Natixis HAM China 2.0
USD
January 2024

PRISMINVEST

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

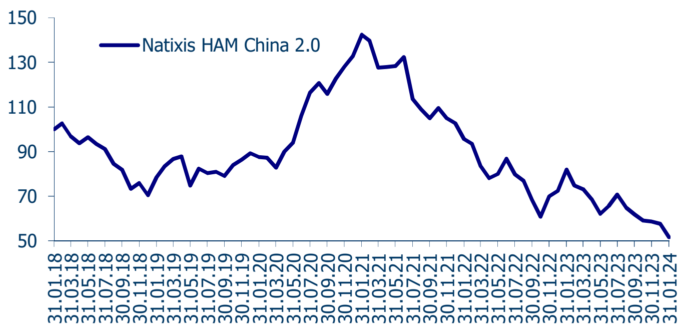
Investment Philosophy

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 positionning 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.
Recommanded 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%**
2024	-10.32%												**-10.32%**

Cumulative Performance since 01.02.2018

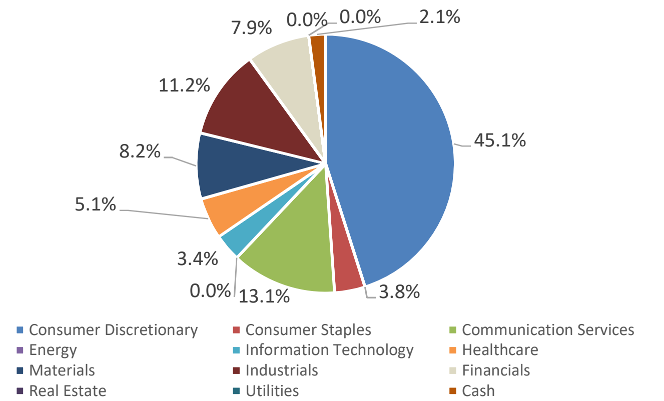


Top 10 Holdings

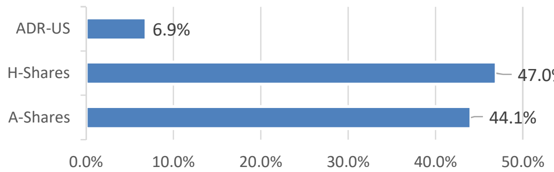
1	TENCENT HOLDINGS LTD	9.3%
2	ALIBABA GROUP	7.8%
3	KWEICHOW MOUTAI	4.5%
4	ANTA SPORTS	3.5%
5	PINDUODUO	3.5%
6	HAIER SMART	3.4%
7	MIDEA GROUP	3.0%
8	TRIP	3.0%
9	CONTEMPORARY AMPEREX	3.0%
10	WANHUA CHEMICAL	2.9%
	Sum top 10	**43.9%**
	Sum top 20	**68.5%**

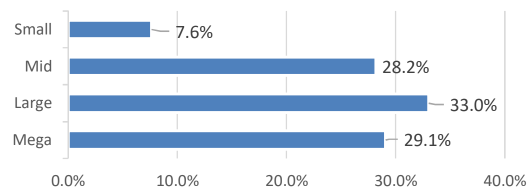
Number of positions : 43 **Cash :** 2.1%

Allocation by Themes



Allocation by Market type & Market Cap





Performance Since Inception

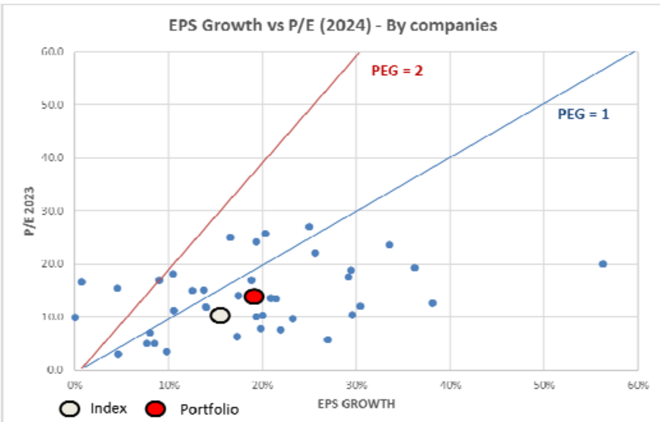
	Tot. Ret.	Volatility
Natixis HAM China 2.0	**-42.5%**	**25.9%**

Financial Statistics (Invested part)

	Portfolio	
EPS Growth 2024	**19.1%**	
EPS Growth 2025	**18.4%**	
P/E 2024 (forward)	**14.0**	x
P/E 2025 (forward)	**11.7**	x
PEG 2024	**0.73**	
PEG 2025	**0.64**	
ROE	**20.6%**	
Margin EBITDA	**26.3%**	
Market cap average	**96**	bn (USD)
ESG	**BBB**	

Source: factset / Bloomberg

PEG Valorisation by positions (2024)



Comments

As often in January before the Chinese New Year markets are volatile but this year we saw a capitulation accross all sectors and chinese markets. Our portfolio has again lighlty outperformed the MSCI China 10/40 and in February we are beating it by 2% so far in the rebound of the first week. Chinese New Year is coming at the right moment for invetsors.

The National Statistics Bureau released the final figures for 2023: GDP grew by 5.2% over the year, beating the 5% target. Of the three main engines of growth, consumption (+7.2% year on year) contributed 82.5% of the total growth, compared with 39.4% in 2022. International trade's contribution was -11.4% while investment made up most of the balance in terms of growth driver, at a year on year increase of 3%. A further breakdown shows that investment was mainly driven by manufacturing (+6.5%) and infrastructure (+6%). Property investment was the major drag (– 9.6%).

In our view, the main reason for the market's recent poor performance and volatility is that small investors have begun to feel the pain of new listings and the volume of fund-raising. In 2022, the Shanghai and Shenzhen exchanges together ranked first among global equity markets for IPO fund-raising. This was 2.2 times that of the US market, even though China's total market cap is just a quarter of the US's. The 2023 figure was already a third lower than in the previous three years. But with the additional re-financing activities by listed companies, the capital drain on the market has been too much for investors to bear. Recently, however, we've seen some positive gestures towards the stock market. According to the China Securities Regulatory Commission, the equity market is to become "investor oriented", and regulators are striving to find a balance between fund-raising and investment returns. Also, the market's sustainable returns should be higher than those from government bonds and deposit interest. We believe this new stance marks an important change from the previous official mindset, in which fund-raising was the most important function of the equity market. THis announcment On Feb. 5th, impacted positively the market surging by 4,5% in one single day!

Currently, Hong Kong is trading below 1 in terms of Price-to-Book, and Shanghai at 1! This won't last for months before investors will realise that China is not a value trap (growing at 5%!) but a value place at a very cheap price given the expecting growth.

We spent ten days in China in January and even though the mood in Hong Kong is weak, Shenzhen and Guangzhou are booming: restaurants are full, 60% of cars are EV, the demand for appartment is coming back to the level pre-Covid! Let's enter in the Dragon Wood year!

PERFMORNANCE CONTRIBUTION FOR THE MONTH

	10 - Largest Contribution			**10 - Largest Detractor**	
1	CHINA MERCHANT BANK	0.27%	1	TENCENT	-0.63%
2	HAIER SMART	0.24%	2	NINGBO TUOPU	-0.56%
3	NETEASE	0.21%	3	PINDUODUO	-0.50%
4	MIDEA	0.20%	4	MEITUAN	-0.47%
5	TRIP	0.05%	5	ALIBABA	-0.46%
6	INNER MONGOLIA	0.04%	6	ZHEJIANG SANHUA	-0.45%
7	361 DEGREES	0.01%	7	BYD	-0.45%
8	CHINA CONSTRUCT. BANK	0.01%	8	CONTEMPORY AMPEREX	-0.42%
9	None		9	ZHEJIANG JINGSHENG	-0.40%
10	None		10	SUNRESIN NEW MAT	-0.38%

	Best Performers			**Worst Performers**	
1	CHINA MERCHANT BANK	9.2%	1	NINGBO TUOPU	-34.4%
2	NETEASE	7.6%	2	WUXI BIOLOGICS	-30.8%
3	MIDEA	5.5%	3	ZHEJIANG SANHUA	-29.3%

"CHINESE SOUP" & THEMES HISTORICAL ALLOCATION