

Natixis HAM China 2.0

USD

June 2023



Fund Information

Investment Type:	Active Managed Certificate
Issuer:	Natixis SA / S&P rating A
Inception date:	February 7th, 2018
Subscriptions:	Daily
Redemptions:	Daily
Administrator:	Natixis
Custody bank:	Natixis
Invest. manager:	Natixis
Investment advisor:	Colombo Wealth SA
ISIN:	XS1410001108
Bloomberg:	NXSRHCS2

Investment Philosophy

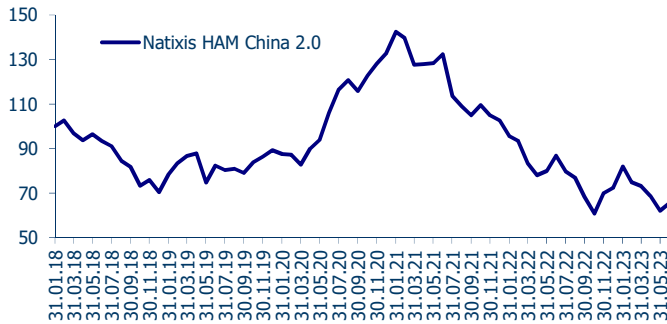
Natixis HAM China 2.0 invests in the 6-most dynamic and growing sectors in the transforming China Economy called China 2.0. Sectors are: Technology, Internet related to Consumption (e-commerce), Education, Tourism, FinTech and Environment. The universe of stocks is the A-Shares Markets (Shanghai and Shenzhen), Hong Kong (H-Shares) and Chinese companies listed in the US (ADR/ADS). The process is a pure bottom-up stock picking investing into the 5 to 8 leaders in each sectors. A special consideration is placed to the cash flow generation as well as the positioning within the sub-sectors, their competitive advantages, quality of the management and regulations.

Cash is used as a tool to smooth the high volatility of these themes. Recommended time holding period is over 5 years.

Performances USD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year
2018		2.60%	-5.64%	-3.28%	2.99%	-3.21%	-2.39%	-7.23%	-3.29%	-10.38%	3.65%	-7.35%	-29.66%
2019	11.42%	6.40%	3.89%	1.28%	-14.85%	10.19%	-2.50%	0.76%	-2.28%	6.11%	2.97%	3.31%	26.83%
2020	-1.91%	-0.39%	-5.09%	8.76%	4.48%	12.81%	9.77%	3.69%	-4.00%	5.96%	4.32%	3.68%	48.86%
2021	7.22%	-1.89%	-8.65%	0.25%	0.27%	3.17%	-14.06%	-4.23%	-3.63%	4.31%	-4.15%	-2.27%	-22.77%
2022	-6.85%	-2.27%	-10.78%	-6.32%	2.38%	8.58%	-8.16%	-3.45%	-11.03%	-11.30%	15.13%	3.61%	-29.40%
2023	13.06%	-8.67%	-2.26%	-6.04%	-9.72%	5.72%							-9.49%

Cumulative Performance since 01.02.2018



Top 10 Holdings

1	TENCENT HOLDINGS LTD	8.4%
2	ALIBABA GROUP	7.6%
3	KWEICHOW MOUTAI	3.6%
4	JD.COM	3.2%
5	MEITUAN DIANPING	2.9%
6	NETEASE INC	2.8%
7	CHINA MERCHANTS BANK	2.7%
8	PING AN INS	2.7%
9	BYD	2.4%
10	MIDEA GROUP	2.4%

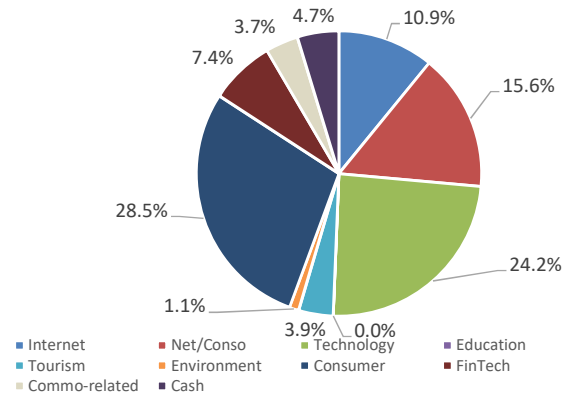
Sum top 10 **38.8%**

Sum top 20 **60.3%**

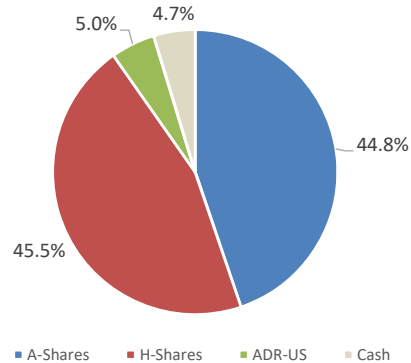
Number of positions : 48

Cash : 4.7%

Allocation by Themes



Allocation by Market type



Performance Since Inception

Natixis HAM China 2.0	Tot. Ret.	Volatility
	-34.5%	25.9%

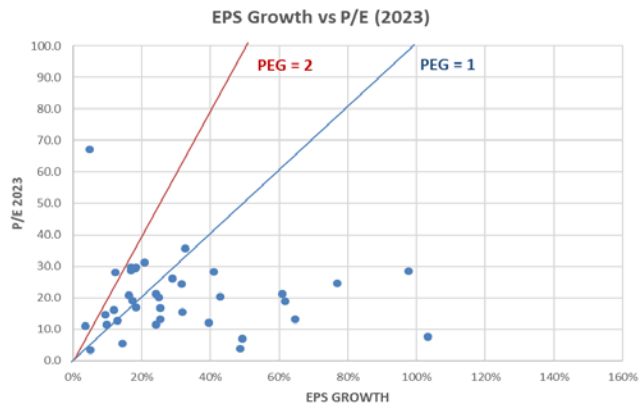
Financial Statistics (Invested part)

Portfolio	
EPS Growth 2023	34.0%
EPS Growth 2024	23.2%
P/E 2023 (forward)	21.7 x
P/E 2024 (forward)	17.2 x
PEG 2023	0.64
PEG 2024	0.74
ROE	19.2%
Margin EBITDA	24.6%
Market cap average	104 bn (USD)
ESG	BB

Source: factset / Bloomberg

Past performance is not a guarantee of future results. PRISMINVEST SA is not liable for database errors.

PEG Valorisation by positions (2023)



Comments

Our portfolio posted a positive performance for June up by 5.7% beating by roughly 2% all Chinese indexes.

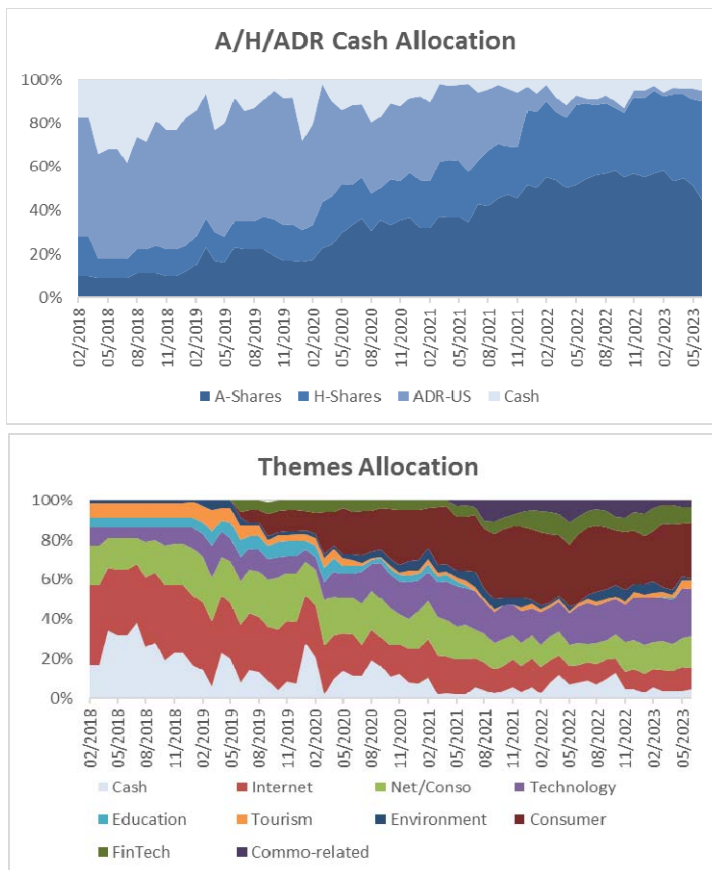
It was nevertheless a challenging month, with a sharp rise in the first two weeks followed by a slowdown and a recovery in the last few days of the month. Profit-taking is immediate in this market configuration and leaves little room for a medium- to long-term view. However, we are seeing foreign investors slowly returning to the market and, above all, a differentiation between sectors and stocks that rewards high-quality, solid-growth companies. One example is **Luxshare Precision** (002475 CH), which is one of our top performers this month, up 17%. Luxshare Precision is a global designer and manufacturer of cable assembly and connector system solutions for consumer, automotive, cloud, and enterprise applications. The company benefits directly from the growth of EV cars, cloud computing and AI. It is trading at 16x 2024 earnings, with growth of more than 25% a year over the next 3 years.

We continue to accumulate paper in quality companies such as Netease, Ping An Insurance, BYD, Zhejiang Jinsheng Mechanics and others. In recent weeks, we have also been increasing our positions in innovation, technology and selective consumption (sportswear, restaurants, video games with Tencent and Netease), while we have been significantly reducing positions that are too closely linked to AI and the property supply chain. On the subject of AI, China will probably be ahead of all its competitors (especially the US), but the Chinese government will never allow 'too much' business to be done with this technology, because quite simply it has no interest in it. We don't understand the 'mania' surrounding this activity in China. At any moment, the government may decide to blow the whistle, as we have seen in the past with the tightening of regulations in certain strategic sectors (2021).

The last controversial subject is the yuan! The Chinese currency has depreciated against the USD by 5% this year, penalising A-Shares, and by more than 15% since bottoming. China is undoubtedly seeking to boost its exports, which have been undermined by the United States and Europe. But what we are seeing is that Chinese exports are back to pre-covid levels! We are probably not far from the bottom, and a currency gain for the portfolio is far from out of the question over the next few months.

Our top positive contributors this month are: Tencent, Netease, Alibaba, Jiangsu Hengli Hydraulic, Meituan, and Qifu Technology. The largest negative detractors are: Ping An Insurance, Haier Smart and Helens International.

"CHINESE SOUP" & THEMES HISTORICAL ALLOCATION



Disclaimer

Past performance is not a reliable indicator of future performance and the value of investments may fall as well as rise. An investor may not be able to get back the amount invested and could lose all of their investment.

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