

# Natixis HAM China 2.0

USD

June 2024



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

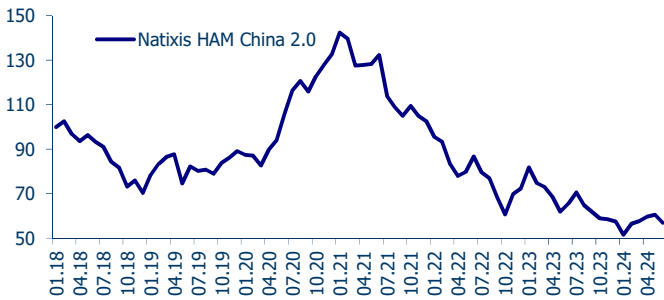
## Investment Philosophy

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%	-1.83%	<b>-20.56%</b>
<b>2024</b>	-10.32%	9.67%	1.88%	3.66%	1.34%	-5.88%							<b>-0.92%</b>

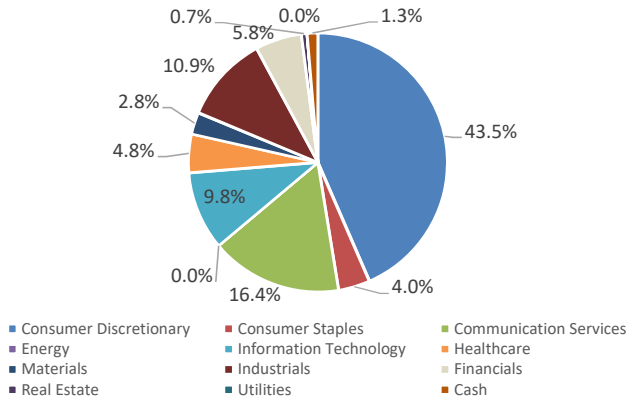
## Cumulative Performance since 01.02.2018



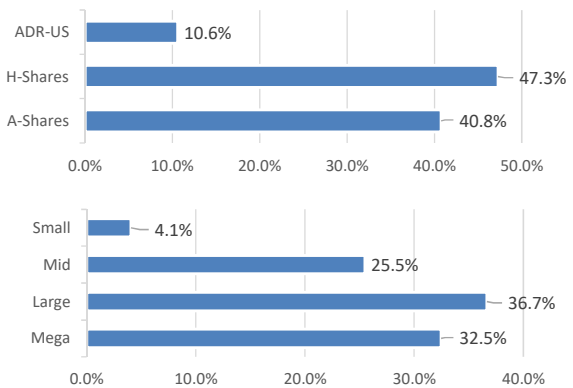
## Top 10 Holdings

1	TENCENT HOLDINGS LTD	10.7%
2	PINDUODUO	6.5%
3	ALIBABA GROUP	5.9%
4	MEITUAN DIANPING	4.6%
5	ANTA SPORTS	3.8%
6	KWEICHOW MOUTAI	3.6%
7	BYD	3.5%
8	NETEASE INC	2.9%
9	CHINA MERCHANTS BANK	2.6%
10	TRIP.COM	2.5%
<b>Sum top 10</b>		<b>46.6%</b>
<b>Sum top 20</b>		<b>67.4%</b>
<b>Number of positions :</b>		<b>47</b>
<b>Cash :</b>		<b>1.3%</b>

## Allocation by Themes



## Allocation by Market type & Market Cap



## Performance Since Inception

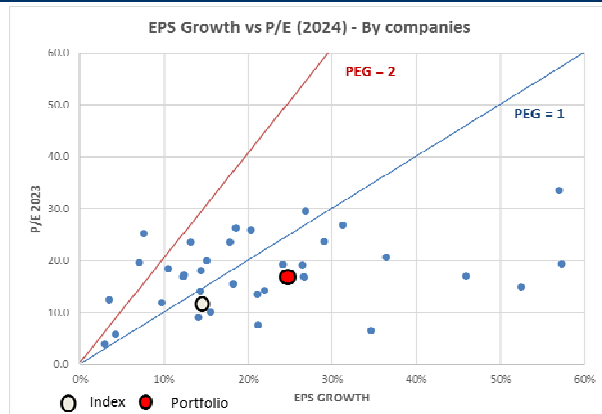
**Natixis HAM China 2.0** Tot. Ret. Volatility  
**-43.0%** **25.5%**

## Financial Statistics (Invested part)

Portfolio	
EPS Growth 2024	<b>26.5%</b>
EPS Growth 2025	<b>17.8%</b>
P/E 2024 (forward)	<b>16.0</b> x
P/E 2025 (forward)	<b>13.4</b> x
PEG 2024	<b>0.60</b>
PEG 2025	<b>0.75</b>
ROE	<b>21.2%</b>
Margin EBITDA	<b>25.4%</b>
Market cap average	<b>114</b> bn (USD)
ESG rating (Morgan Stanley)	<b>BBB</b>

Source: factset / Bloomberg

## PEG Valourisation by positions (2024)



## Comments

June happened to be a difficult month finishing down between 2% and 4% for the main indexes, and even worst for the small cap segment of the market down 6%. Best sectors were Financials and Energy finishing in a small positive territory.

There have been numerous reasons given why the sell off occurred such as ongoing property weakness, lower than expected loan growth, disappointing "618" shopping festival data, and the potential return of a Trump presidency in the United States. None of which are any new concern that is surprising the market so the most likely culprit is probably much more straightforward – the market lacks long-term capital and short term traders want no open exposure as summer vacation starts. In fact, daily turnover volume on the Hong Kong Exchange has fallen nearly 30% to less than HKD 100bn since mid-June when compared to early June and May. Early July data suggests even thinner daily turnover volume with less than HKD 90bn which is nearly 35% lower. The market decline, however, is masking ongoing fundamental economic improvements especially within the property sector. Tier-1 cities such as Shanghai and Guangzhou have recorded multi-month transaction highs in both first and second-hand homes. Shenzhen has recorded a 3-years high in second-hand home transactions in June. Tourism also continues to shine despite the broad consumption slowdown with estimates suggesting nearly USD 1 trillion will be pumped into the domestic economy this year (11% higher than 2019).

On the political front, at the top of the agenda for Beijing continues to be restoring the economy as to rebuild confidence for investors, businesses, and consumers. President Xi touted as much at the beginning of June when meeting with a group of entrepreneurs and overseas investors. In the meeting, he admitted to the current economic woes that are plaguing the country and called for deepened reforms that adopt a goal and problem-oriented approach in resolving economic issues. Premier Li took this a step further in a Q&A session with Klaus Schwab (founder of the World Economic Forum) stating that market needs to play a decisive role in allocating resources and the government needs to do a better job in creating a fair environment for that to take place. Given the real estate downturn is the elephant in the room and stabilizing the sector is a prerequisite to reversing the current economic woes, the recent statements from the country's top two officials suggest further targeted measures or scaling up of existing measures (which have been showing signs of success) for real estate may be announced at the Third Plenum.

Another focus of the Third Plenum that may serve as a positive catalyst for the market may be an announcement related to reforming the current social welfare system in China. A major cause for the entanglement between real estate and household wealth in China can be traced back to the weak social safety net the country offers to retirees. Per a note from Morgan Stanley, aggregate social security spending in China accounted for only 7.9% of GDP in 2022 compared to the OECD average of 20%. Only Mexico spends a similar amount relative to GDP in comparison but Mexico has a median age that is nearly 10 years younger than that of China. The insufficient safety net has drove the general public to build and store wealth via the property market hence the entanglement that we see today. Reforming the social welfare system will serve to strengthen retirement security allowing for better wealth planning which is accretive to building a healthy capital market. Albeit actual impact from any positive reform will take time to bear fruit, in addressing one of the biggest pain points facing the public would be a boost to sentiment and further signals rebuilding the economy is a top priority.

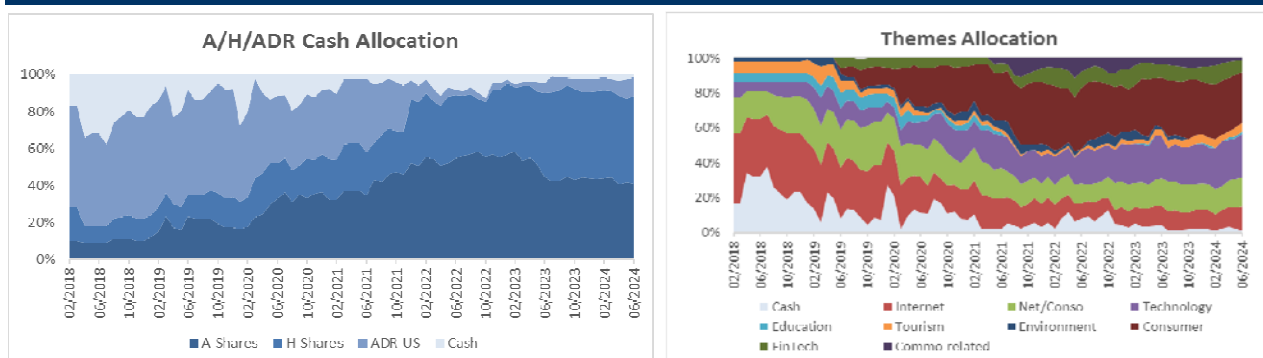
### PERFORMANCE CONTRIBUTION FOR THE MONTH

10 - Largest Contribution		10 - Largest Detractor	
1 LUXSHARE	0.52%	1 PINDUODUO	-0.71%
2 TENCENT	0.39%	2 KWEICHOW MOUTAI	-0.41%
3 ZHONGJI INOLIGHT	0.35%	3 ANTA SPORTS	-0.37%
4 MEITUAN DIANPING	0.27%	4 ALIBABA	-0.34%
5 NETEASE	0.25%	5 MINISO	-0.33%
6 BYD	0.20%	6 SHENZHEN INOVATION	-0.26%
7 NARI TECHNOLOGY	0.12%	7 WULIANGYE	-0.23%
8 YUTONG BUS	0.07%	8 HAIDILAO	-0.20%
9 CHINA CONSTR BK	0.05%	9 CATL	-0.19%
10 PROYA COSMETICS	0.02%	10 SUNRISEN MATERIALS	-0.18%

Best Performers		Worst Performers	
1 LUXSHARE	23.2%	1 HAIDILAO	-19.0%
2 ZHONGJI INOLIGHT	22.3%	2 ZHEJIANG SANHUA	-17.4%
3 NARI TECHNOLOGY	10.5%	3 CHINA RESOURCES BEER	-16.1%

### "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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