MOMentum
ALTERNATIVE INVESTMENTS SA

Investor Newsletter, December 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 fell -20% in 2022, the worst year since the 2008 Global Financial Crisis. Before the October-November rebound, they had hit a low of -30%. And it could have been much worse if it hadn't been for the Energy sector. But since the lows of September 2022, the EuroStoxx50 has already recovered more than 20%. Inflation spikes have prompted central banks to aggressively raise short-term rates. US inflation has reached its highest level in the last 40 years, while European inflation is even higher, although down in December. A figure - in any case - difficult to read due to the numerous public interventions to support families. A recession is very likely in the US, Euro Area and UK. The rest of the world will continue to weaken, with China a notable exception. Inflation should come down, but it will take time to near 2% target. We expect weakening global growth to continue at least in 2023. Indeed, worsening macro indicators, tightening credit conditions, reduced liquidity and the energy crisis should support this view. The US yield curve as of today is strongly inverted, showing a negative spread between the 10Y and 2Y yield, thus pointing to a likely recession. The ECB will likely remain focused on inflation and is unlikely to stop until policy rates are sufficiently far into restrictive territory. This should weigh on European equities. Supports are priced in and focus is likely to turn towards weakening earnings. We expect the Euro area inflation data to remain messy over the coming months, in part due to changing policy schemes on energy prices, but downside risks to underlying inflation pressures are building, given the sharp decline in European gas prices and the unwinding of supply-chain disruptions. However, this is unlikely to deter the ECB from continuing its tightening campaign, with the deposit rate set to rise from the current 2% to >3% by this summer. About inflation, it should slow to +4% in 2023E after reaching +10% in 1H22. For 2023, uncertainties are mostly related to labour cost inflation. We expect central bank pivots to take place soon, with rates expected to bolster equity valuations. The Euribor rates trajectory is very clear. Market expectations increased and now imply 2024 3m-Euribor close to 300bps on average, compared to 270bps at the end of November and -60bp at the beginning of 2022.

The expected lower pressure on interest rates later this year is consistent with a stability of market multiples, following the strong de-rating since the beginning of 2022, even if fundamentals still offer little support, as visibility is very short-term on the extent and duration of the current economic slowdown. We expect the 12-month forward P/E to fall by Q2, as a rise in the equity risk premium in response to increasing recession risks outweighs the boost from lower real rates on the back fading inflation due to easing supply chain stress. We see a significant risk in terms of estimates, as the consensus on the Eurostoxx600 still points to 2023E earnings growth of +2% YoY. In this environment, we think that these assumptions are too optimistic. Investors are sharing a defensive approach and it could justify spikes if/when visibility on the wider macro environment gets better. About valuations, a cut in estimates in Europe is already embedded, with the Eurostoxx600 index just above 12x 2023E P/E. The Italian equity market remains very attractive in terms of P/E (2023-24E = 9.4x-8.5). On average, earnings are expected to drop > -8% YoY in 2023 vs 2022. Looking into 2023, we suggest focussing on small&mid-caps, after the sharp decline in 2022. That drop was mostly driven by the luck of liquidity and now offering historical low valuations. About financials, after a decade of bearish mood on the European Banks sector, last year it was time to turn bullish, as it became clear that inflation and rates were heading north. However, many investors treated the sector with apathy for many reasons, the main one being the fear of bad loans. We argue that most of the rates benefit is still ahead of us, revenue growth will accelerate in 2023, while bad debts will peak by the middle of this year (cost of risk around 60bp), thus leaving the 5x 24 PE, 0.5x P/TBV, the sector trades on as far too cheap. Especially when cash returns are set to be significantly higher in 23/24 than the past few years. In the capital structure, we identified a huge miss-price in junior debt instruments (AT1), where yields are > 8%. Indeed, Regulators are very committed to preserve the solidity of any individual issuer and, in our opinion, outstanding debt-instruments will be recalled at the first useful window (3 years average duration), to avoid investors' request for extra-returns to reprice an underestimated risk.

STOCKS IN THE SPOTLIGHT

SAES GETTERS (SG IM): On 9 January SAES revealed it had entered into a binding agreement with US company Resonetics (owned by Private Equity Funds Carlyle and GTCR) for the sale of its Nitinol/Medical business. The agreed price is equal to $900mn (17x EV/EBITDA 2022) and it will be paid in cash at closing (by yearend). Excluded from the scope of the sale remains the shape memory alloys for industrial applications. In the 9M22 the divested business generated revenues of €91mn, EBITDA of €36mn and net income of €25mn. The net cash-in will be €720mn, after > Eu120mn in costs (including incentives for €100m). None capital gain will be charged. The transaction is subject to the green light by US and Israel Antitrust. The approval is likely to be a formality, and the buyer agreed to pay a penalty equal to 4% of the agreed price (approximately €35m) if the deal does not go through. After that disposal, SAES will become a company with €800mn in net cash (Eu720mn from the SAES Medical disposal plus existing €80m cash) and a residual industrial scope with sales of €130mn and EBITDA of €10mn. Top management committed to update the market on new capital allocation strategy in a couple of months. It will involve both cash being returned to shareholders (saving share conversion, buyback or special dividend) and cash to be held for M&A and needed to open a new industrial cycle. Looking forward, the company will remain focused on vacuum technology, advanced packaging and chemicals. Under our assumptions, SAES Industrial is worth Eu80mn (8x EV/EBITDA), €300mn cash is held for M&A and €500mn (80% of its market cap !) will be returned to shareholders (saving shares conversion and jumbo dividend). About any buyback program, we remind that the company already holds 17,7% Treasury shares and the 20% threshold represents a tight constrain. We expect the stock to keep on trading a significant discount (30%) vs its NAV, waiting for these strategic guidelines. The market value of savings shares should climb close to the price of ordinary shares, as the expected remuneration plan represents a significant portion of today's market cap. Any conversion proposal other than 1:1 therefore appears unrealistic today.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Autogrill	F&B	6,5%
Euro Stoxx banks	future	5,8%
Saipem	drilling	5,5%
Telecom Italia saving	telecom	3,4%
Tod's	leasure	2,5%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-33,4%
Euro Stoxx	future	-4,2%
Company1	F&B	-2,5%
Euro Stoxx Insurance	future	-1,1%
Company2	insurance	-0,8%

"BEST"	sector	%
FTSEMIB Index (hedging)	future	0,4%
Saipem	drilling	0,3%
Telecom Italia saving	telecom	0,3%
ENI	oil&gas	0,2%
Banco BPM	bank	0,2%

"WORST"	sector	%
Iveco	automotive	-0,3%
Unipol	holding	-0,2%
STM	semiconductor	-0,2%
Nexi	financial services	-0,2%
Stellantis	automotive	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	69%	-43%	112%	7%	-
Number of holdings	24	7	-	-	31

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of December 30, 2022) : 132,60

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%	-0,26%	-0,14%	0,36%	**-2,00%**

(*) 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
32,6%	Total cumulative return	15,6%
-1,3%	6-month rolling performance	11,3%
2,3%	Compound annual return	1,2%
57,2%	% "up" months:	53,7%
42,8%	% "down" months:	46,3%
3,8%	1-year rolling volatility (daily)	25,3%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Aquafil	textile	7,0%
GVS	industrial	5,3%
De Nora	industrial	4,4%
Rentokil Initial PLC	services	4,1%
Carel	industrial	3,4%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-9,0%
Company1	chemicals	-2,5%
Company2	retailer	-2,3%
Company3	retailer	-2,2%
Company4	automotive	-2,0%

"BEST"	sector	%
Luve	equipment	0,4%
GVS	industrial	0,4%
Company5 (short)	consumer	0,4%
Aquafil	textile	0,3%
Inpost	services	0,3%

"WORST"	sector	%
De Nora	industrial	-0,5%
Ence Energia	energy	-0,3%
Wienerberger AG	services	-0,3%
Rentokil Initial PLC	services	-0,3%
Seri	energy	-0,3%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	86%	-38%	124%	46%	-
Number of holdings	40	27	-	-	67

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of December 30, 2022) : 149,37

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%	0,46%	-1,53%	0,22%	-2,28%	0,54%	**-8,60%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
49,4%	Total cumulative return	23,7%
-3,0%	6-month rolling performance	2,9%
4,6%	Compound annual return	2,4%
58,5%	% "up" months:	54,7%
41,5%	% "down" months:	45,3%
7,8%	1-year rolling volatility (daily)	11,8%

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 (€) *:*	51,000,000 (as of December 2022)	38,000,000 (as of December 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

This is an advertising document distributed for pure information purposes and does not constitute an investment advice, investment research, offer or solicitation. Potential investors in the funds should seek their own independent financial Advisor. This material is issued only to and/or directed only at persons who are professional clients. Accordingly, the opportunity to invest in the Fund or to participate in any other investments to which this material relates is only available to professional clients or eligible counterparties and this material must not be relied or acted upon by any other persons. The information and opinions contained in this document are for background purposes only and do not purport to be full or complete. No reliance may be placed for any purpose on the information or opinions contained in this document or their accuracy or completeness. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this document by the Investment Manager (MOMentum Alternative Investments SA) and no liability is accepted by the Investment Manager for the accuracy or completeness of any such information or options. Investing in the shares of the Fund involves certain risks, as more fully described in the prospectus. There can be no assurance that the investment objectives of the Fund will be met or that its investment program will be successful. The Funds' investment program is speculative and entails substantial risks. The law may restrict distribution of this document in certain jurisdictions; therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions. For detailed information please refer to the official documents of the collective investment schemes.

THE DISTRIBUTION OF THIS DOCUMENT IS NOT ALLOWED IN US, CANADA, AUSTRALIA AND JAPAN