

Natixis HAM China 2.0

USD

August 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.

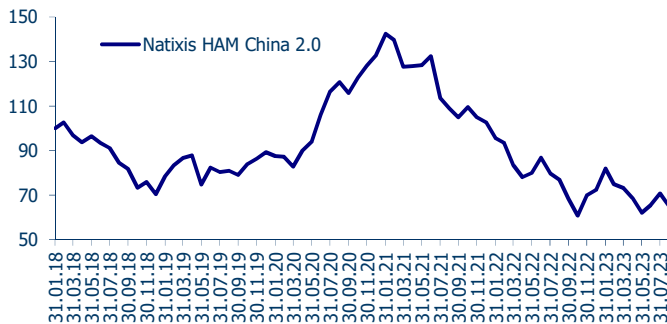
Cash is used as a tool to smooth the high volatility of these themes.

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%	-8.28%					-10.49%

Cumulative Performance since 01.02.2018



Top 10 Holdings

1	ALIBABA GROUP	9.0%
2	TENCENT HOLDINGS LTD	8.9%
3	KWEICHOW MOUTAI	4.0%
4	ANTA SPORTS	3.3%
5	MEITUAN DIANPING	3.3%
6	CONTEMPORARY AMPEREX	3.2%
7	JD.COM	3.1%
8	BYD	2.7%
9	SUNGROW POWER	2.6%
10	PING AN INSURANCE	2.5%

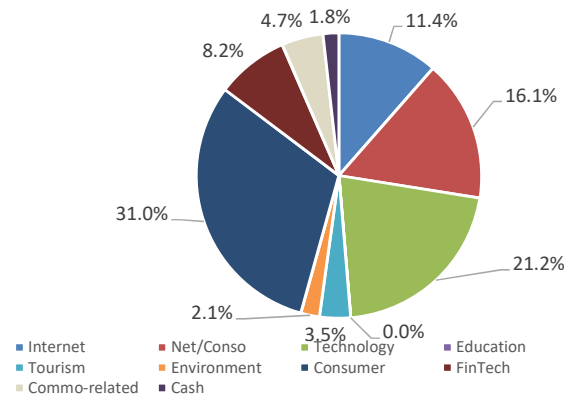
Sum top 10 **42.6%**

Sum top 20 **63.2%**

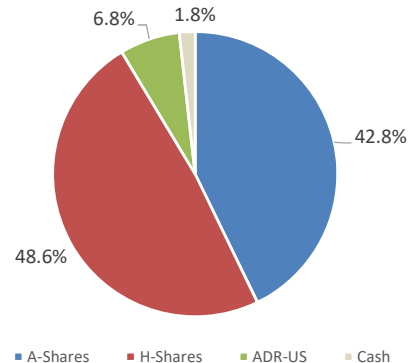
Number of positions : 48

Cash : 1.8%

Allocation by Themes



Allocation by Market type



Performance Since Inception

Natixis HAM China 2.0	Tot. Ret.	Volatility
	-35.2%	26.2%

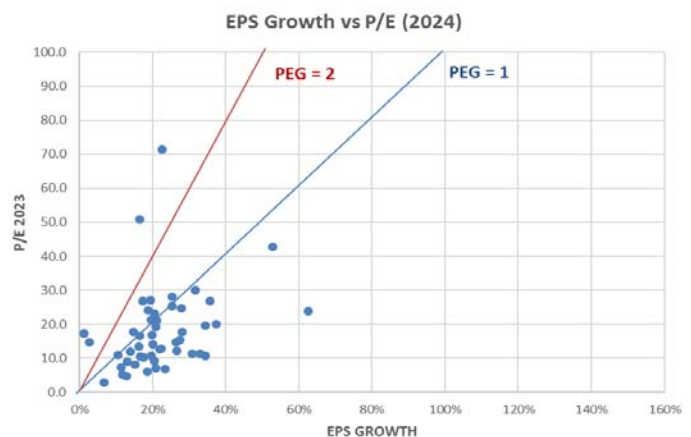
Financial Statistics (Invested part)

Portfolio	
EPS Growth 2023	35.5%
EPS Growth 2024	21.7%
P/E 2023 (forward)	21.0 x
P/E 2024 (forward)	16.9 x
PEG 2023	0.59
PEG 2024	0.78
ROE	19.4%
Margin EBITDA	24.7%
Market cap average	108 bn (USD)
ESG	BBB

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

Chinese equity markets surrendered most of their performance from July. Our portfolio posted a negative performance for August down by 8.3% better than major indexes down 9%-10%.

The western financial media have doubled down on the "China is in big trouble" narrative this summer with all time high "magazine cover" negativity including successive editions of The Economist. This coincided with foreign investors being aggressive sellers in August. We believe that this China bashing is again sheer journalistic sensationalism and there are two main reasons why this overly negative stance on China in the West is not credible:

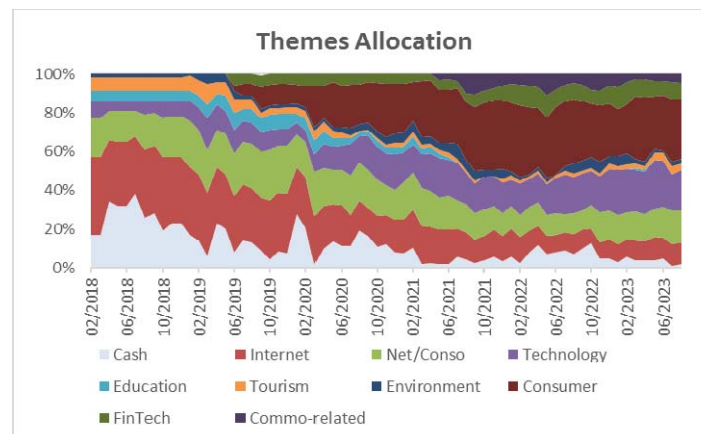
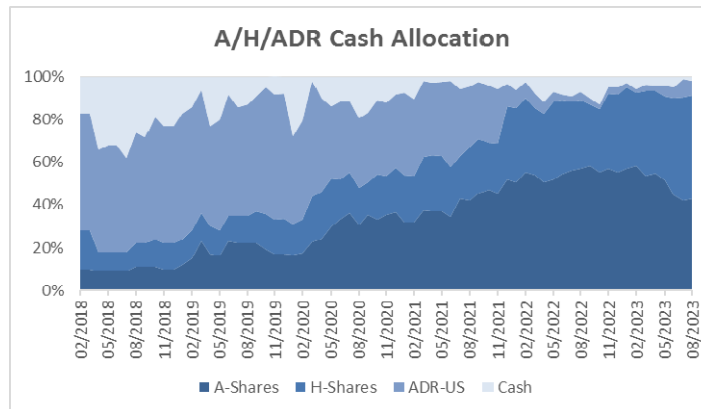
1) Financial markets in China are not signaling that the economy is falling off the cliff. Chinese government bonds have overperformed US Treasuries and, for the first time ever, **China exported more to the developing countries that make up the Belt and Road Initiative than to the US, Japan and EU** ! Chinese growth is certainly slowing, but it is also taking another shape with more value consumption and high value-added sectors like EVs.

2) Company results this summer have been very positive with stellar results from **PDD, BABA, Meituan, BYD, Anta Sports** and so on. All these stocks are among our top-15. This does not suggest an imminent collapse of the Chinese economy.

The only downside is the property sector. But we are a long way from the 2008 US episode, for three reasons: (i) demand for property is still vigorous with such an abundant population; (ii) household savings are at their highest level ever, at 30% of GDP; and (iii) Evergrande's bankruptcy is now a glass of water in the RE chinese ocean, and the government has implemented radical measures. The truth is that the government no longer wants an economy based on property speculation. In fact, it put the brakes on this phenomenon back in 2015. In the long term, even if the pain is considerable, the result will only be better for the Chinese economy. This also has the effect of pushing investors into the stock market, away from property speculation.

The largest "relative" detractor for this month were: **Meituan, BYD, Wuliangye and Midea**. The largest "relative" positive contributors were: **Pinduduo (PDD), CATL, Sunresin New Materials, TRIP.com, and Wuxi Biologics**.

"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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