

# Natixis HAM China 2.0

USD

November 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.

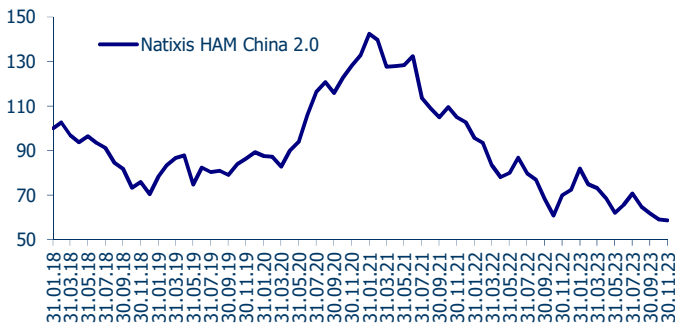
Cash is used as a tool to smooth the high volatility of these themes.

Recommended time holding period is over 5 years.

## Performances USD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year
<b>2018</b>		2.60%	-5.64%	-3.28%	2.99%	-3.21%	-2.39%	-7.23%	-3.29%	-10.38%	3.65%	-7.35%	<b>-29.66%</b>
<b>2019</b>	11.42%	6.40%	3.89%	1.28%	-14.85%	10.19%	-2.50%	0.76%	-2.28%	6.11%	2.97%	3.31%	<b>26.83%</b>
<b>2020</b>	-1.91%	-0.39%	-5.09%	8.76%	4.48%	12.81%	9.77%	3.69%	-4.00%	5.96%	4.32%	3.68%	<b>48.86%</b>
<b>2021</b>	7.22%	-1.89%	-8.65%	0.25%	0.27%	3.17%	-14.06%	-4.23%	-3.63%	4.31%	-4.15%	-2.27%	<b>-22.77%</b>
<b>2022</b>	-6.85%	-2.27%	-10.78%	-6.32%	2.38%	8.58%	-8.16%	-3.45%	-11.03%	-11.30%	15.13%	3.61%	<b>-29.40%</b>
<b>2023</b>	13.06%	-8.67%	-2.26%	-6.04%	-9.72%	5.72%	7.81%	-8.28%	-4.66%	-4.47%	-0.75%		<b>-19.08%</b>

## Cumulative Performance since 01.02.2018



## Top 10 Holdings

1	TENCENT HOLDINGS LTD	9.7%
2	ALIBABA GROUP	7.0%
3	KWEICHOW MOUTAI	4.3%
4	PINDUODUO	3.8%
5	ANTA SPORTS	3.7%
6	CONTEMPORARY AMPEREX	2.9%
7	MEITUAN DIANPING	2.9%
8	HAIER SMART	2.8%
9	BYD	2.7%
10	WANHUA CHEMICAL	2.7%

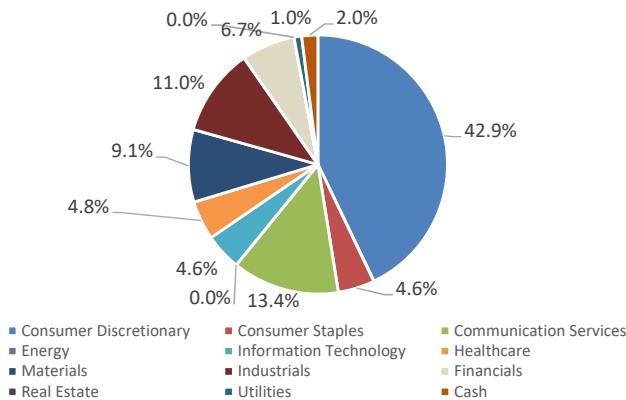
Sum top 10 **42.6%**

Sum top 20 **66.5%**

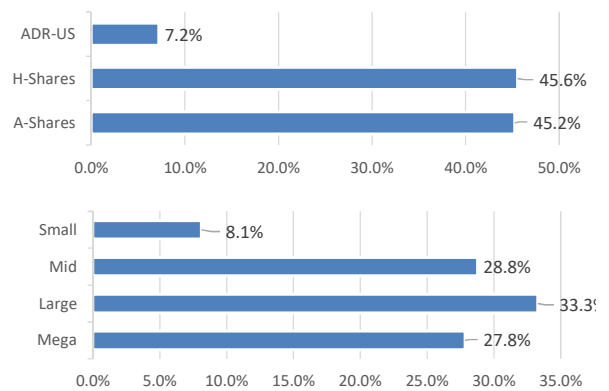
Cash : 2.0%

Number of positions : 44

## Allocation by Themes



## Allocation by Market type & Market Cap



## Performance Since Inception

**Natixis HAM China 2.0** Tot. Ret. Volatility  
**-41.4%** **25.9%**

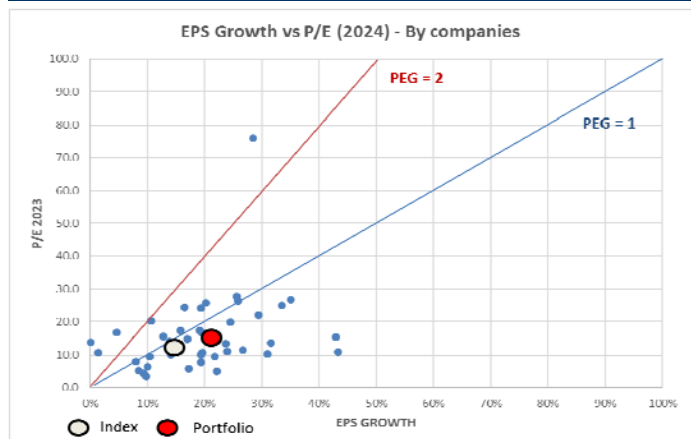
## Financial Statistics (Invested part)

Portfolio	
EPS Growth 2024	<b>20.7%</b>
EPS Growth 2025	<b>19.0%</b>
P/E 2024 (forward)	<b>17.6</b> x
P/E 2025 (forward)	<b>14.6</b> x
PEG 2024	<b>0.35</b>
PEG 2025	<b>0.71</b>
ROE	<b>20.9%</b>
Margin EBITDA	<b>25.6%</b>
Market cap average	<b>96</b> bn (USD)
ESG	<b>BBB</b>

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

In November Chinese markets stabilized despite most Chinese companies reporting positive results for the 3rd quarter. The Fund was down slightly for the month reflecting our overweight positions in companies delivering strong financial performance which are easy to sell. Broadly speaking Chinese indexes posted performances between -0.5% and +1%.

Pinduoduo (PDD US) reported stellar results in November and was the best contributor to absolute performance by a wide margin, generating a return of over 1.7% in November. The company is now a top 5 MSCI China 10/40 index component. Tencent also generated positive absolute gains 1.3% in November. A share companies Ningbo Tuopu, Sanhua and Kweichow Moutai performed well and added more than 0.7% to monthly performance. Detractors to performance were concentrated in the consumer/restaurant and sportswear companies such as Anta Sport, Yum China, Alibaba. Despite reporting good numbers they were subject to strong foreign selling.

International investors have embraced the western media narrative that China's real estate market is imploding and that the leadership of the CCP is keen to launch a war in Taiwan. The perception of China's reality by foreign investors is unjustifiably negative, fueled more by rumors and warmongering than facts on the ground. The reality is that China's economy is still growing, if at a slower pace than the driver of global performance it once was. The zero covid policies and lockdowns have shaken the psychology with knock-on effects on consumption. **Yet many companies have been reporting growing profits over the last 3 quarters.** Importantly, China has started tangible efforts to attract foreign businesses with liberalization measures such as getting rid of visa requirements for 15 days for five EU countries. The government is front-loading RMB1trillion of (bond) spending in 2024.

Considering the above, we feel it is time to look at picking stocks that represent China's new economic growth paradigm and have been subject to aggressive and unjustified foreign investor selling. We are particularly focused on those companies that have created strong brands or rolled out innovative business models. Among others, Shenzhen Inovative Technology, Zhejiang Sanhua and Ningbo Tuopu are a vital part of the EV car supply chain from VW/BMW to Tesla and Japanese cars. Today, without the Chinese autoparts manufacturers only few EV cars might be produced. This is a sad reality for the European and US cars manufacturers.

At the time we are writing, the sell-off opportunity of beginning of December is an opportunity to add into the Chinese stock market at a never seen and unjustifiable low valuation for investors having a 3-years time horizon.

### PERFORMANCE CONTRIBUTION FOR THE MONTH

#### 10 - Largest Contribution

1 PINDUODUO	1.72%
2 TENCENT	1.29%
3 NINGBO TUOPU	0.45%
4 KWEICHOW MOUTAI	0.39%
5 SHENZHEN INOV TEC	0.27%
6 ZHEJIANG SANHUA	0.17%
7 BAIDU	0.17%
8 AKESO	0.15%
9 SHENZHEN MINDRAY	0.12%
10 NETEASE INC	0.12%

#### 10 - Largest Detractor

1 ALIBABA	-0.63%
2 MEITUAN DIANPING	-0.52%
3 BYD	-0.31%
4 ANTA SPORTS	-0.28%
5 YUM CHINA	-0.27%
6 CONTEMPORARY AMPEREX	-0.23%
7 PING AN INSURANCE	-0.21%
8 WUXI BIOLOGICS	-0.20%
9 YUNNAN ENERGY	-0.19%
10 WANHUA CHEMICAL	-0.18%

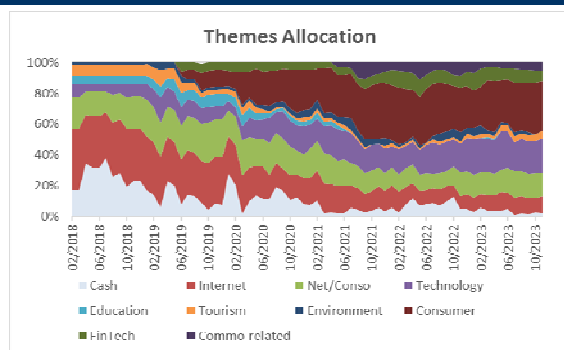
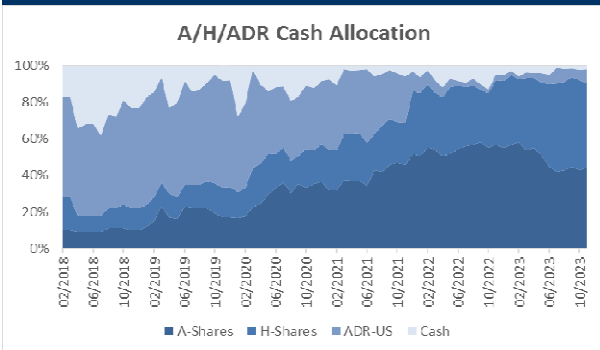
#### Best Performers

1 PINDUODUO	45.4%
2 NINGBO TUOPU	17.3%
3 AKESO	13.8%

#### Worst Performers

1 YUM CHINA	-19.2%
2 MEITUAN DIANPING	-17.9%
3 BYD	-11.4%

### "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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