

Natixis HAM China 2.0

USD

July 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.

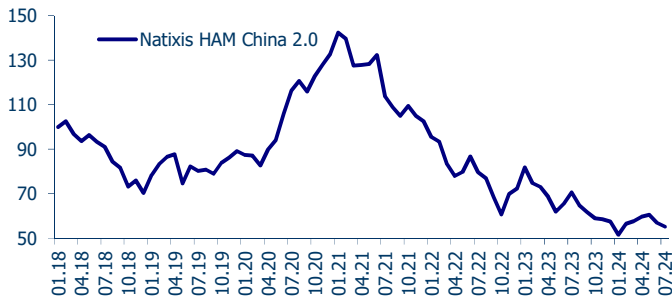
Cash is used as a tool to smooth the high volatility of these themes.

Recommended time holding period is over 5 years.

Performances USD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year
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%	9.67%	1.88%	3.66%	1.34%	-5.88%	-3.18%						-4.08%

Cumulative Performance since 01.02.2018



Top 10 Holdings

1	TENCENT HOLDINGS LTD	9.9%
2	PINDUODUO	6.7%
3	ALIBABA GROUP	6.6%
4	MEITUAN DIANPING	4.4%
5	ANTA SPORTS	3.7%
6	BYD	3.4%
7	KWEICHOW MOUTAI	3.2%
8	CHINA MERCHANTS BANK	2.9%
9	NETEASE INC	2.9%
10	SUNGROW POWER	2.8%

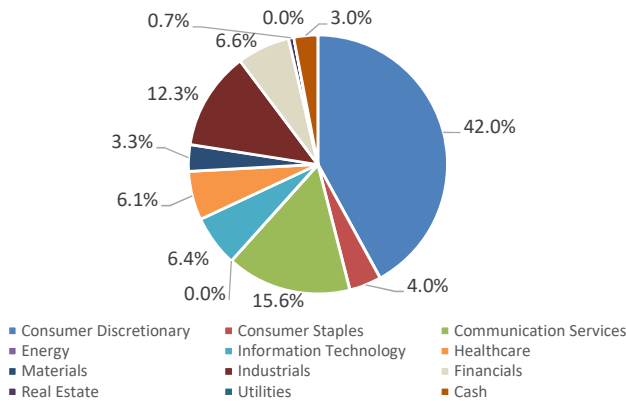
Sum top 10 **46.4%**

Sum top 20 **68.7%**

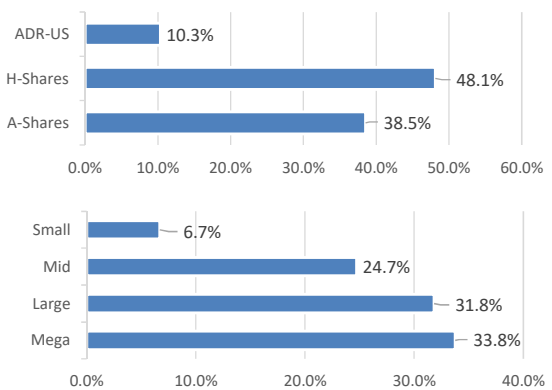
Number of positions : 45

Cash : 3.0%

Allocation by Themes



Allocation by Market type & Market Cap



Performance Since Inception

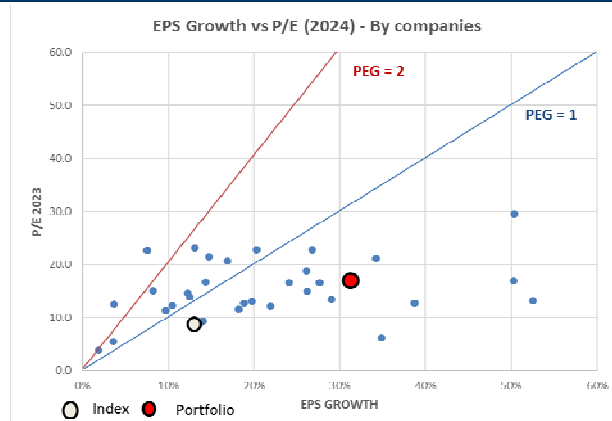
Natixis HAM China 2.0 Tot. Ret. Volatility
-44.8% **25.4%**

Financial Statistics (Invested part)

Portfolio	
EPS Growth 2024	32.1%
EPS Growth 2025	16.8%
P/E 2024 (forward)	14.9 x
P/E 2025 (forward)	12.6 x
PEG 2024	0.47
PEG 2025	0.75
ROE	20.7%
Margin EBITDA	25.7%
Market cap average	116 bn (USD)
ESG rating (Morgan Stanley)	BBB

Source: factset / Bloomberg

PEG Valorisation by positions (2024)



Comments

July used to be another disappointing month finishing down between 2% and 5% for the main indexes.

The drastic selloff in U.S. equities and APAC equities these past few days (August), however, may be what's needed for flows to return to the China market. As the Fed starts to cut rates and the dollar weakens, emerging markets should stand to benefit, especially if investors are seeking higher yielding stocks and more margin of safety for quality names. Regulators in China, in particular, have been promoting increased dividend payouts as well as shares buyback and since many listed companies have strong balance sheet, more capital returned to shareholders is expected. The current market valuation is trading at levels that stand in sharp contrast against the U.S. market (see below table). Granted one would argue given the ongoing risks, the valuation discount is reasonable yet with a forward looking lens and considering the potential release of excess savings, increasing payout and buybacks, and a government that is determined to prop up the economy, investing in China may be a less riskier choice.

As of August 2nd 2024	P/E	P/B	Div Yield	Market Cap / GDP
S&P 500	24.9	4.7	1.6%	182%
Nasdaq	32.6	7.4	1.1%	93%
MSCI China All Shares	11.6	1.2	3.2%	60%

Source: Bloomberg.

Pinduoduo (PDD) became the number 2 position in our portfolio and is likely to stay for a while. The continued development of online retailing and discount marketing platforms has enabled the rapid development of online marketplaces like Temu, a subsidiary of PDD, offers heavily discounted consumer goods to a global customer base with products shipped directly from China. It also operates in China under the Pinduoduo brand. The model succeeds because its algorithm ensures that the most saleable products are front of mind and the product offerings are aggressively refreshed. The app has been downloaded 130m times worldwide and the website enjoys 420m monthly visits. The largest audience is in the US, with 100m active users. US readers may have seen the Super Bowl ads in February this year, offering \$15m in giveaways. In its most recent quarterly update PDD reported year on year revenue growth of 131%. Operating margins in RMB grew 275% over the same period and now deliver 30% of revenue. Such is the competitive efficiency of the model that the giveaways attract the customers without adversely impacting the profitability of the company.

PERFORMANCE CONTRIBUTION FOR THE MONTH

10 - Largest Contribution

1 ALIBABA	0.63%
2 SUNGROW POWER	0.33%
3 PING AN INS	0.10%
4 CATL	0.09%
5 BAIDU	0.06%
6 ZH. SHUANGHUAN	0.05%
7 ZH. JINGSHENG	0.05%
8 XIAOMI	0.04%
9 JD.COM	0.01%
10 WULIANGYE	0.01%

10 - Largest Detractor

1 TENCENT	-0.27%
2 SHENZHEN MINDRAY	-0.27%
3 TRIP.COM	-0.25%
4 ANTA SPORTS	-0.25%
5 PROYA COSMETICS	-0.22%
6 MINISO	-0.21%
7 PDD	-0.20%
8 SHENZEN INOV	-0.18%
9 YUTONG BUS	-0.15%
10 HUAZHOU	-0.13%

Best Performers

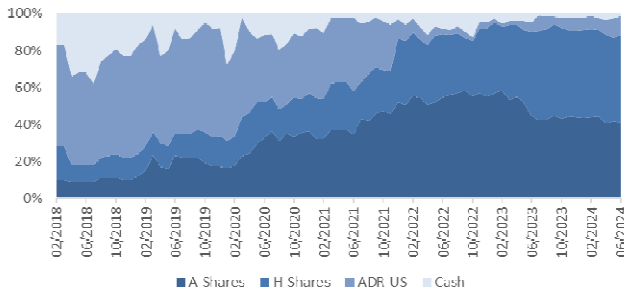
1 SUNGROW POWER	11.7%
2 ALIBABA	9.6%
3 CATL	4.2%

Worst Performers

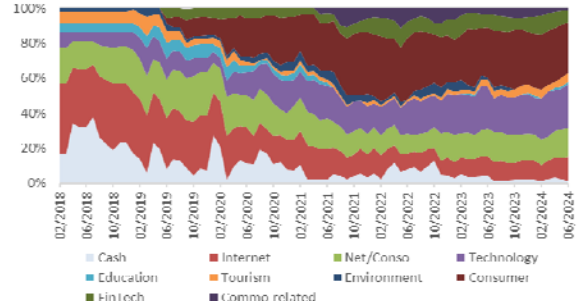
1 PROYA COSMETICS	-16.8%
2 YUTONG BUS	-12.5%
3 MINISO	-11.8%

"CHINESE SOUP" & THEMES HISTORICAL ALLOCATION

A/H/ADR Cash Allocation



Themes 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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