MOMentum
ALTERNATIVE INVESTMENTS SA

Investor Newsletter, September 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 were very weak in September (Global Equities -9%, YTD -26%), with several indices testing, and in some cases exceeding, their June lows. Main themes remain high inflation, restrictive monetary policies translating into higher interest rates, and the looming recession expected in 2023. In this context, FTSEMIB surrendered 3% last month, albeit over-performing other markets, with S&P down almost 10%. Financials were the best performers, while utilities and some industrials were down double digit in the month because of growing concerns related to the energy crisis and the economic slowdown. Investors are seeking hints on future monetary policies and earnings direction. On monetary policies, we expect more interest rate hikes to come. These are somewhat already discounted by market players, but the attitude towards tightening will also be crucial. As for the earning direction, estimates will have to be revised downwards, even if markets' participants have already anticipated this move, which is now foregone. Russia's unilateral annexation of some Ukrainian regions has increased tension. Indeed, we do not think this is the prelude for an agreement between Russia and Ukraine, on the contrary it could represent the prerequisite for even more aggressive behaviours. The only good news is that the Russians are tired about this conflict. Despite the 1) weak performance of the equity markets since the beginning of the year, 2) an already very cautious positioning of most investors and 3) multiples that are already pricing in a sharp economic slowdown (P/E adj. 2023E for the Italian market @ 8x vs. historical average of 13x, therefore discounting an implicit cut for EPS estimates > 35%, almost 20% below 2019 levels), we believe that both macroeconomic and geopolitical risks have further significantly increased. Visibility on the depth and length of the economic slowdown in Europe and on the end of the ongoing monetary tightening is still low. About Italy, a possible downgrade by rating agencies in the event of a further widening of the BTP-Bund spread and/or delays in obtaining PNRR funds, would justify further profit-taking, especially as regards the banking sector.

Eurozone remains in the shadow of geopolitics. We acknowledge that any fundamental constructive stance on Eurozone is unlikely to work as long as Russia-Ukraine headlines dominate the narrative, with potential for further significant escalation not insignificant, but we believe that Eurozone screens attractive. On P/E relative metric, Eurozone is trading at a record discount vs the US. We think that ECB will be successful in keeping peripheral spreads under control. EU energy ministers recently approved the first package of emergency measures in an effort to curb soaring electricity bills and coordinate member states' responses to the energy crisis. The package includes mandatory power savings, a cap on excess market revenues and a levy to capture surplus corporate profits. We expect the government formation process in Italy to be smooth, after that the coalition of the political right, led by Giorgia Meloni (Brothers of Italy), won an absolute majority in the election on September 25. We see growing risks to Italy's government debt sustainability, given the sharp increase in bond yields. If borrowing costs continue to rise, this could lead to the activation of the ECB's Transmission Protection Instrument, designed to support fragile Euro area government debt markets, over the coming months. The government revised the 2023 GDP growth expectation to +0.6%, which still looks ambitious in our view considering the damaging gas price environment, which is expected to hit hard both manufacturing and consumption. The new government should be formed by early November, with the focus on key ministries and the first policies of the 2023 Budget Law, which looks like an uneasy balancing act in order to avoid massive negative reactions to unfunded expansionary moves. Regarding earnings, we expect 3Q to be a testing point in order to get more visibility on 2023 trends, which is the main concern at the moment. Banks are expected to benefit from higher yields and appear more solid than in the past in the event of an up-tick in the deterioration of loans. Over the past month, the Italian Mid Cap index was down 7%, above Germany and France, while underperforming the Large Caps. The 1-year FWD P/E multiple for Italian Mid Caps is 12.4x, currently standing 15% below the through-the-cycle average and approaching the trough of 10x recorded in 2008.

STOCKS IN THE SPOTLIGHT

MEDIA FOR EUROPE (MFE IM): MFE's traditional free to air (FTA) business remains under pressure due to the shift in trend towards the OTT players, which even accelerated during the pandemic. In the meantime, advertising collection in Italy is slowing down, as macro conditions are worsening. Management expects Q3 advertising collection not far from the Q3 2019 level, implying a deterioration versus Q2 (-2% YOY), while low visibility on Q4 means it is difficult to make predictions for FY 2022. About FY 2022, now we expect advertising collection from the Italian activities, to decline at least -5% YOY. Each 1% rise in incremental advertising collection on Italian integrated activities for MFE would translate into €20m of additional EBIT. In case of M&A deal with another European player, we expect MFE to benefit from potential synergies. even if any move in this direction would have a more defensive rather than strategic rationale. Most of the synergies would come through the cost-base and would need to protect Group's margins in a context characterized by a gradual but constant erosion of the topline. About costs, management confirmed the guidance at €1.8bn in 2022, although it is ready to adjust it in the event the advertising trend worsens. As regards the consolidation process, within a few months MFE will pursue the merger with Mediaset Espana, as 15% of the capital did not accept the first offer. In this regard, we remind you that a 3 months period is now starting, which will be used as a reference for the determination of the withdrawal right that will be granted to those shareholders opposing to the merger. In France, MFE recently made a bid for 48% of M6, but the disposal process was halted. Lastly, in Germany, on the other hand, the governance problems with Prosieben have not been resolved, even if the management reshuffle could represent good news in this regard. In the meantime, MFE's market cap has collapsed below the €1bn psychological threshold, and the 2 different share classes have certainly contributed to divert interest from that target. As of today, the stock trades close to 6x EV/EBIT FY 2022-23E, with > 10% dividend yield FY 2022E for MFEB (close to 15% for MFEA). Management indicated 50% payout ratio as a floor for next years.

GVS (GVS IM): GVS is a leading player in microporous and track-etched filters and filtration solutions for applications in Healthcare & Lifesciences (53% of 2021 revenues), Energy & Mobility (21%) and Health & Safety (26%). The very poor performance of the stock year to date, in our opinion, is attributable to: 1) large investments for M&A in the past 18 months, which stretched its balance sheet; 2) a significant drop in profitability because of the consequences of the end of the Pandemia; 3) the initial impact of M&A (suboptimal industrial footprint and operating leverage). However, we believe investors are missing the big picture and overlooking GVS impressive FCF generation and M&A track-record (17 deals since 2009). The equity story is still intact, and so its fundamentals. GVS seized unique opportunities with a sound long-term strategy. 2022 is a transitional year, with the company fully focused on releasing commercial and cost synergies from recent deals and bringing its Net Debt/ EBITDA ratio below 3.5x by year-end. Moreover, we believe the management will optimize its current production footprint improving its capacity utilization (chiefly in the US and China). GVS operates in highly regulated end markets characterized by clear growth drivers - including stricter safety requirements in healthcare applications and the growth of filtration solutions in e-mobility – and high entry barriers, due to 1) GVS focus on R&D and product innovation; 2) the low cost of the items supplied by GVS; 3) severe and long-lasting certification procedures, which means GVS enjoys 4) well-established relationships with its key customers; 5) its flexible, highly synergistic, "glocal" and vertically integrated business model. GVS mid-term targets call for a 2019-25 CAGR of +11% organic sales growth, and a more-than-proportional EBITDA growth of +13%. Including M&A, the sales CAGR is seen to improve by 7pp to +18%. This would imply ~eu600mn sales in 2025, with some additional eu200mn sales from M&A. GVS is committed to a 32% adjusted EBITDA margin in the mid-term (~26% in FY22). GVS cash generation should be very solid and amounts to ~eu200mn in 2022E-25E (or €50mn per year), resulting in a material reduction in net debt (from € 396mn in 1H22 to around € 260mn in 2025E) and leverage (to 3x in 2023 and <2x in 2025).

ANIMA (ANIM IM): Anima is the largest independent Italian Asset Manager and counts among its main shareholders Banco BPM (15%) and Poste Italiane (10.3%). Over 60% of AUMs derive from retail deposits collected through banking networks (BAMI, BMPS, Creval, Poste IT) and 40% comes from institutionals (Axa BMPS Vita, BPM Vita and Poste Vita). Commercial agreements with banks are not exclusive and the risk of early redemption exists only in the event of a change of control for the distribution partner. As of today, the greatest risk for Anima is the high concentration of AUM deriving from both BAMI and BMPS networks, given the high probability that both banks will be involved in the M&A process. While the presence of BAMI in its capital seems to be a guarantee for the pursuance of the commercial partnership, BMPS has over time sold its stake in order to meet new capital requirements. In order to secure the commercial relationship with Siena, Anima has made itself available to participate in the capital increase, by investing up to Eur250 ml. Anima's target is to strengthen the commercial partnership with MPS, extending the agreement expiring in 2030 and presumably increasing the collection data (MPS represents > 20% of 2022 revenues for ANIMA). When, at the beginning of the year, AMUNDI (Credit Agricole Group) declared to hold 5% of Anima, that news contributed to revitalize the Anima-ARCA merger project, to: 1) guarantee the domestic control of the largest Italian Asset Manager; 2) diversify distribution agreements; 3) extract significant cost-synergies. Because of negative performances in any asset class, 2022-23 estimates will have to be cut for the entire Asset Manager sector, due to the negative mark-to-market and the decline in net deposits. Analysts recently cut 10-15% Anima's FY22-23 estimates. Incorporating this negative revision, Anima is still able to generate 14% operating FCF Yield, to finance both dividends (DVD Yield 6%) and the buy-back (5% of the market cap). At current prices on FY22-24 estimates Anima has an adj P/E of 6.8x-7.3x-6.0x respectively.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Autogrill	F&B	5,3%
Atlantia	infrastructure	5,3%
Enel	utility	3,2%
Unipol	holding	2,9%
Banco BPM	bank	1,9%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-25,2%
Euro Stoxx 50	future	-2,2%
Euro Stoxx banks	future	-2,2%
Euro Stoxx utilities	future	-1,7%
Euro Stoxx Insurance	future	-1,7%

"BEST"	sector	%
FTSEMIB Index (short)	future	1,3%
Banco BPM	bank	0,4%
Company1 (short)	retail	0,3%
EuroStoxx utilities (short)	future	0,2%
Euro Stoxx Insur. (short)	future	0,2%

"WORST"	sector	%
Enel	utility	-0,5%
Autogrill	F&B	-0,3%
MFE A	media	-0,3%
Aquafil	textile	-0,3%
Anima	asset gatherer	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	68%	-45%	113%	-10%	-
Number of holdings	23	8	-	-	31

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of September 30, 2022) : 132,66

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%	-0,23%				**-1,96%**

(*) 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
32,7%	Total cumulative return	4,6%
-1,1%	6-month rolling performance	-17,5%
2,4%	Compound annual return	0,4%
57,6%	% "up" months:	53,5%
42,4%	% "down" months:	46,5%
3,9%	1-year rolling volatility (daily)	25,8%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Aquafil	textile	6,3%
De Nora	industrial	4,9%
Societè BIC	consumer dis.	3,2%
Prysmian	equipment	3,0%
EDP	utility	2,9%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-16,4%
Company1	retail	-2,3%
Company2	automotive	-2,2%
Company3	chemicals	-2,0%
Company4	asset gatherer	-1,8%

"BEST"	sector	%
De Nora	industrial	0,7%
FTSEMIB Index (short)	future	0,6%
Company5 (short)	renewables	0,6%
Company6 (short)	renewables	0,6%
Company2 (short)	automotive	0,6%

"WORST"	sector	%
Aquafil	textile	-0,7%
GVS	industrial	-0,6%
Ence Energia	energy	-0,4%
Seri	energy	-0,3%
ERG	renewables	-0,3%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	74%	-51%	125%	22%	-
Number of holdings	47	32	-	-	79

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of September 30, 2022) : 151,71

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%	-1,53%				**-7,17%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
51,7%	Total cumulative return	15,6%
-3,8%	6-month rolling performance	-11,0%
5,0%	Compound annual return	1,7%
58,3%	% "up" months:	54,4%
41,7%	% "down" months:	45,6%
8,4%	1-year rolling volatility (daily)	11,4%

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 September 2022)	40,000,000 (as of September 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