

Natixis HAM China 2.0

USD

August 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.

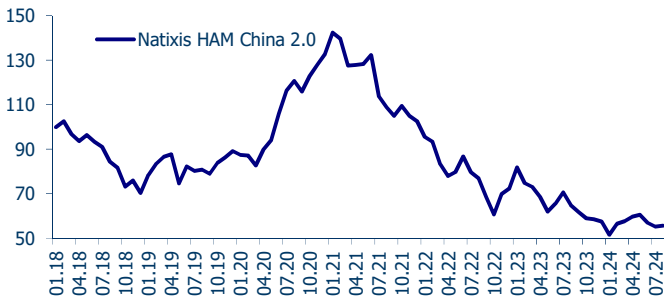
Cash is used as a tool to smooth the high volatility of these themes.

Recommended time holding period is over 5 years.

Performances USD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year
2018		2.25%	-5.32%	-3.90%	3.59%	-3.11%	-2.28%	-7.40%	-3.01%	-13.61%	4.28%	-3.83%	-29.00%
2019	8.42%	7.94%	1.12%	4.31%	-14.35%	8.55%	-1.07%	-0.30%	-2.15%	6.59%	3.21%	3.12%	25.65%
2020	-0.26%	-2.67%	-5.55%	10.27%	1.36%	15.41%	8.12%	5.74%	-5.14%	6.88%	5.69%	2.78%	48.92%
2021	6.87%	-2.79%	-9.84%	3.64%	-1.38%	4.30%	-15.61%	-3.26%	-3.80%	6.47%	-5.54%	-1.81%	-22.55%
2022	-7.97%	-2.30%	-10.38%	-6.17%	2.88%	9.08%	-9.06%	-2.09%	-11.90%	-15.29%	18.15%	5.24%	-29.90%
2023	12.30%	-9.88%	0.41%	-6.46%	-9.64%	3.98%	10.17%	-9.25%	-4.13%	-3.52%	-0.41%	-3.15%	-20.35%
2024	-10.89%	9.88%	1.63%	4.92%	-0.24%	-4.68%	-2.68%	0.24%					-3.15%

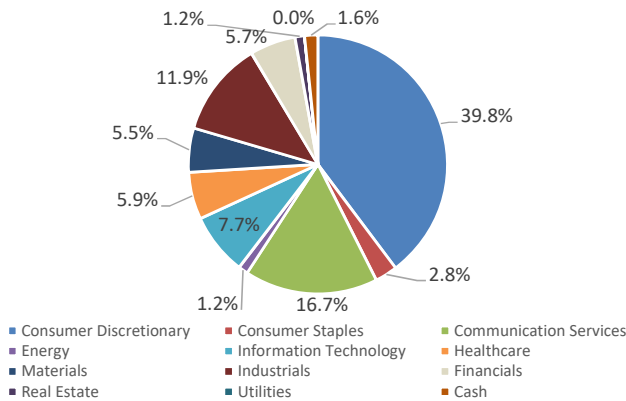
Cumulative Performance since 01.02.2018



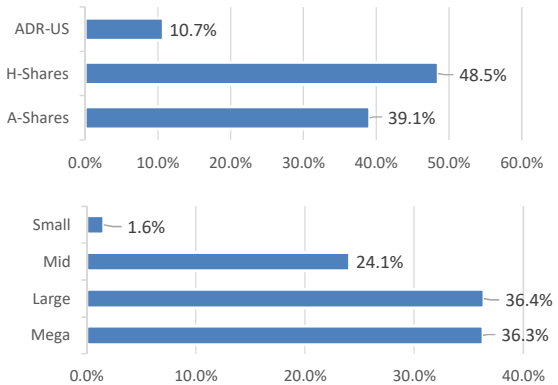
Top 10 Holdings

1	TENCENT HOLDINGS LTD	10.3%
2	ALIBABA GROUP	5.8%
3	PINDUODUO	5.0%
4	MEITUAN DIANPING	4.8%
5	ANTA SPORTS	4.5%
6	BYD	4.2%
7	KWEICHOW MOUTAI	3.1%
8	TRIP.COM	2.9%
9	PING AN INSURANCE	2.9%
10	CHINA MERCHANTS BANK	2.9%
	Sum top 10	46.4%
	Sum top 20	70.2%
	Number of positions :	41
	Cash :	1.6%

Allocation by Themes



Allocation by Market type & Market Cap



Performance Since Inception

Natixis HAM China 2.0	Tot. Ret.	Volatility
	-44.4%	25.4%

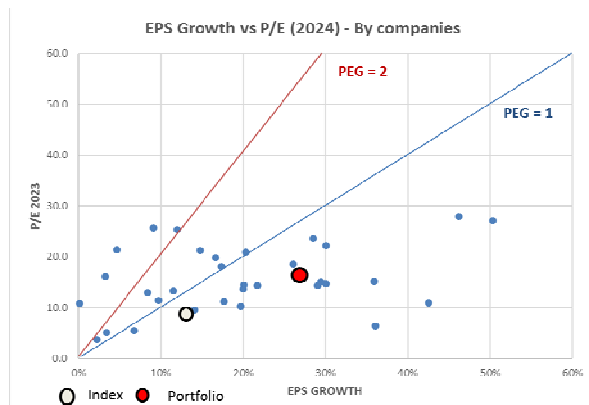
Financial Statistics (Invested part)

Portfolio	
EPS Growth 2024	27.4%
EPS Growth 2025	16.2%
P/E 2024 (forward)	15.1 x
P/E 2025 (forward)	12.8 x
PEG 2024	0.55
PEG 2025	0.79
ROE	20.7%
Margin EBITDA	25.3%
Market cap average	112 bn (USD)
ESG rating (Morgan Stanley)	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

It was a tale of two markets for Chinese equities in August. Hong Kong finished up by 3% but the Shanghai A Shares market was down 1.8%. All in all, our portfolio was up 0.24% over performing the MSCI All Shares down -0.02%.

Major contributors to performance were consumer positions in Meituan, Anta, Trip.com, and BYD that added 1.4% of absolute performance and almost double that if Alibaba and Tencent are added. Sungrow and Xiaomi were also notable performers. Detractor of the performance and a big disappointment was the overweight position in **Pinduoduo** (PDD US).

The numbers and weaker guidance released by PDD did not justify the almost halving of the company's market capitalization in a few hours of trading. Afterall, considering as lower growth rate for 2025 the company still generates a 60% plus gross profit margin (30% net) and a healthy return on equity around 30% with Temu growing strongly and operating in 75 countries with almost 300 million users. Trading at less than 6X PER is it time to take advantage of the significant sell off and is the valuation low enough to protect our investment in PDD going forward? We do not think it is the case, and here is why.

The ruthless manner in which PDD's senior management chose to deliver the guiding down of results, future profitability issues and increased competition is concerning for a company of the size and global reach as PDD. Especially when the company's IR had not disclosed or hinted at such issues previously. Is it "the tip of the iceberg" in so far that it reveals PDD's aggressive practices with its own merchants now extended to its investors? Was this venting of frustrations on investors driven by ulterior-most likely political-motives? Was it a hara-kiri of the company's share price engineered by PDD's CEO who was labelled as China's richest man in international press? These questions will probably never be answered clearly, but this incomprehensible corporate governance and disclosure process for a company as large and visible as PDD significantly weakens "the case for PDD" going forward.

Since we bought the first time PDD at 26.4 USD (USD 92 now) we made a healthy 250% performance. Our call was correct and we do still think that the potential is intact in the long run. However, the dust has to settle and we took the decision to cut the position by half i.e. by realizing half the performance. We will keep a close eye on "non-valuation" issues to see if PDD senior management is indeed committed to rebuild trust with investors.

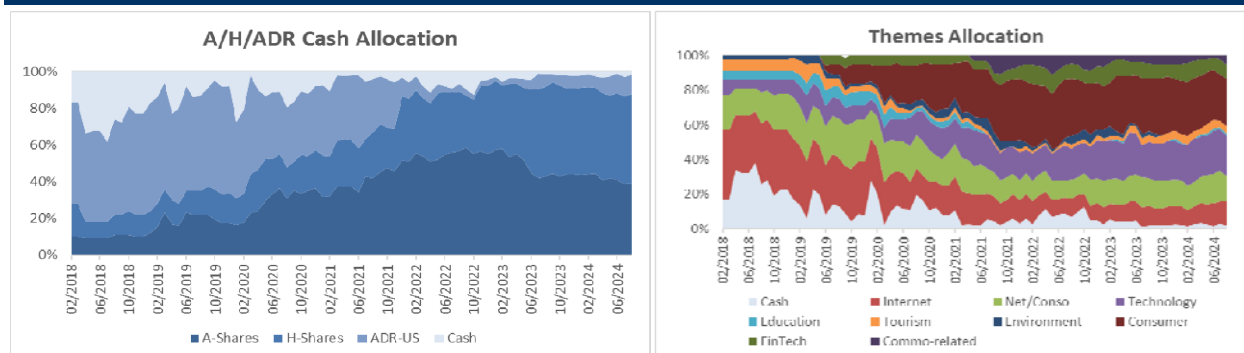
The good news came from **Trip.com** reporting a stellar Q2 2024 results and confirmed its outstanding fundamentals. Q2 results beat estimates and showed a significant increase in total revenue and adjusted EBITDA in 2Q24, growing 13.5% and 21.7% year-over-year(YoY), respectively. Accommodation revenues increased by 20% YoY, driven by robust Chinese travel demand. All travel segments were strong, including outbound travels that recovered to 2019 level, international travel (+70%/y/y), accommodation (+19%/y/y) and packaged tours businesses(+42%/y/y). Outlook for 3Q24 is also strong and the company is optimistic about sustained demand for both domestic and outbound travel going forward.

PERFORMANCE CONTRIBUTION FOR THE MONTH

10 - Largest Contribution		10 - Largest Detractor			
1	TENCENT HOLDINGS LTD	0.58%	1	PDD	-1.52%
2	MEITUAN DIANPING	0.41%	2	NETEASE INC	-0.31%
3	ANTA SPORTS	0.40%	3	ZHONGJI INNOLIGHT	-0.17%
4	SUNGROW POWER	0.35%	4	NINGBO TUOPU	-0.13%
5	ALIBABA GROUP	0.33%	5	KANZHUN	-0.13%
6	XIAOMI	0.33%	6	SHENZHEN INOV TEC	-0.11%
7	TRIP.COM	0.29%	7	BAIDU	-0.08%
8	JIANGSU HENGLI HYDRAULIC	0.29%	8	WANHUA CHEMICAL	-0.06%
9	BYD	0.26%	9	KUAISHOU TECHNOLOGY	-0.06%
10	KWEICHOW MOUTAI	0.11%	10	YUTONG BUS	-0.04%

Best Performers		Worst Performers			
1	XIAOMI	16.0%	1	PDD	-25.4%
2	SUNGROW POWER	13.9%	2	ZHONGJI INNOLIGHT	-14.4%
3	JIANGSU HENGLI	13.4%	3	NETEASE	-12.5%

"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.

The information provided in this document and sourced from third-parties may only be used for your internal use, may not be reproduced or disseminated in any form. None of the information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. All information and data in this document originate from generally available sources which Prismoinvest viewed as reliable at the time of drafting this document. However, no liability can be assumed for their correctness, accuracy, completeness and appropriateness; all the information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. Prismoinvest and any third-party expressly disclaim all warranties with respect to this information and in no event shall Prismoinvest or any third-party have any liability for any damages.