Investor Newsletter, March 2023

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

2023 started under the sign of optimism for global equity markets, with indices back to levels prior to the outbreak of the Ukraine conflict. Meanwhile, fears of an economic slowdown have vanished and to date forecasts for the current year converge towards expectations for moderate growth in Europe (GDP expected between +0.5% and 1.0%). Most of raw materials crashed to levels not too far from pre-conflict prices and interest rates, after the peaks reached at the beginning of the year, are slowly coming back. As far as central banks are concerned, both the ECB and the FED persevere in their objective of cooling inflation (2% target) and are not hesitating to keep on the hiking-path undertaken last year. The crisis that unexpectedly hit the banking system in conjunction with the collapse of the Silicon Valley Bank (SVB) and the tumultuous Credit Suisse bailout (see below for more details) has raised some doubts among market participants about the impact of such events on the real economy. The liquidity crisis that led to the insolvency of the 2 banks mentioned above likely will have impacts on the future dynamics about liquidity. It is possible that, because of the above, central banks will change their attitude, even if for now it is too early to embrace this scenario. As usual, market players focus on beyond short-term events, and interest rates shrinkage we have been witnessing in recent weeks could confirm this hypothesis. In this regard, we will need to look carefully at the upcoming inflation data, both in the US and in the EU. As regards the Ukraine conflict, our predictions of a possible agreement between Russia and Ukraine have proved too optimistic, and to date there are no signs of reconciliation. Europe appears cohesive and concerned at the same time. The consensus of EU citizens in supporting Ukraine is slowly weakening and this could represent – in our opinion - a risk in the medium to long term. Even if frankly, we struggle to identify valid alternatives.

If the macroeconomic picture is complex and fluid at the same time, on the other hand it is undeniable that since 2H22 companies have been reporting both strong results and solid guidelines for FY23. Until last autumn, it was evident the squint between macro estimates that predicted a mild recession for the current year and listed companies that instead aimed towards paths for solid and sustainable growth. In the last 6 months the macroeconomic framework has been revised upwards and therefore as of today the context appears more consistent. Not surprisingly, the banking sector has been the “best performer” in 1Q23, because of many tailwinds: booming NII, resilient fees, still very low cost of risk and very attractive valuations (in terms of both P/E and P/TBV). However, we think that this trend is close to its peak, given that from now on it is likely that the cost of retail funding should undergo a spike, compressing margins. Conversely, the risk for smaller banks is to suffer massive liquidity outflows, looking for more efficient allocation in government bonds (BTP) and/or moving towards other banking institutions ready to remunerate liquidity at conditions consistent with current interest rates. Furthermore, labour cost is expected to rise sharply (> +5%), as the collective scheme expired at the end of 2022. We expect a return of interest for “interest sensitive” sectors, utilities above all. In some cases, the DCF sensitivity to interest rates is very high. Furthermore, the PNRR will guarantee huge fresh resources to accelerate transition to renewables, which are strategic to try to make EU countries independent from Russia gas supply. Lastly, the underperformance of SMEs compared to large caps is surprising. While it is true that equity markets in Europe are back to pre-conflict levels, the small&mid-caps indices show different dynamics and have cumulated an underperformance that as of today stands above 20% in the last 12 months. Thus, the effects of last year's dislocation for this illiquid asset class are evident. This picture is obviously unsustainable in the long run and therefore certifies an opportunity for patient investors. Indeed, this asst class has historically been able to return an extra-remuneration (4-5% of excess performance per year, compared to large caps).

EUROGROUP (ENGLA IM): EuroGroup Laminations is a company specialized in the production of stators and rotors for all types of electric engines, both for industrial applications (63% of 2022 revenues) and for e-mobility applications (EV&Auto, 37%). The group operates with a local-for-local approach and has 12 plants close to its main customers (7 in Italy, 2 in China and 1 each in Tunisia, Mexico and the US). The company is leader thanks to its competitive advantage in terms of innovation, technology and production process. EuroGroup has become a reference partner for most of its customers for the development of customized solutions. It has internally developed an assembly-process that employs Glue Fastec technology (exclusive agreement with Kuroda until 2030, extendable until 2038) which guarantees for its products superior performance vs those for its competitors. The two reference markets are expected to achieve different CAGR in 2022-26: a 9% CAGR is expected for the Industrial division, while the EV&Auto should record a 27% CAGR, mainly thanks to electrification mega trend. EuroGroup has > 50% market share in Europe and North America and serves six of the top ten electric vehicle OEMs globally, with a €5.8bn order book in 2028. Although it has only limited exposure to Chinese EV manufacturers, EuroGroup prioritizes increasing penetration among local OEMs (target: mkt share > 20% in 2026); in the current order book foreign OEMs in China account for €1bn. In FY22 Eurogroup achieved €851m revenues (+53% YoY, 59% EMEA, 36% NA and 6% Asia) with €103m EBITDA (Ebitda % @ 12.1%) and a pre-IPO net debt of €260m. Based on the indications provided for 2025, EuroGroup should record revenues CAGR +23/25% and EBITDA CAGR +27/29%. To cope with backlog execution, the company is facing a massive capex plan (2022-23 Capex/sales of 10%, 5% in 2024-25) and therefore cash generation will be positive not before 2025E . NFP/EBITDA is expected to decrease from 2.5x in 2022 to 0.3x in 2023E and zero in 2025E, also thanks to €250m proceeds from the IPO. In terms of multiples, Eurogroup trades with the following ratios: 2023-25 Adjusted P/E of 15.3x 11.5x 8.6x, EV/EBITDA of 6.9x 5.2x 3.8x, EV/EBIT 9.8x 7.5x 5.6x; ROIC in the range of 12-16%.

RENTOKIL (RTO LN): Rentokil (RTO) is a global (65% US, 25% Europe, 10% APAC), diversified business-to-business (B2B) services group, focused on Pest Control (>80% of sales), Hygiene & Wellbeing (20%) and French workwear (<4%). Following the acquisition of Terminix, RTO has become the undisputed market leader in pest control globally. Pro forma, RTO will have 22% of the global pest control market. That market (including residential, termite and commercial pest control) is worth $22bn, of which 51% in North America. Termites are responsible for an estimated $5bn in home damage in the US annually, where 92% of new homes are still wood-framed. Commercial pest control is resilient, given there are regulatory requirements that mean it is a non-discretionary service. The transformational Terminix acquisition - closed in Q322 - provides an opportunity for further upside through higher route-density synergies (guidance recently increased to >$200m from >$150m, of which $60m in FY23) as well as medium-term upside from RTO catching up with peer Rollins' growth rates, especially through better growth and pricing in Residential. There are 19k termite and pest elimination small businesses in the US, focused on residential services. In March 2023, RTO raised its mid-term organic growth target for the group from +4%/+5% per year to >5% and the EBITA margin to >19% in 25E. We would like to underline that 80% of its revenue is recurring, with the remaining 20% spot work. RTO expects in the mid-term to grow sustainably in the USA at 1.5x the industry growth rate, driven by 1) higher customer retention, 2) higher customer penetration, 3) better pricing, 4) innovation, and 5) new customer acquisition. Valuation is still attractive. RTO trades at <20x P/E for an EPS CAGR >15%, which is 20% below its mid-cycle multiple of 25x and – above all – half its US competitor Rollins (>40x P/E). The purpose of RTO is protecting people from the dangers of pest-borne disease and the risks of poor hygiene (UN SDG # 3 Good Health and Well Being). It is committed to driving positive change across every aspect of the supply chain and operations to achieve net zero emissions by 2040, to embracing more non-toxic solutions and to reaching 100% of its waste material to be reused, recycled, or repurposed for conversion into energy by 2035 (UN SDG # 13 Climate Action).

BANKS' CAPITAL STRUCTURE (AT1): Since the fall of Silicon Valley Bank (SVB) and Credit Suisse, in both cases related to quick and massive client deposit flights, there has been a significant focus from market participants on both deposit flows and the quality of the deposit franchises. Deposit costs are progressively increasing, while depositors' reallocation towards higher yields (government bonds) is not material yet. In our opinion, European banks could withstand significant deposit outflows (if any) without incurring much capital loss. Smaller domestic retail-oriented banks are more reliant on cheaper retail deposits. With the SVB (Silicon Valley bank) crisis and Credit Suisse AT1 wipe-out, the AT1 market moved significantly in the last few weeks, leading yields-to-call from high single digits to double digits. Our feeling is that as of today most of AT1 are pricing in a non-call. About Italian banks, next key call date is Unicredit in early June. We expect the bank to recall that instrument, aware of the fact that otherwise there would be negative repercussions on the entire asset class (€250bn for European banks). Indeed, AT1 instruments represent a significant capital-buffer for European banks, and Credit Suisse bailout sets a worrying precedent. Mainly for 2 reasons: 1) the offer presented by UBS is not subject to the approval by Credit Suisse EGM. Therefore, shareholders have no right to express their opinion on the fairness of this offer; 2) the capital structure was not respected, as it was arbitrarily decided by both SNB and FINMA to zero the value of the AT1, instead assigning a €3bn value to the equity holders. We do not understand why Swiss Regulators have decided to follow this bizarre path, but the precedent is certainly worrying. The cost of funding for the entire sector will spike, with a negative impact for all stake holders (equity holders included). It is not a coincidence that both ECB and EBA hastened to communicate that as far as European banks are concerned, the capital structure will be respected and therefore AT1 holders will not suffer any loss as long as the value for equity is not zeroed. This has helped to ease tensions in the market, but it will be crucial to see whether listed instruments will be recalled by issuers at the earliest available date (usually 5-years from the issue). We believe that every effort will be made by issuers to help keep this niche-market attractive and investable.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Autogrill	F&B	8,3%
Euro Stoxx 50	future	5,0%
MFE A	media	4,8%
Enel	utility	4,3%
A2A	utility	3,2%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-13,1%
Company1	retailer	-3,9%
Euro Stoxx banks	future	-3,1%
Company2	insurance	-2,9%
Company3	industrial	-2,5%

"BEST"	sector	%
FTSEMIB Index (hedging)	future	0,5%
Enel	utility	0,2%
MFE A	media	0,1%
Inwit	infrastructure	0,1%
Company1 (short)	retailer	0,1%

"WORST"	sector	%
Banca MPS	bank	-0,8%
Eurogroup	industrial	-0,4%
cashes Unicredit	bank	-0,3%
Aquafil	textile	-0,2%
Saipem	drilling	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	59%	-25%	84%	5%	-
Number of holdings	19	6	-	-	25

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of March 31, 2023) : 135,17

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%**
2023	2,88%	-0,41%	-0,51%										**1,94%**

(*) 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
35,2%	Total cumulative return	32,2%
1,9%	6-month rolling performance	31,3%
2,4%	Compound annual return	2,3%
56,7%	% "up" months:	54,0%
43,3%	% "down" months:	46,0%
3,9%	1-year rolling volatility (daily)	22,1%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
GVS	industrial	6,7%
De Nora	industrial	5,4%
Rentokil Initial PLC	services	5,3%
Aquafil	textile	5,2%
Signify NV	industrial	5,2%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-13,2%
Euro Stoxx 50	future	-10,3%
Company1	medical care	-1,9%
Company2	chemicals	-1,9%
Company3	retailer	-1,8%

"BEST"	sector	%
GVS	industrial	1,5%
Rentokil Initial PLC	services	0,7%
Company4 (short)	discretionary	0,4%
Salcef	construction	0,3%
Company3 (short)	retailer	0,3%

"WORST"	sector	%
Aquafil	textile	-0,8%
Eurogroup	industrial	-0,5%
Wienerberger	materials	-0,4%
Signify NV	industrial	-0,4%
Popolare di Sondrio	bank	-0,3%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	105%	-49%	154%	56%	-
Number of holdings	39	26	-	-	65

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of March 31, 2023) : 156,98

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%**
2023	2,22%	1,74%	1,06%										**5,09%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
57,0%	Total cumulative return	29,5%
3,5%	6-month rolling performance	12,0%
5,1%	Compound annual return	2,9%
59,6%	% "up" months:	55,0%
40,4%	% "down" months:	45,0%
7,5%	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 (€) :	48,000,000 (as of March 2023)	41,000,000 (as of March 2023)
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 :	1.75% per year (retail); 1.25% per year (institutional)	2.5% per year (retail); 2.0% per year (institutional)
Performance fees :	None	None
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:administration@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:administration@mominvest.com

Investors' disclaimer