

Natixis HAM China 2.0

USD

October 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%	-4.66%	-4.47%			-18.47%

Cumulative Performance since 01.02.2018



Top 10 Holdings

1	ALIBABA GROUP	8.7%
2	TENCENT HOLDINGS LTD	8.6%
3	KWEICHOW MOUTAI	4.2%
4	ANTA SPORTS	4.1%
5	MEITUAN DIANPING	3.3%
6	BYD	3.1%
7	CONTEMPORARY AMPEREX	2.8%
8	NETEASE INC	2.6%
9	PINDUODUO	2.6%
10	WANHUA CHEMICAL	2.5%

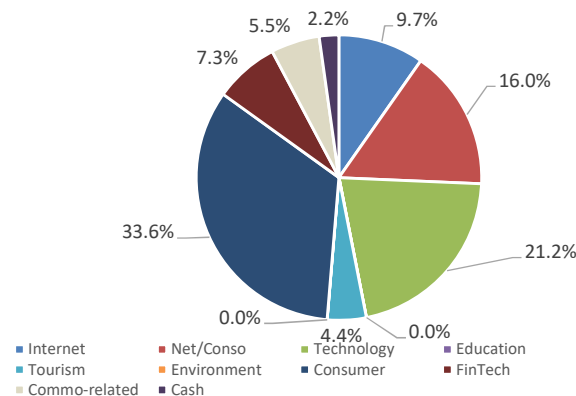
Sum top 10 **42.5%**

Sum top 20 **64.7%**

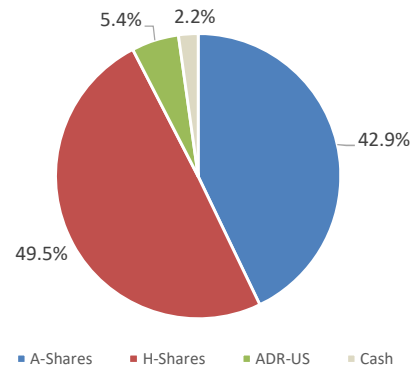
Number of positions : 44

Cash : 2.2%

Allocation by Themes



Allocation by Market type



Performance Since Inception

Natixis HAM China 2.0	Tot. Ret.	Volatility
	-41.0%	26.0%

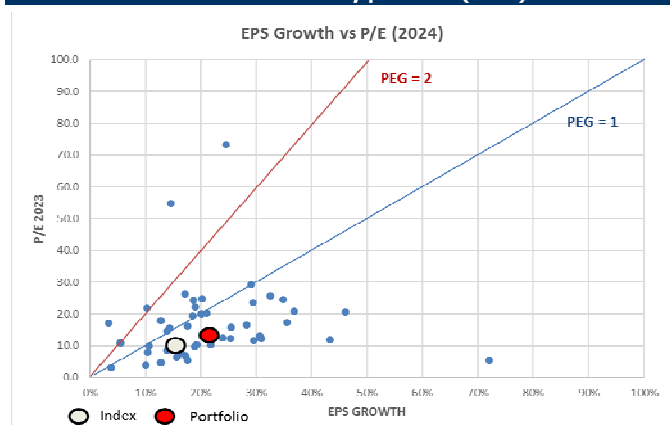
Financial Statistics (Invested part)

Portfolio	
EPS Growth 2023	40.3%
EPS Growth 2024	15.1%
P/E 2023 (forward)	20.9 x
P/E 2024 (forward)	19.1 x
PEG 2023	0.52
PEG 2024	0.90
ROE	20.2%
Margin EBITDA	25.3%
Market cap average	102 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

October happened to be another difficult month for the Chinese market. All Chinese markets once again fell by between 4.5% and 6%, depending on the index, in a tight liquidity environment.

This time Chinese markets did not trade on its own but rather on the 10Y US-Treasury reaching 5%, the highest level for more than a decade. In this situation, all equity markets across the board dropped in the same direction.

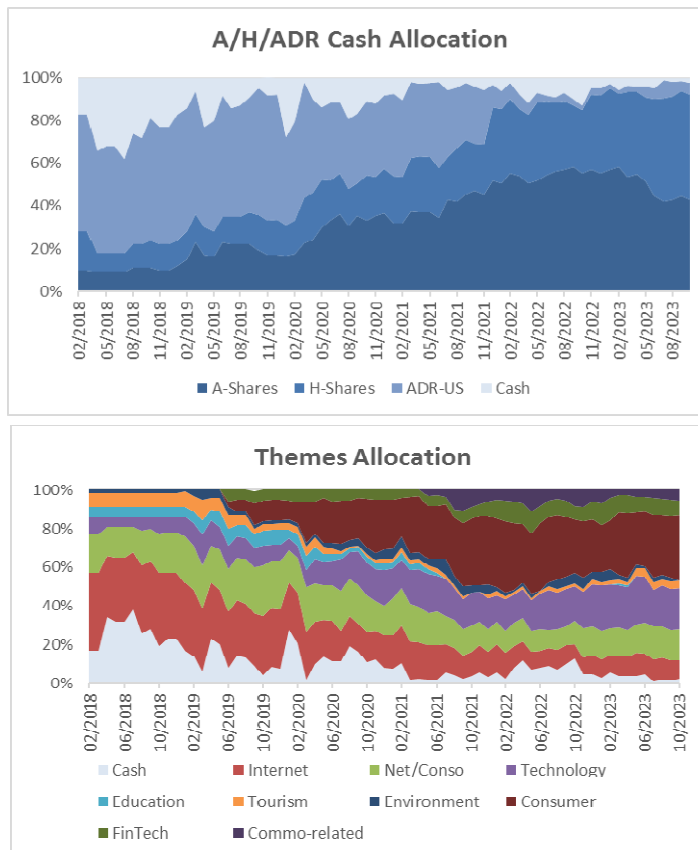
After spending two weeks on the ground (mainly around Shanghai, Shenzhen and Hong Kong), we can say that China is not in a crisis as western media describe. We were almost shocked by the vitality of the new economy: huge innovations in the visited companies, high digitalization of the economy at all levels, tourism (hotels are full!) and so on. Above all, what was the most impressive was the number of EV cars in Shanghai (over 50%) as you can gaze them with their green plate. Shanghai is becoming a green city: less pollution (still some work to do but still) and less noise. This city without any doubt shows the future of what all megalopolis should be around the world. The issue is that we (as westerners) do not want to admit it!

At portfolio level, we made a lot of change to reflect this change in the chinese economy. We have increased the following themes: EV car supply chain, green tech, sport and outdoor activities, biotech, and e-commerce. We made a study on our portfolio about the market shares of each companies we hold. The result is impressive: 90% of our portfolio are companies having more than 30% market share worldwide or in China. Our portfolio is focused on quality growth companies.

Our worst performer was **Baidu** (-23%, -0.2% contribution) but we are heavily underweighted versus major benchmarks.

Our best performer this month was **Akeso** (+22%, 0.47% contribution). Founders are two PhDs, ex-Pfizer, who raised US\$3mm 8 years ago for a biotech start-up. It is the only one in this field being positive today after the IPO in 2020. The general idea is to create anti-cancer drugs that combine two or even three drugs (PD-1) with a minimum of side effects. They have drugs already approved by the US FDA, China and the EU for the treatment of gastric cancer (stomach and oesophagus) and hepatitis. They have 30 drugs in the pipeline, including 3 in phase II. One in lung cancer is particularly promising.

"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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