

Natixis HAM China 2.0

USD

July 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.

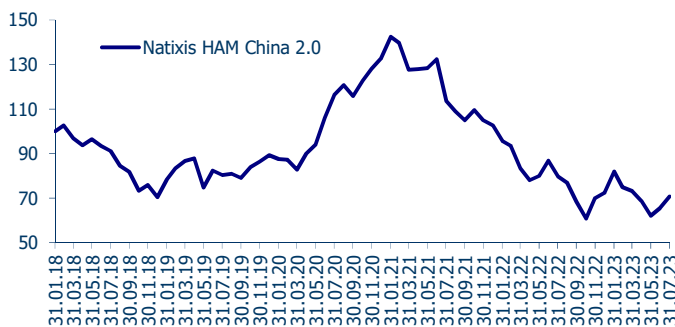
Cash is used as a tool to smooth the high volatility of these themes.

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%	7.81%						-2.42%

Cumulative Performance since 01.02.2018



Top 10 Holdings

1	TENCENT HOLDINGS LTD	8.6%
2	ALIBABA GROUP	8.3%
3	KWEICHOW MOUTAI	3.8%
4	JD.COM	3.4%
5	MEITUAN DIANPING	3.3%
6	PING AN INS	2.7%
7	CHINA MERCHANTS BANK	2.6%
8	BYD	2.6%
9	CONTEMPORARY AMPEREX	2.6%
10	ANTA SPORTS	2.5%

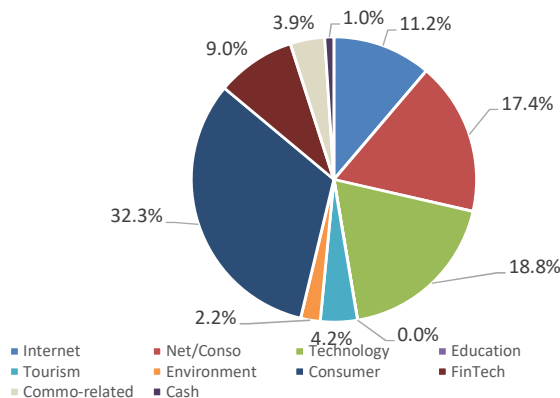
Sum top 10 **40.4%**

Sum top 20 **61.8%**

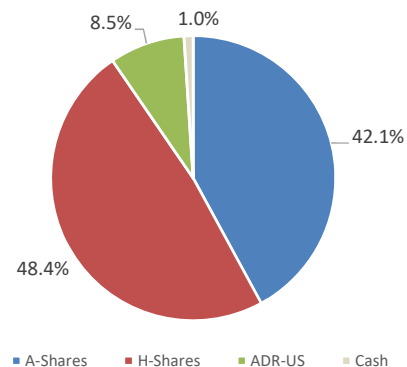
Number of positions : 49

Cash : 1.0%

Allocation by Themes



Allocation by Market type



Performance Since Inception

Natixis HAM China 2.0	Tot. Ret.	Volatility
	-29.3%	26.2%

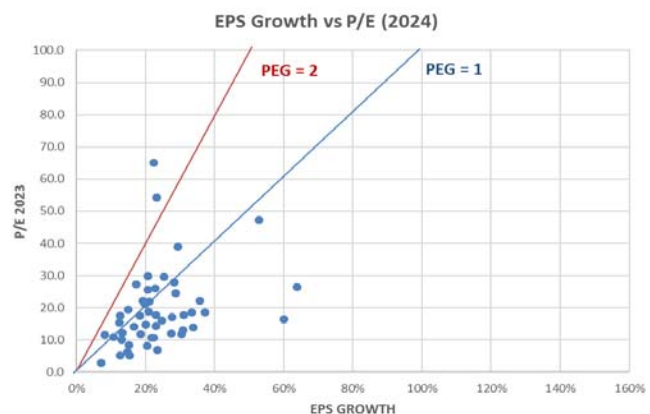
Financial Statistics (Invested part)

Portfolio	
EPS Growth 2023	39.6%
EPS Growth 2024	22.3%
P/E 2023 (forward)	23.1 x
P/E 2024 (forward)	18.5 x
PEG 2023	0.58
PEG 2024	0.83
ROE	18.7%
Margin EBITDA	24.6%
Market cap average	110 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 (2024)



Comments

Our portfolio posted a strong positive performance for July up by 7.8% in line with major indexes.

July was a euphoric month for Chinese equities, mainly due to Prime Minister LI Qiang's encouraging business-oriented speech. Short recoveries created upward volatility, which in turn created stop losses that pushed the market higher, particularly in Hong Kong. It is well known that there are still a lot of shorts in the market, which could well lead to more days/weeks of violent rises.

As a result, we have fully invested our capital, keeping cash to a minimum. We have added to sub-sectors such as catering/restaurants, sportswear, electric car sub-components and very specific renewable energy technologies.

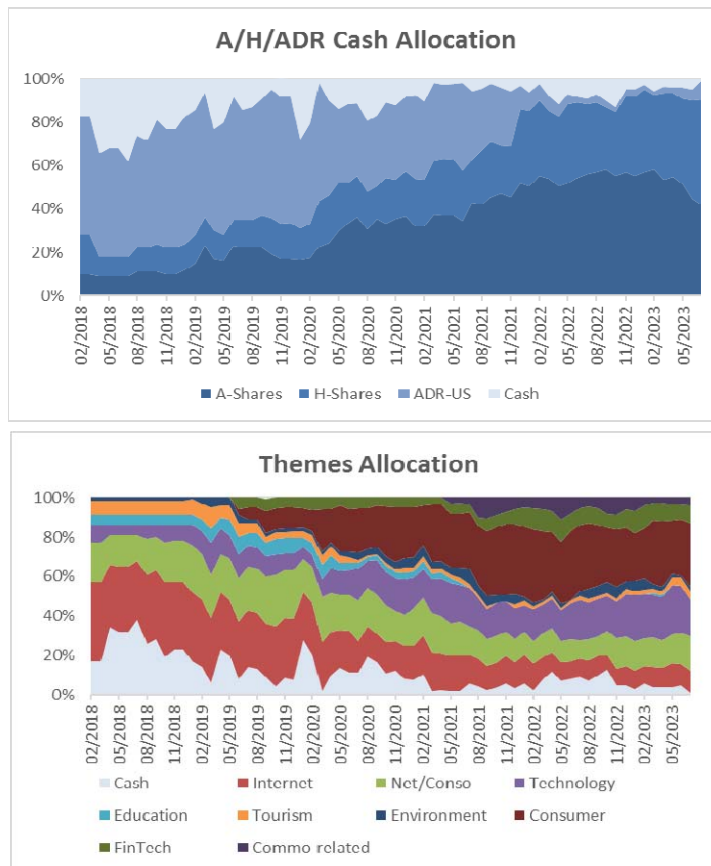
Unsurprisingly, the biggest contributors to our performance were: **Alibaba** (1.7%), **JD.com** (+0.7%), **Pinduoduo** (+0.7%), **Tencent** (+0.6%) and **Haidilao** (+0.5%). Haidilao's share price rose sharply on the back of results that were 30% better than expected. We took the opportunity to take profits on the table and maintain a position equivalent to a free option. Only 6 stocks were marginally negatives this month.

Back to the battery sector. We believe that the storm of overcapacity has largely passed. **BYD** has become a core position in the portfolio. We like not only its growth in EV cars (the undisputed market leader in China but also with huge potential abroad) but also its leadership in batteries with **CATL**, which we have also increased. We have also built up a position around **Sunresin New Materials** (300487 CH), which produces resin separators for batteries. Sunresin has an EPS growth target of 35% p.a. with top line growth of 38% and a PEG of 0.55 for 2024. It could supplant Yunnan New Materials.

Anta Sports has also become one of our main portfolio holdings. Demand for sports footwear and clothing (mainly Western brands that Anta sells) is growing steadily in China and affects all strata of the population. Anta should see a 20% growth in sales and EPS, with a surprise result not ruled out in Q3/Q4.

If one swallow doesn't make a spring, we think that the tunnel could well open before the end of the summer. Technically, a number of indicators point to this, but above all we are seeing foreign funds flowing into China (and not just into the stock market) as part of a Japan-China rotation.

"CHINESE SOUP" & THEMES HISTORICAL ALLOCATION



Disclaimer

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