MOMentum
ALTERNATIVE INVESTMENTS SA

Investor Newsletter, June 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

June was positive for global equity markets, where FTSEMIB INDEX surged above 8%, surprising us and the street on the upside. It is worth mentioning that the latest macro-data released, especially in the EU, disappointed expectations for both services and manufacturing sectors. Best performers were value stocks, including banks, industrials, and energy. The equity market has shrugged off concerns on liquidity and economic slowdown, posting a positive performance despite gloomy outlook for 2024. In a context where, because of restrictive monetary policies by central banks, signs of deterioration in the credit cycle are increasingly sharable. Looking back into 1H23 returns, it would be fair to admit that they were far above what expected by many participants. Indeed, headline index levels remain solid to buoyant. We have navigated several mini crises, without a material and sustained drawdown in risk and market: US regional bank stress, Credit Suisse failure, Rates hikes, cost of capital stress and consumer cost of living spikes. Volatility has remained muted. 2023 started with most participants extremely bearish, with positioning light and sentiment very negative. A combination of those factors, in tandem with positive (relative to expectations) news flow around geopolitics, has proven enough to be a tailwind that leaves most global indexes comfortably up double digits YTD. Both FED and ECB are pointing to further rate hikes in upcoming meetings, with exit rates now expected at 3.75%/4% in the Eurozone and 5.5/5.75% in the US. The downturn in the economy is materializing more slowly than expected. The macro context could be vulnerable and there will probably be a shrinkage in liquidity in the coming months, due to both interest rates spikes and the slowdown in the bank credit cycle. With raw material prices back in line with levels seen prior to the Russia-Ukraine conflict, inflation data are too slow to show a strong contraction. The most convincing explanation is that many targets have taken advantage of last year's events to excuse (in most cases) excessive price increases. With an evident short-term spike for margins, but which exposes most of those targets to a concrete risk for volumes contraction in the medium term.

About Italian macro environment, we highlight solid short-term growth, while the outlook for 2H23 is worsening, especially on the industrial output. This weakness is likely to translate into economic contraction in Europe somewhere in 2024. About Italy, we expect 2023-24 GDP expanding respectively >1% and 0.5%, keeping on outperforming Eurozone. Earnings momentum is expected to have remained solid in 2Q (reporting season will come soon). Where banks likely will stand out again, even if pressure on both NII and labour-inflation are convincing us that the inflection point is not too far, or even behind us. However, market participants keep on looking at financials with a positive attitude, mostly because of cheap multiples it is dealing with (<7xPE 2023) and the endearing remuneration policies for its shareholders (generous dividend yields and aggressive buy-back plans) shared by most domestic banks. Our base case scenario points to an economic slowdown in early 2024, that is expected to moderate both earnings momentum and inflationary pressures. Even if it will take a long time to return inflation to ECB 2% target. On the micro front, in some cases we are starting to witness a modest slowdown, mainly due to demand that is weakening and consequent destocking. The most affected sectors were chemicals, medical and technology. The luxury sector instead continues to show resilient trends in China, while the United States continues to be negative. Lastly, we are beginning to observe a generalized - albeit modest for now - pressure on margins among consumers, which could anticipate a prospective drop in volumes. Valuations remain attractive, with solid earnings trajectory in the next quarters. In many cases dividend yields >6% should represent a further restraint on the downside. We point out growing tension in the PM Meloni majority following the passing of Silvio Berlusconi (head of Forza Italia) and delays to the approval of the ESM just ahead of key negotiations with the European Union on the Stability Pact. The SMEs under-performance vs large caps in 2Q23 has further widened, standing at extreme levels (>30% underperformance since the outbreak of the Ukraine conflict), justified only by flows and certainly not by fundamentals. We will have to be very patient, but there are many tailwinds (valuation, M&A, ESG focus) to justify a violent repricing of this asset class in the next three years.

STOCKS IN THE SPOTLIGHT

TELECOM ITALIA (TIT IM): The process for the disposal of the fixed infrastructure ("NetCo") seems to be proceeding, albeit very slowly. In fact, last week the Group's BOD unanimously voted to grant a three-month exclusivity period to KKR, where a binding offer should be formalised. It is possible that such an offer will be ready by the end of the summer. About the expected economics for the transaction, the figure that eventually will be indicated (approximately €22bn) will be difficult to assess, if not considering the economics of all the contracts that will discipline the services that NetCo will keep on receiving from the other Telecom Italia providers. Specifically, over €5bn debts would be charged to ServiceCo and therefore the company will have to be able to generate a minimum cashflow to make sustainable this liability. Having said this, and without forgetting Vivendi inflexible position (main Telecom Italia shareholder, owning 23.75% of the voting rights), we underline two alternative scenarios: 1) NetCo sale is successful. In this case, the Group's financial structure would become sustainable, allowing Telecom to (try to) play an active role in the consolidation process that the sector is experiencing in Europe. Not to be any longer a vertically integrated operator should also mitigate any Antitrust constraint. After NetCo disposal, management should then finally address the thorny issue of savings shares, given that today's capital-structure penalizes the Group in terms of ESG rating. Even making it uninvestable for some corporate-debt institutional investors. In this regard, we remind you that to date savings shares have piled 2 previous unpaid dividends and are protected by a particularly generous bylaw (minimum dividend set @ 2.75ct, which represents a DVD yield > 10%, with the standard 3-years protection). If any conversion proposal comes, we would therefore expect a significant premium vs ordinary shares, to (try to) persuade shareholders to join that proposal: 2) The sale of NetCo does not go through. In this case, the Group sooner or later will have to ask its shareholders for new cash (at least €5bn, in our opinion). However, it would be penalizing to issue new savings shares, because of its bylaw. Indeed, the yield for the ex-right saving shares would become even more attractive. To justify savings to trade at huge premium vs ords in this scenario.

SIG GROUP AG (SIGN SW): SIG is a global supplier of aseptic carton packaging systems and solutions. In an oligopoly with high barriers to entry, SIG claims a >20% market share (number two, behind Tetra Pak). Its offering consists of filling machines, packaging sleeves and closures as well as after-market services. Its packaging solutions are sustainable, innovative, versatile and affordable. SIG is the only system supplier covering carton, pouch, and bag-in-box and providing its customers with solutions across categories and channels, addressing consumer and market needs with flexibility and speed. SIG's "razor/razorblade" business model involves the company placing the filling machines (razors) at customers' locations and then selling sleeves and closures (razorblades) that are used in the filling machines on long-term contracts. The filling machines are usually placed either through lease contracts or sales contracts. The company also provides aftersales service, training and other services, which also generate revenue and earnings. Because of the proprietary technology, clients have to rely on SIG for sleeves. A long-term focus on customer relationships ensures that the majority of the clients are retained, and the recurring nature of revenue allows shorter breakeven time, which is around 2-3 years from the time the filler is installed. SIG is a high-quality defensive name in a structurally growing market, driven by a strong organic growth (+ c.6.5% sales CAGR over 2022-27E) thanks to exposure to a structurally attractive market with sustainability tailwinds. SIG enjoys a strong pricing power and will be able to gain market shares and to expand into new, high-growth geographies (Emerging Markets), as well as new product segments and customer channels. Profitability will recover and support a FCF steady generation, dividends and deleveraging (towards 2x net debt/EBITDA by FY25E, from > 3x in FY22). SIG's EBITDA margin has bottomed, and will inflect in 2023 (recovering to 24.5% from 23.5% in 2022, and vs. an historical average of c.27%). Lastly, SIG's aseptic cartons have a 45% lower carbon footprint than PET bottles (based on the life cycle assessment in Europe), and the company aims to further reduce emissions by 52% per litre packed by 2030. SIG is 100% recyclable, first player with packaging 100% from renewable materials.

ITALIAN DESIGN BRANDS (IDB IM): Italian Design Brands produces and distributes High-End Design & Furniture, 100% "Made in Italy". IDB was founded in 2015 and mainly thanks to M&A in 2022 it reached €266m sales, a global footprint and a complementary positioning in four different business areas: 1) Furniture (44% of sales): Gervasoni, Meridiani, Saba and Gamma are active in the Living & Bedroom segment; 2) Lighting (10%): Davide Groppi, Flexalighting and Axolight produce lighting solutions for both indoors and outdoors; 3) Kitchen & Systems (20%): Cubo Design, for high-end kitchens; 4) Luxury contract (26%): Cenacchi and Modar design solutions for luxury boutiques, UHNWI private residences and luxury hospitality. Distribution is gathered through 4,500 multi-brand stores, 17 mono-brand stores and 6 DOS with 3 different units: Retail (61%) sells catalog-products to private customers, Soft Contract (13%) sells catalog-products to business and Hard Contract (26%) creates customized projects for luxury customers. IDB already has a global presence, with Italy representing just 25% of sales, EU 26%, NA 25%, China 5%, Non-EU 8%, RoW 11%. Design market is still highly fragmented and IDB offers small players a virtuous context to accelerate the visibility of their brand, maintaining their independence. The main task is to support the acquired companies in the managerialisation, digitization and internationalization processes, exploiting commercial synergies and most of back-end corporate functions. IDB was able to build a solid track record (+40% 7Y CAGR of revenues in 2015-22PF, of which +9% organic) with superior profitability (FY22 EBITDA% of 18.5%) and a strong cash flow generation (approx. 60% FCF/adj. pre-IFRS16 EBITDA), mainly thanks to 2% capex/revenues and negative NWC (up-front payments). The reference market is expected to expand further (+5-7% CAGR 2022-26). IDB aims at accelerating this growth path, leveraging on both group's strong FCF and IPO proceeds, to finance further acquisitions (around 40 possible targets, with revenues of €50-150m). At current prices IDB trades FY2023-24 with a P/E of 10.3x and 9.9x, an EV/EBIT of 8.9x and 7.4x. FCF yield should stand >10%.

ARTEMIDE - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Telecom Italia saving	telecom	8,0%
Saes Getters Saving	industrial	4,8%
Dufry	travel&retail	3,0%
Unipol	holding	2,8%
MFE A	media	2,1%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-7,8%
Company1	telecom	-6,0%
Company2	insurance	-2,7%
Eurex Swiss market	future	-1,6%
Euro Stoxx 50	future	-1,2%

"BEST"	sector	%
MFE A	media	0,6%
Tenaris	oil&gas	0,3%
Euro Stoxx 50	future	0,2%
Mediobanca	bank	0,2%
Eurex Swiss (short)	future	0,1%

"WORST"	sector	%
FTSEMIB Index (short)	future	-1,1%
Company3 (short)	media	-0,1%
Fineco	bank	-0,1%
Company2 (short)	insurance	-0,1%
Diasorin	medical care	-0,1%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	57%	-14%	71%	9%	-
Number of holdings	17	6	-	-	23

ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of June 30, 2023):139,09

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%	1,83%	1,10%	-0,05%							**4,89%**

(*) 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
39,1%	Total cumulative return	37,7%
4,9%	6-month rolling performance	19,1%
2,6%	Compound annual return	2,5%
56,9%	% "up" months:	53,6%
43,1%	% "down" months:	46,4%
3,7%	1-year rolling volatility (daily)	18,9%

LYRA - FUND DATA

TOP 5 "LONGS"	sector	% AUM
Signify NV	industrial	6,0%
Valeo	automotive	6,0%
SIG Group AG	materials	5,3%
GVS	industrial	5,2%
Eurogroup	industrial	5,1%

TOP 5 "SHORTS"	sector	% AUM
FTSEMIB Index	future	-11,6%
Euro Stoxx 50	future	-10,1%
Company1	industrial	-2,1%
Company2	medical care	-2,1%
Company3	chemicals	-1,7%

"BEST"	sector	%
Eurogroup	industrial	0,5%
Rexel SA	industrial	0,4%
Valeo	automotive	0,4%
Signify NV	industrial	0,3%
Seri	renewables	0,3%

"WORST"	sector	%
FTSEMIB Index (short)	future	-0,9%
Euro Stoxx 50 (short)	future	-0,4%
Company4 (short)	consumer staples	-0,3%
GVS	industrial	-0,2%
Bic	consumer	-0,2%

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	111%	-50%	161%	61%	-
Number of holdings	40	30	-	-	70

LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of June 30, 2023):155,93

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%	-0,35%	-0,04%	-0,28%							**4,39%**

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
55,9%	Total cumulative return	28,6%
4,4%	6-month rolling performance	4,0%
4,9%	Compound annual return	2,7%
58,0%	% "up" months:	55,4%
42,0%	% "down" months:	44,6%
7,5%	1-year rolling volatility (daily)	8,7%

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 (€) *:*	50,000,000 (as of June 2023)	43,000,000 (as of June 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