the Russian gas crisis, the introduction in Italy of the windfall tax for extra-profits has generated considerable uncertainty on the sector. On the contrary, the EU document seems to indicate a new path: 1) define an adequate rate of return as a pillar for setting electricity tariffs in order to remunerate the investments necessary to guarantee the energy transition; 2) introduction of a solidarity contribution from oil, gas, coal and refinery sector (not from Utilities) to finance interventions to support the electricity bill; 3) introduction of the price cap on the price of electricity at 180-200 € / MWh. In our opinion, if the EU proposal were confirmed, domestic utilities should benefit from it, as: i) they already incorporate a regulatory risk on the taxation of extra-profits; ii) in Italy there is already a price cap on energy from renewable sources at 68 € / MWh (vs 180/200 € MWh); iii) the solidarity contribution of the Energy sector is a clear aim to accelerate the energy transition.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Atlantia	infrastructure	7,4%
Autogrill	F&B	7,2%
Enel	utility	6,0%
Nexi	digital payments	3,5%
Unipol	holding	3,0%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-35,3%
Company1	retail	-2,7%
Euro Stoxx 50	future	-2,6%
Euro Stoxx Insurance	future	-1,8%
Company2	insurance	-1,3%

"BEST"	sector	%
FTSEMIB Index (short)	future	1,2%
Company1 (short)	retail	0,3%
Autogrill	F&B	0,2%
Atlantia	infrastructure	0,1%
Unipol	holding	0,1%

"WORST"	sector	%
Iveco	trucks	-0,3%
Nexi	digital payments	-0,3%
Enel	utility	-0,2%
Fineco Bank	bank	-0,2%
Media for Europe A	media	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	67%	-44%	111%	-3%	-
Number of holdings	21	7	-	-	28

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of August 31, 2022) : 132,96

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%	0,58%					**-1,74%**

(*) 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
33,0%	Total cumulative return	9,3%
-1,7%	6-month rolling performance	-15,2%
2,4%	Compound annual return	0,8%
58,0%	% "up" months:	53,9%
42,0%	% "down" months:	46,1%
3,9%	1-year rolling volatility (daily)	25,1%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Aquafil	textile	6,5%
De Nora	industrial	4,9%
Carel	industrial	3,0%
EDP	utility	3,0%
Prysmian	equipment	3,0%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-16,6%
Company1	automotive	-2,7%
Company2	chemicals	-2,1%
Company3	asset gatherer	-1,9%
Company4	renewables	-1,5%

"BEST"	sector	%
FTSEMIB Index (short)	future	0,6%
Company5 (short)	technology	0,4%
Harbour Energy PLC	energy	0,5%
Ence Energia	energy	0,4%
Company1 (short)	automotive	0,3%

"WORST"	sector	%
IREN	utility	-0,4%
Seri	energy	-0,4%
InPost	services	-0,4%
Valeo	industrial	-0,3%
A2A	utility	-0,3%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	75%	-45%	120%	29%	-
Number of holdings	45	26	-	-	71

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of August 31, 2022) : 154,07

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%	0,46%					**-5,73%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
54,1%	Total cumulative return	20,8%
-1,2%	6-month rolling performance	-6,2%
5,2%	Compound annual return	2,2%
58,8%	% "up" months:	54,9%
41,2%	% "down" months:	45,1%
8,5%	1-year rolling volatility (daily)	11,1%

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 (€) :	53,000,000 (as of August 2022)	41,000,000 (as of August 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