



## Investor Newsletter, December 2024

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 FinLa 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

The combination of falling rates and continued economic growth have, at least in the past, been associated with strong equity returns. And it has mostly explained the healthy performance for global equity markets in 2024. The outlook in 2025 is complicated by the speed of the recent market rally, high (compared to historical metrics) valuations and ongoing geopolitical risks (Ukraine and Middle East conflicts). Most of the increase in drawdown risks has been driven by inflation momentum, turning from negative to positive. And by multiple-expansion last year. Macro data still point to moderate negative momentum, especially in Europe. Similarly, an increase in trade and economic policy uncertainty has increased equity drawdown risk since last autumn (Trump election). Although we do not think that the new US President will apply those stringent protectionist measures, announced during the election campaign. Post Trump election, the US 10-year real bond yield - the discount rate for global equities - has spiked by > 80bps, mostly driven by robust US expected growth and renewed inflation concerns. Despite the rising rates pressure, European equities have remained close to recent highs, as the drag from a higher discount rate has been offset by continued risk-premia compression. In the post-US electoral context, Europe appears to be heavily penalized. And the inability to react due to a political integration that is still far from being completed, risks making these weaknesses even more evident. The speed of recent rises in stock prices has already reflected most of the good news that we are expecting on growth. We think the most significant risk for the equity rally is not a continued push higher in rates, but a cooling of global growth, implying upside risk for risk-premia from their current ultra-compressed levels. We see higher risks of a correction somewhere in 2025 on any near-term growth disappointments. As for Italy, the government appears very solid and supported by strong approval among voters. GDP growth remains at least in line with the European average, with a healthy banking sector and a consolidation process finally underway. The SMEs segment continues to be under pressure, but valuations in some cases seem to be difficult to squeeze from here on out. We identify an opportunity in focusing on alpha rather than beta, particularly as stock correlation should decline in 2025. And we'll never give up on downside protection.

For the fourth consecutive year, European Small and Mid-Caps (SMIDs) have underperformed compared to Large Caps (LCs). It has never occurred before. The current drawdown is also unprecedented in magnitude, surpassing the drop experienced after the Global Financial Crisis (GFC) in 2008. The returns for Italian SMIDs are even worse. In 2024, the MSCI Europe Small Cap underperformed the Euro Stoxx 50 by 6% (and 33% over the past three years). Compared to the Ftse MIB, last year the Ftse Italia Mid Cap returned 8pp less (-38pp over three years) and the Ftse Italia STAR 21pp less (-67pp over three years). Looking at the fundamentals, the price-to-12-month-forward earnings ratio of the European SMIDs fell below the two standard deviations of the average of the last fifteen years relative to LCs (never exceeded one standard deviation before). Additionally, European SMIDs are currently trading at a discount of approximately 35% relative to the price-to-book value of LCs, a level that is even higher than the peak of the GFC. Because of the period from 2021 to 2024, marked by the pandemic and geopolitical tensions, European SMIDs have reduced their average annual outperformance to a still positive +3% over the past twenty-five years. The reasons given to explain these 'anni horribiles' are diverse but often contradictory. Outflows from funds focused on European SMIDs - which, however, it is difficult to ascertain whether they are the cause or the consequence - have been significant (around \$50 billion over the last four years). Geopolitical tensions may have led to a lower investors' appetite for risk, but this is not reflected in the Equity Risk Premium of the European equity market or in the spread at which European High Yields trade, both of which are at lows and typically show an inverse correlation with SMIDs. Another excuse could be the higher market-implied Fed rates in the US, although expectations in the EU are that the ECB will cut rates with a terminal value of 1.75 - 2% (vs. c. 4% implied by the US yield curve). A couple of additional factors are often discussed. The strength of the dollar is one, although its significance is debatable since the SMID listings are in euros and the US represents their second-largest market. Furthermore, while the ongoing sluggish growth of the EU economy might seem relevant, it hardly serves as an explanation of the relative performance, as the consensus expects their earnings to grow at twice the rate of LCs.

## STOCKS IN THE SPOTLIGHT

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**TELECOM ITALIA (TIT IM):** Newsflow about the Group in the last quarter has been supportive. Indeed, on top of 3Q results almost in line with FY guidelines, top management succeeded in the execution of both Inwit (€250m) and Sparkle (€700m, to be finalized soon) disposals. Besides, by January 20 TIM and Government will have to try to settle dispute about 1998 license fee. We expect the final outcome to be a settlement in the region of €700-800m. On February 13 TIM will hold a new CMD, to update targets after NetCo disposal (July 2024). Organically, we believe the new BP will be broadly consistent with the previous one, with potential upside on CAPEX optimization and financial costs. And likely key decisions regarding the industrial plan presentation, particularly on the use of proceeds (dividends, savings shares PTO, saving shares conversion, M&A) related to extraordinary transactions, will depend on newsflow expected in coming days. It includes Sparkle disposal (BoD decision by January 22), negotiations with the government on the 1998 license fee (deadline January 20) and the resolution of legal disputes with Vivendi on NetCo sales (judge's decision published yesterday and favourable to TIM). As of today, TIM appears financially well-positioned, with a conservative leverage profile and improving operational performance. FY2024 CAPEX is expected to be lower than initially planned, and reduced financial expenses could improve FCF trends starting from 2025. Revenue and EBITDA projections should remain consistent with the previous plan. A BOD is scheduled to meet by January 22 to approve Sparkle disposal. TIM aims to finalize the deal before February 13, allowing Sparkle to be treated as a discontinued operation in the new plan, without impacting Equity FCF trend. About capital structure, the company is considering different options, including a partial buyback or a mandatory conversion of savings shares, the latter being subject to both ordinary and saving shareholders' approval. Governance issues (Vivendi, 24.5% stake) could slow down or even halt this corporate action. About TIM Enterprise, revenues will be in the region of €3bn with EBITDA% above 30%. The company is focused on expanding data centres, considering potential aggregation with other players. About, TIM Consumer, the Vodafone-Fastweb merger could reshape the competitive landscape, potentially triggering further consolidation. Iliad/TIM Consumer merger would create huge synergies.

**BANKS' M&A - UPDATE:** after a long and partly unjustified period of immobility, the long-awaited consolidation process in the domestic banking sector has begun. To date, the scenario for the players potentially involved (Banco BPM, Anima, Unicredit, BPER and MPS) appears uncertain and rapidly changing. Banco BPM represents the most attractive target, both for its significant market share in Lombardy (close to 10%), and for its high profitability. The latter does not yet incorporate part of the unexpressed potential (improving efficiency and bankinsurance above all). Immediately after the announcement of the cash offer for Anima (€6.2 per share) by Banco BPM, Unicredit in turn launched a hostile takeover bid on Banco BPM itself, with a ratio (0.175 Unicredit shares for 1 Banco BPM share) that does not incorporate any premium for control. This move took the Government by surprise, which was probably already working on a project to create the third banking group in Italy. This would have passed through the integration between Banco BPM and Banca Monte dei Paschi, with Anima as possible addition. The threat of using the Golden Power to halt Unicredit's move seems to us to be a difficult path to take. Effective perhaps just to gain the time necessary to prepare a counter-offer by the Sienese bank. In the meantime, Castagna (CEO of Banco BPM) will update the industrial plan in March, with the payout that will probably be brought in line with other banks (around 80%). Furthermore, it is possible that the offer for Anima will be improved, to safe the outcome of the deal. However, this step will have to be ratified by AGM, given as the bank is currently under passivity rule. And as it is a public company, it makes the outcome of any possible defensive move, put in place to try to free itself from Unicredit's grip, uncertain. Our idea is that in the end Orcel will succeed in taking control of Banco BPM, but to obtain this not obvious result, it will be necessary to bump the terms of the current offer. The cash component, necessary to gain the market's approval, could be €3-4bn (> 20% compared to today's valuations). It is possible that in the meantime MPS will try to enter the game, and recent Caltagirone (5%) and Delfin (9.9%) moves could be part of that match. Looking at Mediobanca and Generali, for which however we will have to wait until 2026.

**FERRETTI (YACHT IM):** Ferretti Group is a world leader in the design, construction and sale of luxury yachts (Super Yachts 11% of revenues, Made to Measure 40% and Composite 44%) listed in HK and Milan. The brand portfolio includes Ferretti Yachts, Riva, Pershing, Itama, CRN, Custom Line and recently Wally. Ferretti Group owns seven shipyards in Italy, which combine industrial production and customization of solutions, thanks to the collaboration with the skilled Italian craftsmanship. Ferretti has footprints in Europe, Asia and the United States. With 55 dealers, to serve its customers in over 70 countries. The strategy includes moving increasingly towards large yachts, which are more profitable thanks to the greater customization required by the customer and the lower exposure to market trends. Ferretti aims to further strengthen its leadership in EMEA (62% of revenues in 2023), extend its presence in AMAS (29%) and exploit the potential in APAC (9%). FY24 guidance calls for revenues of €1,155-1,180m (+4%/+6% YoY), adj EBITDA of €185-190m, with Ebitda% unchanged at 16%. Order book is expected to reach €1.1bn by end-24, thanks to strong order intake in 4Q24 (Eur 300m in October-November). Mainly thanks to important contracts for larger yachts. 3Q24 results showed a 5% YoY decline in revenues, while Composite Superyacht maintained a strong growth trajectory. Europe outperformed in 9M24 (+22%), while US was down 5%, impacted by the pre-election slowdown. The medium-term target of average organic growth of approx. 10% and Ebitda% >18.5% remains unchanged. Weichai (37.5%), a Chinese state-owned group, is currently Ferretti's reference shareholder. According to press reports, he is considering his stake disposal. The lack of visibility on the decisions of the Chinese shareholder sustain the risk of a placement in the market. For this reason, Ferretti Group is currently trading at an undeserved discount compared to peers (10x PE and 5.6x EV/EBIT 2025). Recently there have also been rumours of PE funds interested in the break-up of the group. Even if the market continues to remain very sceptical about it.

## ARTEMIDE - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"		
	sector	% AUM		sector	% AUM
Telecom Italia saving	telecom	7,7%	FTSEMIB Index	future	-15,7%
Rai Way	infrastructure	5,2%	Euro Stoxx 50 Index	future	-7,2%
Anima	asset gatherer	4,1%	company1	media	-1,5%
Campari	beverages	3,9%			
Nexi	financial services	3,8%			

  

"BEST"			"WORST"		
	sector	%		sector	%
Telecom Italia saving	telecom	0,7%	FTSEMIB Index (hedging)	future	-0,8%
Rai Way	infrastructure	0,3%	Nexi	financial services	-0,1%
Anima	asset gatherer	0,3%	ERG	renewables	-0,1%
Campari	beverages	0,2%	company1 (short)	media	-0,1%
ENI	oil&gas	0,2%	Euro Stoxx Index (hedging)	future	-0,1%

  

	Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)	66%	-24%	90%	15%	-
Number of holdings	20	5	-	-	25

## ARTEMIDE - MONTHLY PERFORMANCE HISTORY

NAV (as of December 31, 2024):145,61

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%	1,44%	-0,40%	-0,70%	-0,85%	1,03%	1,54%	7,03%
2024	-0,66%	-0,33%	-0,21%	0,39%	1,95%	-1,06%	-0,43%	2,64%	0,38%	-1,00%	-0,12%	1,08%	2,60%

(\*) 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
45,6%	Total cumulative return	66,7%
2,5%	6-month rolling performance	3,1%
2,7%	Compound annual return	3,6%
55,6%	% "up" months:	54,1%
44,4%	% "down" months:	45,9%
4,4%	1-year rolling volatility (daily)	14,5%

## LYRA - FUND DATA

TOP 5 "LONGS"			TOP 5 "SHORTS"				
	sector	% AUM		sector	% AUM		
Rexel SA	industrial	6,2%	FTSEMIB Index	future	-16,8%		
BIC	consumer discretionary	6,1%	Euro Stoxx 50 Index	future	-15,1%		
InPost	services	5,8%	Company1	food&beverage	-3,0%		
Spie SA	services	5,7%	Company2	chemical	-2,3%		
Acea	utilities	5,6%	Company3	industrial	-2,0%		
"BEST"			"WORST"				
	sector	%		sector	%		
Maire	industrial services	0,6%	GVS	industrial	-0,2%		
Aquafil	textile	0,5%	Company4 (short)	energy	-0,2%		
Credito Emiliano	financial	0,2%	Amplifon	health care	-0,1%		
FILA	consumer discretionary	0,2%	De Nora	materials	-0,1%		
Banco BPM	financial	0,2%	Italmobiliare	holding	-0,1%		
			Longs	Shorts	Gross exp.	Net exp.	Total
Exposure (% on NAV)			112%	-51%	163%	61%	-
Number of holdings			33	19	-	-	52

## LYRA - MONTHLY PERFORMANCE HISTORY

NAV (as of December 31, 2024):136,09

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%	-1,92%	-2,25%	-4,41%	-5,82%	4,06%	3,11%	-3,31%
2024	-2,19%	-2,58%	3,64%	1,33%	3,54%	-3,34%	0,11%	-1,21%	-2,60%	-0,85%	-2,92%	1,48%	-5,77%

LYRA	HISTORICAL PERFORMANCE (since March 2014)	Benchmark
36,1%	Total cumulative return	38,4%
-5,9%	6-month rolling performance	1,4%
2,9%	Compound annual return	3,0%
55,4%	% "up" months:	56,2%
44,6%	% "down" months:	43,8%
8,4%	1-year rolling volatility (daily)	6,0%

## FUNDS MAIN FEATURES

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	<b>ARTEMIDE</b>	<b>LYRA</b>
<b>Name:</b>	Multilabel SICAV - Artemide	Multilabel SICAV - Lyra
<b>Inception :</b>	October 2010	March 2014
<b>Isin Code :</b>	LU0515666294 (retail); LU0515666377 (institutional)	LU1012189707 (retail); LU1012189889 (institutional)
<b>Bloomberg :</b>	JBMARBE LX (retail); JBMARCE LX (institutional)	LYRABEU LX (retail); LYRACEU LX (institutional)
<b>AUM (€) :</b>	42,000,000 (as of Decemner 2024)	28,000,000 (as of December 2024)
<b>Firm AUM</b>	€225,000,000	€225,000,000
<b>Strategy :</b>	Equity, Market-Neutral&Multi-Strategy	Equity, European small cap
<b>Liquidity :</b>	Daily	Daily
<b>Lock-up :</b>	None	None
<b>Notice period:</b>	1 business day	6 business days
<b>Management fees :</b>	1.75% per year (retail); 1.25% per year (institutional)	2.5% per year (retail); 2.0% per year (institutional)
<b>Performance fees :</b>	None	None
<b>Hurdle rale</b>	Eonia	25% FTSE Italia Mid Cap Index 25% MSCI Small Cap Index 50% Eonia
<b>High watermark :</b>	Yearly	Yearly
<b>Minimum investment (€):</b>	25,000 (retail); 250,000 (institutional)	na (retail); 100,000 (institutional)
<b>Currency :</b>	Euro	Euro
<b>Administrator :</b>	State Street Bank (Luxembourg)	State Street Bank (Luxembourg)
<b>Custodian :</b>	State Street Bank (Luxembourg)	State Street Bank (Luxembourg)
<b>Auditors :</b>	PriceWaterHouseCoopers	PriceWaterHouseCoopers
<b>Investment Manager :</b>	MOMentum Alternative Investments SA Via Delle Scuole 3 6900, Paradiso (CH) Phone: + 41 91 960 19 00 Fax: + 41 91 960 19 01 <a href="mailto:administration@mominvest.com">Email:administration@mominvest.com</a>	MOMentum Alternative Investments SA Via Delle Scuole 3 6900, Paradiso (CH) Phone: + 41 91 960 19 00 Fax: + 41 91 960 19 01 <a href="mailto:administration@mominvest.com">Email:administration@mominvest.com</a>

## Investors' disclaimer

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