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LeanVal
INVESTMENTS

MAY 2022

QUARTERLY INDEX REBALANCING: SOLACTIVE BERYLLS LEANVAL AUTOMOBILITY LEADERS 100 INDEX

ISIN: DE000SL0D0S2

PERFORMANCE OVERVIEW



PROFIT AND RISK

Return (USD)	AUTO100 Index	Benchmark		Active return	
		Sector*	Market#	Sector	Market
Last 3 months	-14.7%	-16.3%	-8.1%	1.6%	-6.6%
Since inception (30.07.2021)	-13.9%	-19.3%	-9.1%	5.4%	-4.8%
YTD	-19.4%	-21.8%	-12.9%	2.4%	-6.5%
Last 12 months	-11.0%	-15.8%	-7.1%	4.8%	-3.9%
Since index start (31.12.2018)	61.3%	28.4%	50.3%	32.9%	11.0%
Year 2021	19.8%	16.1%	17.8%	3.7%	2.0%

Key risk figures

Volatility (36 months)	19.7%	26.4%	18.0%
Value-at-Risk (95%, 12 months)	-28.6%	-40.7%	-25.7%
Maximum Drawdown (36 months)	-38.4%	-42.8%	-34.4%

*iShares Electric Vehicles and Driving Technology UCITS ETF

#Morningstar Global Index

Background information

Few things shape modern life as much as individual mobility. Be it as an expression of freedom and individuality, or as an economic driver. To reflect this, we have developed the **Solactive Berylls LeanVal Automobility Leaders 100 Index** – the AUTO100. It tracks the performance of the 100 most relevant publicly listed automobility players worldwide.

By design, the AUTO100 covers the industry's entire value chain – from vehicle manufacturers and suppliers, to dealer groups, and providers of mobility services or infrastructure.

Rebalancing updates

Currently there are several major effects impacting the global capital markets.

With Russia's invasion of Ukraine, the global markets are seeing major ripple effects across industries. Recent gas cut-offs in Eastern Europe could signal future shortages in other nations, leading to a persistent increase in prices as countries attempt to distance themselves from Russia.

With inflation continuing to rise, central banks across the globe have increased interest rates as a countermeasure.

In addition, the global economy is not out of the woods yet with respect to COVID as recent lockdowns in China have halted manufacturing operations, exacerbating the ongoing supply chain disruptions, with chip shortages still haunting the economy.



PERFORMANCE OVERVIEW



Although the AUTO100 actively limits the weight of individual components to 2.5%, there are some stocks pushing the overall performance: In the last quarter, it was e.g., **Meritor** and **Cargurus**.

One of the best performing stocks last quarter was **Meritor INC**, a manufacturer of automotive parts for commercial vehicles. Main reason for the outperformance was the announcement of the acquisition by Cummins, a leading manufacturer of diesel engines for commercial vehicles, who agreed to acquire Meritor for USD 3.7bn, (USD \$36,50 per share, a 48% premium to the closing price on February 18th 2022). The deal is expected to close before year end.

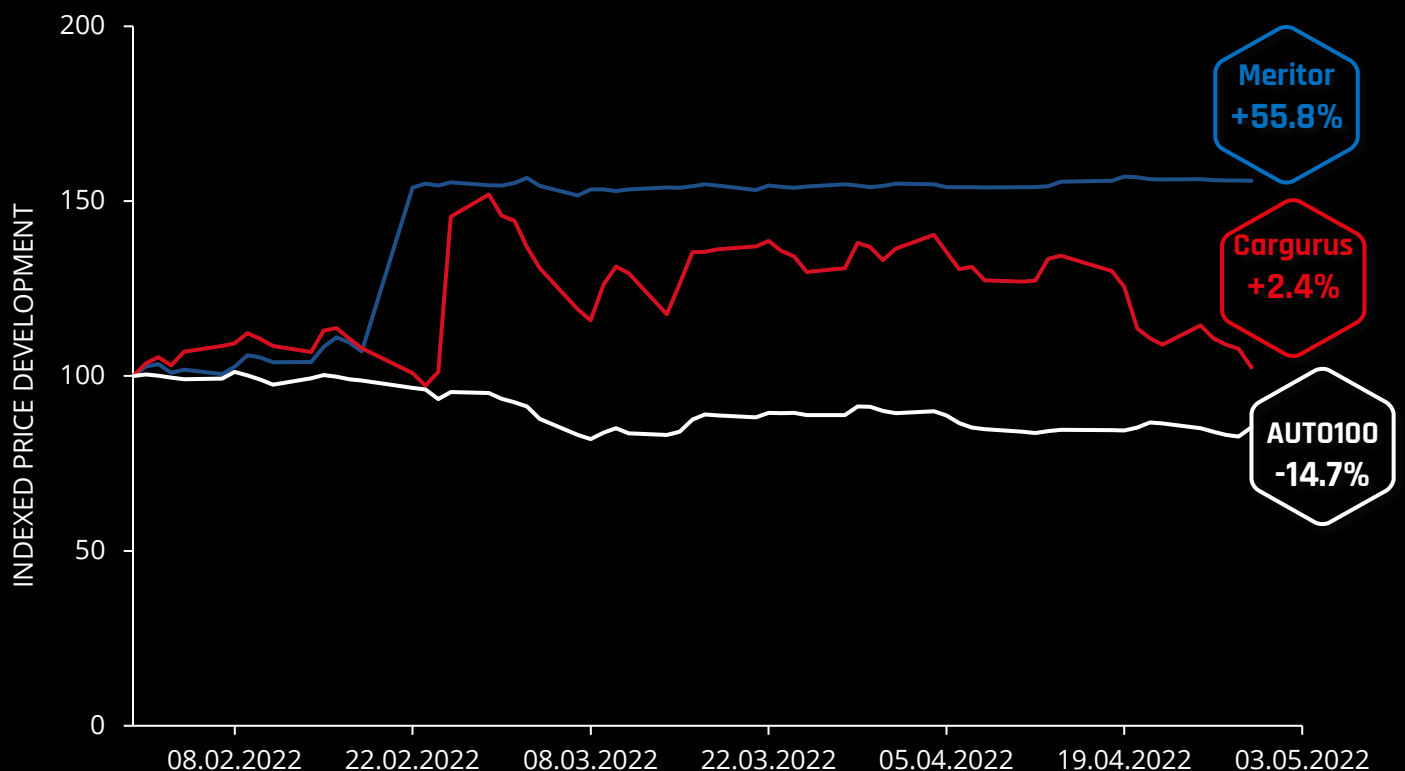
Besides, Meritor is financially stable with Q1 and Q2 results showing Y/Y sales growth of 11% and 17%, respectively, to USD 1.0bn and USD 1.2bn. Adjusted EBITDA also increased although partially offset

by higher steel costs.

Another notable company was **Cargurus Inc**. A multinational online automotive marketplace connecting buyers and sellers of new and used cars using proprietary technology, search algorithms, and data analysis.

For the fiscal year 2021 Cargurus had total revenue of USD 1.0bn 73% Y/Y, thanks to a 51% interest in CarOffers since January 2021. CarOffers is a platform that enables automotive dealers to instantly buy and sell vehicles from one another. As a result, CarGurus managed to increase its revenue percentage from non subscription revenue (88-89% in 2018/19) (wholesale and other revenue) to 34% in Q2 2021 and 35% in Q3 2021. After publishing promising Q4 results end of February, the stock saw a massive upside, although partly going down over the last couple of weeks again.

SELECTED TOP PERFORMERS OF LAST QUARTER (USD)



COMPETITOR ANALYSIS



Compared to other indices/ETFs covering the automotive industry, the AUTO100 performs very well. Particularly during the market correction, the approach of a purposefully balanced weighting of shares and the consideration of detailed fundamental and strategic factors during index construction contributed to the AUTO100 outperformance. In addition, over time the AUTO100 has shown less volatility than its peers validating our approach to look for steadiness and reliability of the index.

In contrast, most competitor indices follow market capitalization-weighted approaches. Thus, (recently) they are driven largely by the skyrocketing outperformance of very few individual stocks –

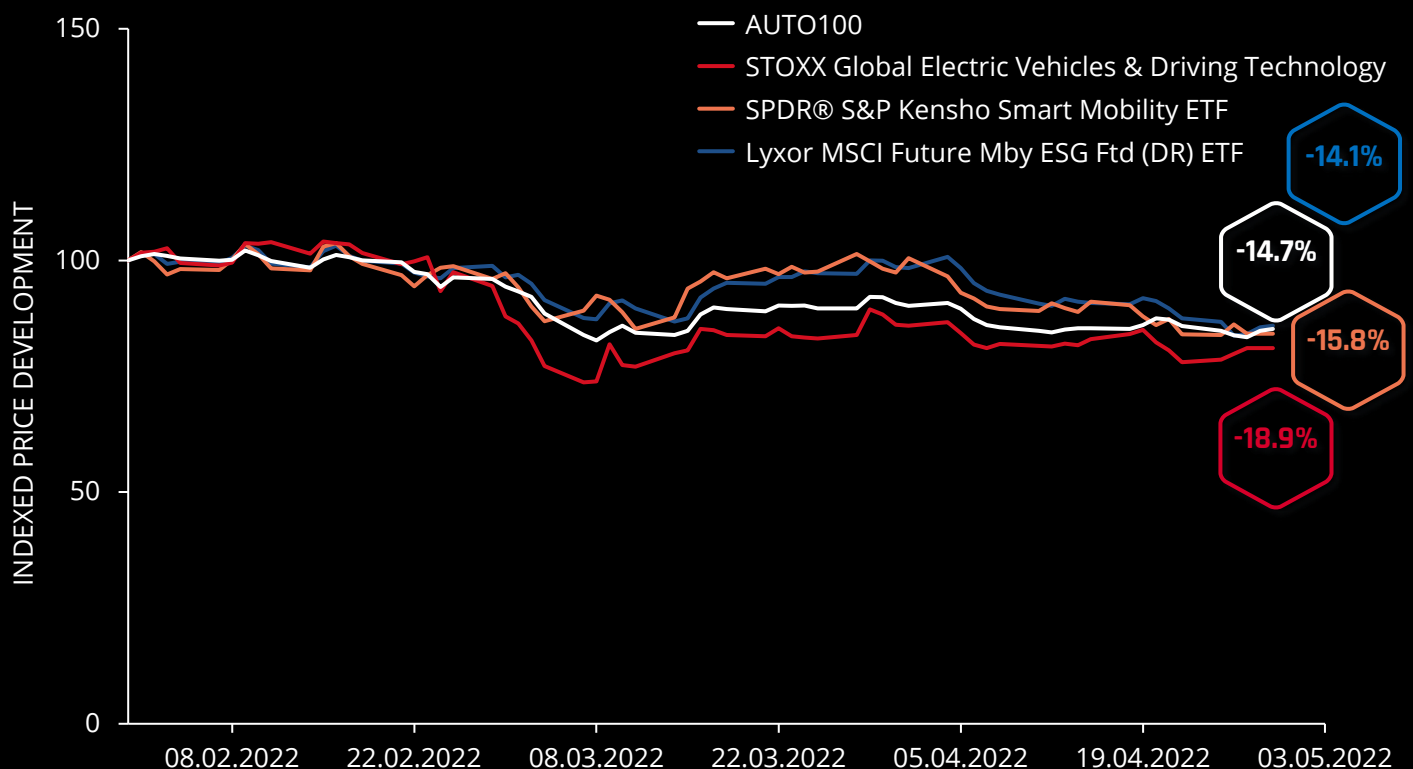
such as Tesla. Over the last couple of weeks, Tesla stock saw some major setbacks which also caused above-average downturns for comparable indices with high stakes in Tesla.

Other Auto indices simply filter for Global Industry Classification Standards (GICS) and thus fail to cover the entire industry or include companies that are not predominantly auto & mobility related.

AUTO100 is truly automobility!

We are convinced that our domain-specific and fundamental approach to assessing the quality of a stock allows us to draw accurate market comparisons, thereby selecting high-class individual stocks.

PERFORMANCE OF COMPETITIVE LANDSCAPE (USD)



REBALANCING RESULTS

MOST NOTABLE CHANGES (NON EXHAUSTIVE)



LITHIA

Hertz **faurecia**

Localiza **KAR GLOBAL**

SCHAEFFLER

CIE Automotive

		SEGMENT
CIE-Automotive		Supplier
Faurecia SA		Supplier
Hertz Global Holdings Inc.		Mobility
KAR Auction Services Inc.		Dealer
Lithia Motors Inc.		Dealer
Localiza rent a car		Mobility
Schaeffler AG		Supplier

The most recent quarterly rebalancing replaced 12 constituents, or approx. 8% of the index. While players like Schaeffler or Hertz Global Holdings rejoined the index, other prominent stocks like NIO Inc, Eicher Motors or Goodyear Tire & Rub. fell out of the index.

Prominent dropout is **Goodyear Tire and Rubber**, who develops, manufactures, markets and distributes rubber tires under the Goodyear brand and manufactures and markets rubber chemicals. However, inflationary pressures are expected to persist in the

coming quarters, as are the challenges in the supply chain.

Another prominent dropout is **NIO Inc.** who designs, develops, manufactures and markets premium electric vehicles, innovations in next-generation technologies for autonomous driving, and electric powertrains and batteries. At the end of March and in April 2022 vehicle production and deliveries were impacted by supply chain fluctuations and other constraints, caused by new outbreaks of Covid 19 in certain regions of China.

		SEGMENT
Aptiv PLC		Supplier
Autohome Inc.		Dealer
Eicher Motors Ltd.		OEM
Goodyear tire & rub.		Supplier
Hino Motors Ltd.		OEM
NIO Inc.		OEM
XPeng Inc.		OEM

GOODYEAR **汽车之家**
autohome.com.cn

• APTIV • **EICHER**

HINO **NIO**

X P E N G



CONTACTS LEANVAL INVESTMENTS

LeanVal is an independent financial services provider for institutional and semi-institutional investors with offices in Frankfurt, Cologne and Munich. The range of services includes equity research, asset management and digital platforms for investment management.

As a provider of in-depth analyses, LeanVal Research GmbH has extensive expertise in the analysis, valuation and selection of stocks as well as in the design of equity strategies. The research universe currently includes the 600 largest listed companies in Europe and around 500 US stocks. The digital solution of LeanVal Research allows all client groups, with very high data quality and data depth, a well-founded individual analysis of the underlying equity universe as well as independent portfolio design according to individual and predefined investment strategies.

The asset management competence is bundled in Conservative Concept Portfolio Management AG (CCPM). Founded in 1991, the company offers investment solutions in special and mutual funds. The focus of daily business is on the development

and management of option-based volatility strategies, factor-based equity strategies and multi-asset solutions. The well-rounded product range is complemented with private debt products.

Further information at: www.leanval.investments

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The Berylls Group's services are fully dedicated to the automotive industry. From offices in Germany, China, the UK, South Korea, North America and Switzerland Berylls experts cover all current and future topics of the automotive ecosystem. Their expertise is combined in four specialized units – the Berylls Quartet.

Berylls Strategy Advisors – With its comprehensive know-how, the top management consultancy serves the entire automotive value chain – from strategic conception to improving operational performance.

Berylls Digital Ventures – The Digital Ventures team offers to build new business models for clients or develops and operates digital products for them – end-to-end. Berylls Digital Ventures invests in start-ups and builds white-label digital products that customers can integrate in their digital presence.

Berylls Equity Partners – In the Berylls Quartet, Equity Partners is an investment company backed by strong anchor investors that acquires companies in the mobility industry to improve them operationally and realign them strategically.

Berylls Mad Media – Mad Media's experts develop and implement data-driven marketing, integrated portfolio, and service design, all the way to holistic process and IT architectures.

Further information at: www.berylls.com

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INTERESTED?

LET'S DISCUSS.



**THE
AUTO100**
Index



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