

Natixis HAM China 2.0

USD

December 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.

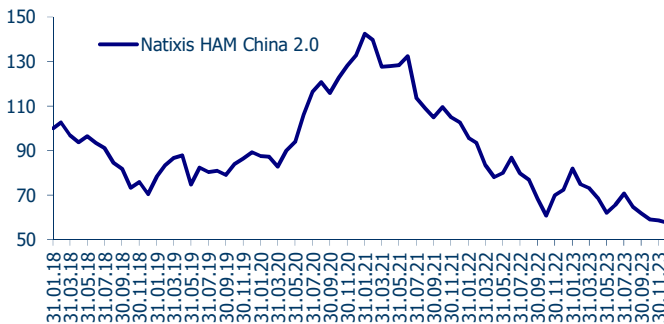
Cash is used as a tool to smooth the high volatility of these themes.

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%	-0.75%	-1.83%	-20.56%

Cumulative Performance since 01.02.2018



Top 10 Holdings

1	TENCENT HOLDINGS LTD	9.0%
2	ALIBABA GROUP	7.5%
3	KWEICHOW MOUTAI	4.3%
4	ANTA SPORTS	3.6%
5	PINDUODUO	3.3%
6	CONTEMPORARY AMPEREX	3.0%
7	TRIP	2.9%
8	WANHUA CHEMICAL	2.9%
9	BYD	2.9%
10	HAIER SMART	2.9%

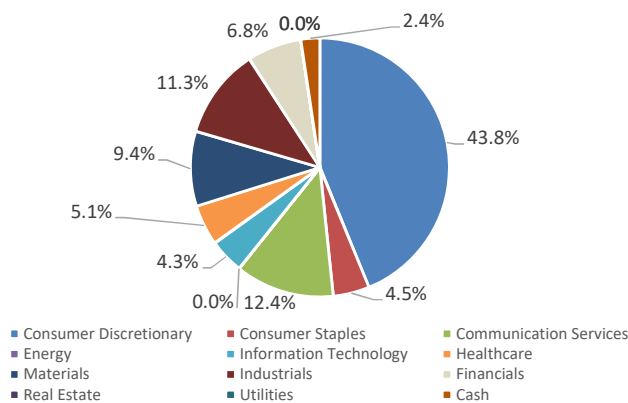
Sum top 10 **42.3%**

Sum top 20 **66.6%**

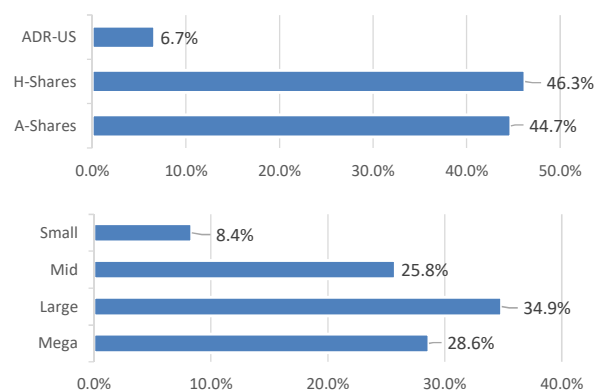
Number of positions : 44

Cash : 2.4%

Allocation by Themes



Allocation by Market type & Market Cap



Performance Since Inception

Natixis HAM China 2.0	Tot. Ret.	Volatility
	-42.5%	25.8%

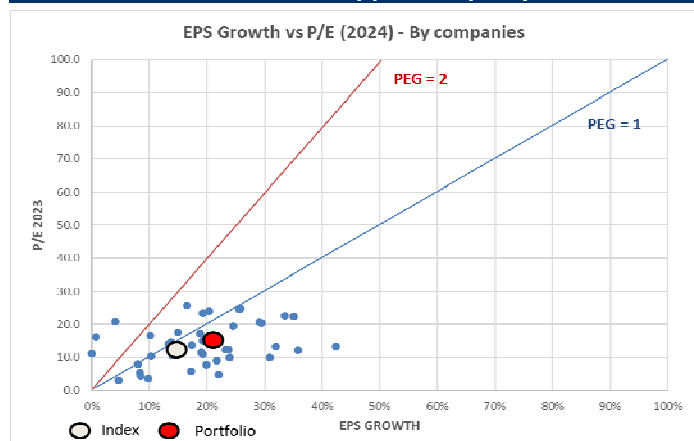
Financial Statistics (Invested part)

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

In December, the Chinese market once again showed signs of feverish activity. A new low was reached at the start of the month, but the market recovered somewhat in the last ten days. In this environment, the portfolio beat all Chinese indices by between 0.2% and 1.5%. Our portfolio is showing signs of resilience on the downside and retains all its upside potential. This is due to the fact that we only focus on quality growth companies.

More importantly, SOEs (State-owned Enterprises) over-performed by more than 30% POEs (Private-owned Enterprises) for 2023 as investors decided to fly toward quality and State protected companies. SOEs are mainly in Energy and Utilities sectors and due to international sanctions we were (and are still) not able to buy some as CNOOC for instance. In yet, only a couple of funds (i.e. Managers; 2 over 98 in our database) have beaten the index in 2023. This is the lowest ratio never seen.

The last quarter saw mixed fortunes for our positions, but the general rule (with the exception of PDD) was that investors sold on the good news, mainly in a market geared towards low liquidity and constant profit-taking. In this difficult environment, where trading unfortunately brings few profits, we remain focused solely on company fundamentals and valuations. TRIP has become a major position in the portfolio. It has become the must-have application for all tourism and business activities in China. In our opinion, the company is not very expensive given its P/E of 15x (2024) and 13x (2025) and a top-line growing by 15% on average. TRIP is clearly a threat for DIDI, but also for Meituan, which on the other hand has become less attractive.

The negative side of the portfolio is consumption in general, and sportswear and basic consumption in particular. Anta Sports faces a significant risk of margin squeeze, which is a fairly global phenomenon in this sector. However, the latest data suggest that consumption in China is set to pick up again. We are keeping Anta in the top 10, but are keeping an eye on it.

During December, we took the opportunity to rebuild our positions in the education sector. The government has become more supportive in this area, albeit with structured rules that have the advantage of being clear. China Education Group (839 HK) and Higher Education (2001 HK) are two companies that will continue to benefit from spending on education by parents. Both positions are still small in the portfolio. We divested AKESO, which had become technically a little expensive after a 25% rally, and added to existing positions such as Shenzhen Innovation, Haier Smart and China Construction Bank which were becoming really cheap.

PERFORMANCE CONTRIBUTION FOR THE MONTH

10 - Largest Contribution

1 ALIBABA	0.29%
2 MIDEA	0.16%
3 SUNGROW POWER	0.15%
4 SUNRESIN MATERIALS	0.14%
5 MGM HOLDINGS	0.13%
6 JD.COM	0.10%
7 BYD	0.06%
8 ZIJIN MINING	0.06%
9 ZHEJIANG JINGSHENG MECH	0.05%
10 CHINA CONSTRUCTION BANK	0.04%

10 - Largest Detractor

1 TENCENT	-0.95%
2 NETEASE	-0.43%
3 WUXI VILOGICS	-0.31%
4 MEITUAN DIANPING	-0.26%
5 ANTA SPORTS	-0.25%
6 KWEICHOW MOUTAI	-0.14%
7 HAIER SMART	-0.13%
8 H WORLD	-0.12%
9 WANHUA CHEMICAL	-0.12%
10 WULIANGYE	-0.10%

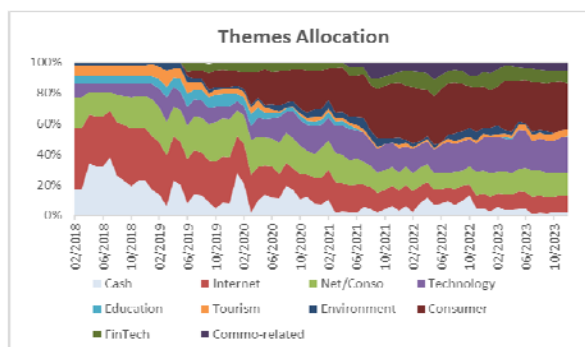
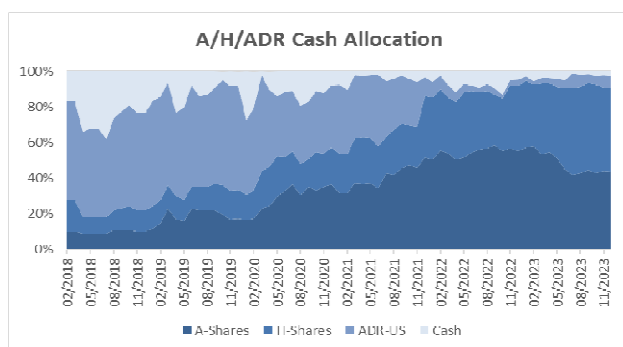
Best Performers

1 MGM HOLDINGS	15.4%
2 MIDEA	6.2%
3 SUNRESIN MATERIALS	6.0%

Worst Performers

1 WUXI BIOLOGIC	-32.0%
2 NETEASE	-20.3%
3 TENCENT	-10.2%

"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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