

berylls
CAPITAL MARKETS

LeanVal

WISDOMTREE®

SEMI-ANNUAL INDEX REBALANCING: WISDOMTREE BERYLLS LEANVAL GLOBAL AUTOMOTIVE INNOVATORS INDEX

SEPTEMBER 2023

PERFORMANCE OVERVIEW

PROFIT AND RISK

Return (USD)	WCAR ¹	Benchmark		Active return	
		Sector*	Market [#]	Sector	Market
Since last rebalancing ²	13.2%	11.1%	11.5%	2.1%	1.7%
Since inception (27.09.2022)	27.3%	29.6%	23.6%	-2.3%	3.7%
YTD	17.8%	23.3%	13.2%	-5.5%	4.6%
Last 12 months ³	19.3%	19.5%	15.5%	-0.2%	3.8%
Year 2022 ³	-16.9%	-29.3%	-18.5%	12.4%	1.6%

Key risk figures

Volatility (36 months)	17.4%	24.4%	14.6%
Value-at-Risk (95%, 12 months)	-27.8%	-42.4%	-23.1%
Maximum Drawdown (36 months)	-31.3%	-36.2%	-26.6%

¹Performance of the WCAR, tracking the WisdomTree Berylls LeanVal Global Automotive Innovators Index

²17.03.2023

³including backtesting

* 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 **WisdomTree Berylls LeanVal Global Automotive Innovators Index** – the WTCAR. It tracks the performance of the 100 most relevant publicly listed automobility players worldwide.

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

REBALANCING UPDATES

The automotive industry experienced a severe blow from the capital markets in 2022, and the recent decline in stock prices has wiped out most of the gains that the sector had made from the pandemic lows.

Now, there are still several major effects impacting the global capital markets. First, central banks remain committed to fighting inflationary pressures and have incrementally raised interest rates as a strategic countermeasure over the past months, slowing down the recovery of the economy. Second, supply shortages caused by the Covid-19 crisis is continuously moving into the rear-view mirror, allowing for a more optimized production utilization. Third, political influences like the Inflation Reduction Act in the US, the war in the Ukraine, and the pressures between China and Taiwan are continuing to influence the developments at the global capital markets.



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PERFORMANCE OVERVIEW

Although the WTCAR actively limits the weight of individual components to 2.5%, there are some stocks pushing the overall performance:

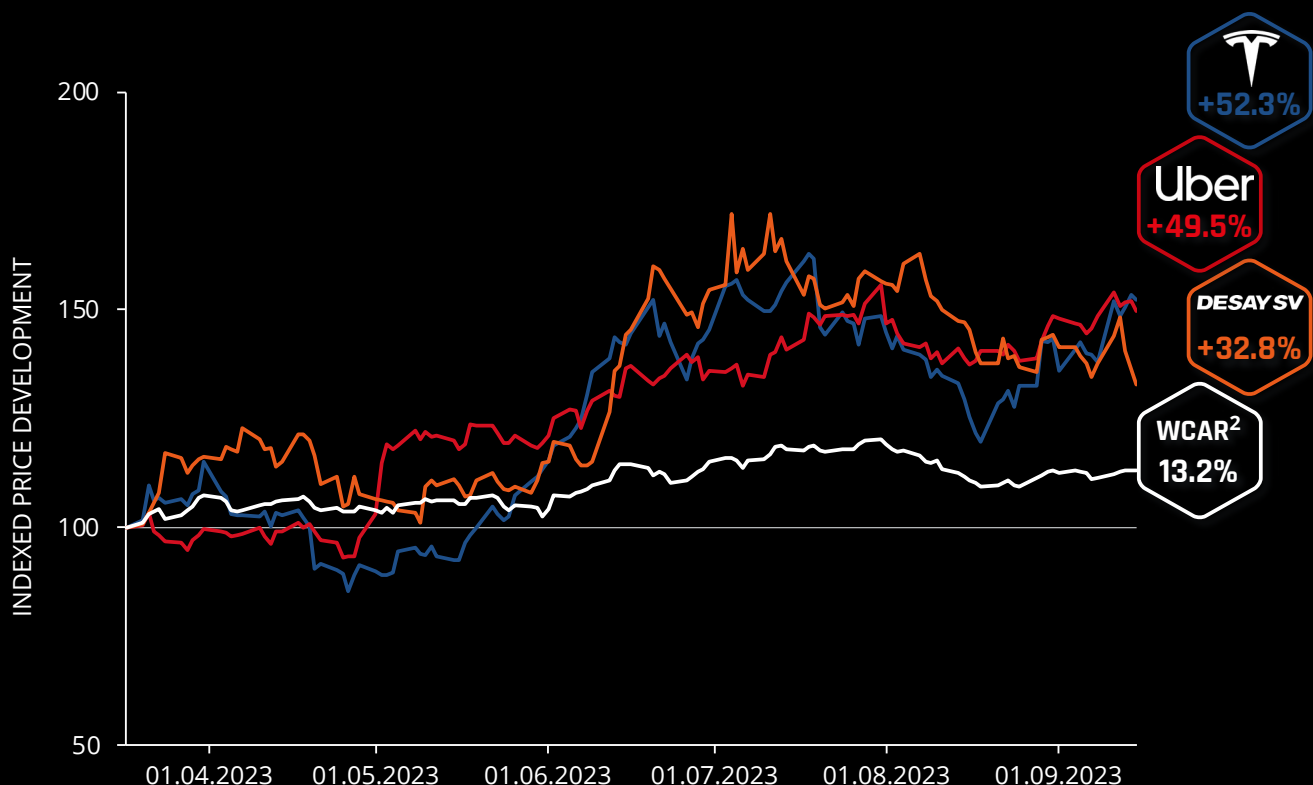
Last quarter, among the best performing stocks was **Tesla**, whose growth case continues. The performance since the last rebalancing in March is +52.3% (September 15, 2023 in USD) This means that Tesla can compensate for the price losses from 2022 and with 96.1% over a three-year period, it is still one of the outperformers in the industry. We assume that the growth figures of the last few years are likely to slow down due to competition from China and Europe. Nevertheless, the company's innovative strength is likely to continue to provide positive surprises. At 9.7, the Berylls Industry Score is one of the highest in the entire WTCAR index.

Another notable company was Desay. **Huizhou Desay SV Automotive Co Ltd** is a China-based auto parts manufacturer. Its core business activities include research, development, and manufacturing of automobile parts. The product portfolio of Desay includes in-vehicle infotainment systems, climate control systems, driver information display systems, automotive display systems, body control modules and advanced driver assistance systems. With sales of 1.9 billion EUR in 2022 and a market capitalization of 9.7 billion EUR, the company is one of the smaller suppliers in the WTCAR index. However, analysts' expectations for sales and earnings growth are above average at 30 to 40% p.a. in the next three years.



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SELECTED TOP PERFORMERS SINCE LAST REBALANCING¹ [USD]



¹ 17.03.2023

² Performance of the WTCAR, tracking the WisdomTree Berylls LeanVal Global Automotive Innovators Index

COMPETITOR ANALYSIS

Compared to other indices/ETFs covering the automotive industry, the WCAR 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 WCAR outperformance. In addition, over time the WCAR has shown less volatility than its peers, validating our approach of steadiness and reliability of the index.

In contrast, most competitor indices follow market capitalization weighted approaches. Thus, in the past years, they have been driven largely by the skyrocketing out-performance of very few individual stocks – such as Tesla. Over the past year, however, Tesla's stock experienced some major setbacks resulting in high volatility, which also caused above average price movements 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.

WCAR is truly automobility!

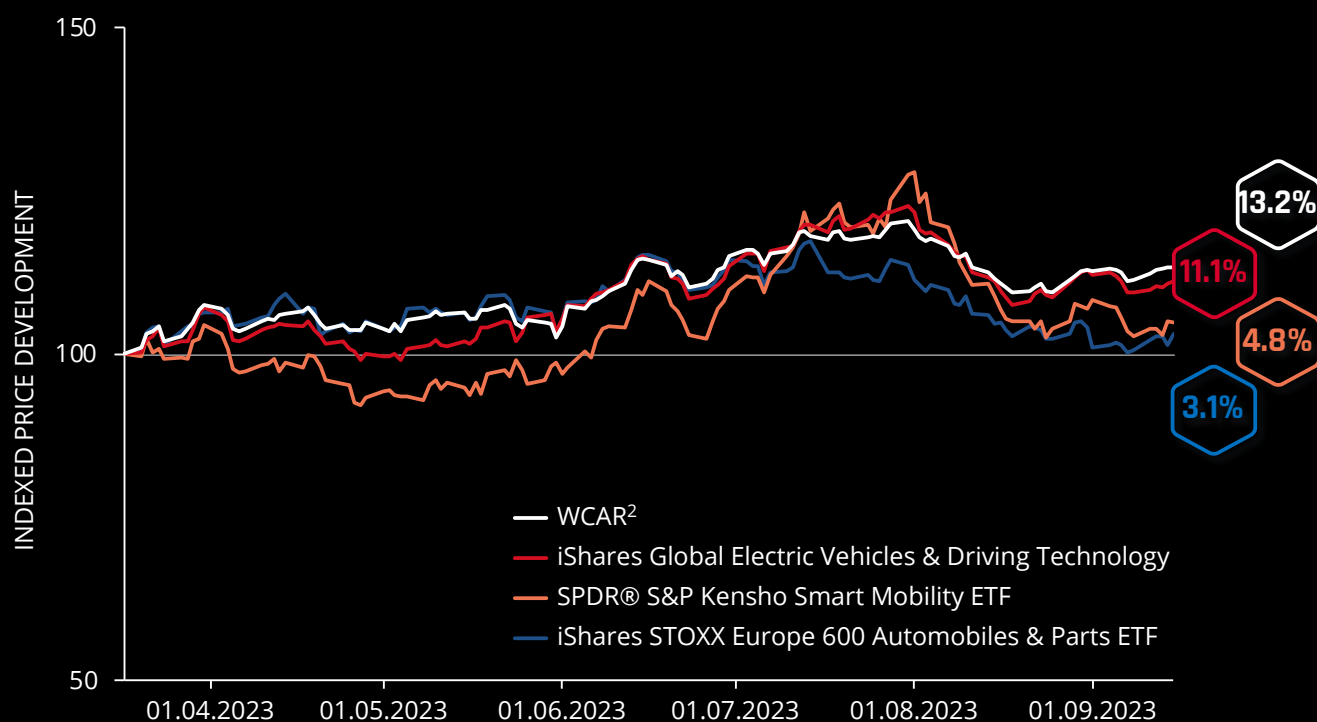
We are convinced that our domain-specific and fundamental approach to assessing the quality of a stock allows us to draw accurate market comparisons, thereby selecting high-class individual stocks.



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PERFORMANCE OF COMPETITIVE LANDSCAPE¹

[USD]



¹ Since last rebalancing on 17.03.2023

² Performance of the WCAR, tracking the WisdomTree Berylls LeanVal Global Automotive Innovators Index

INDEX COMPOSITION

We wanted to drill into the drivers of capital markets in the automobility industry – so we created our own stock index, the WTCAR. The primary objective for the index is to be representative for the global auto industry across the entire value chain. Therefore, we want to cover all key regions namely NAFTA, Europe, China, and the rest of the world.

A close examination of the index's composition demonstrates that we successfully achieved this ambition.

In contrast to the MSCI World Index, which heavily favors NAFTA with a share exceeding 70% and excludes the Chinese market entirely, our WTCAR index allocates 36% to companies in North America, 12% to China, 27% to EU countries, and 25% to the rest of the world.

This straightforward comparison highlights how the WTCAR index comprehensively covers the global auto industry across the pertinent markets.

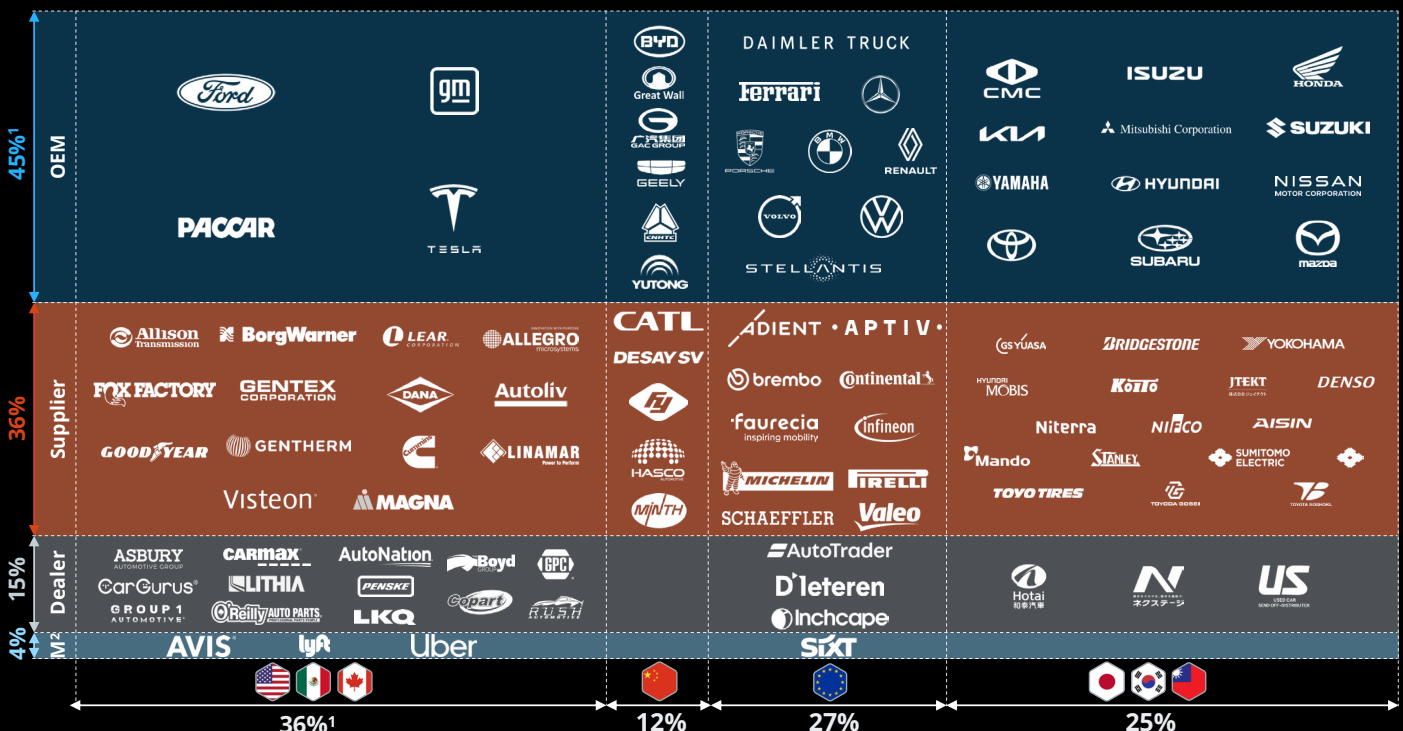
Upon further analysis of the index's breakdown within the industry, it becomes apparent that Original Equipment Manufacturers (OEMs) contribute the most significant share. However, our index goes beyond this by representing the entire value chain, with suppliers, dealers, and mobility providers collectively contributing more than 50%.

Lastly, an examination of the companies included in the index underscores our commitment to encompassing all relevant publicly traded firms, reinforcing the idea that WTCAR is a true reflection of the automobility industry!



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PLAYERS IN THE INDEX



¹ Share of market capitalization of respective segment/ region

² Mobility provider

REBALANCING RESULTS

MOST NOTABLE CHANGES (NON EXHAUSTIVE)



		SEGMENT
Auto Trader Group		Dealer
BYD		OEM
CarMax		Dealer
Goodyear		Supplier
Lithia		Dealer
Lyft		Mobility
Pirelli		Supplier

Despite the reallocations, the structural composition of the index has not changed significantly in terms of regional or sector allocation. This is also because the relative attractiveness of the regions or sectors has not changed in the last six months. In both the Berylls Industry Score and the LeanVal fundamental valuation, Europe and NAFTA remain more attractive than the vast majority of stocks from China.

Only the leading Chinese companies can keep up with the competition in terms of attractiveness or valuation. This includes the BYD share, which will be included in the index. **BYD** is one of the top 5 automotive battery manufacturers and one of the largest automobile producers in China and the world. The expected sales and profit growth for the next two years exceed the expectations of German and US manufacturers many times over.

		SEGMENT
ALD Automotive		Mobility
Autohome		Dealer
Dongfeng		OEM
Nexteer		Supplier
Harley-Davidson		OEM
KAR Auction Services		Dealer
SAIC Motor Corporation		OEM



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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.

LeanVal Asset Management AG (LVAM) was originally founded in 1991 as Conservative Concept Portfolio Management AG (CCPM) and developed into an established provider of alternative option-based volatility strategies as well as equity strategies.

Further information at: www.leanval.investments

YOUR CONTACT PERSONS



Prof. Dr. Laurenz Czempel
Managing Partner
lc@leanval.investments



Artur Kampik, CFA
Managing Partner
ak@leanval.investments



Prof. Dr. Peter Schömig, CFA
Managing Partner
ps@leanval.investments

T +49 69 9494 88 050 | info@leanval.investments

CONTACTS BERYLLS

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 five specialized units – the Berylls Quintet.

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 Quintet, 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.

Berylls Green Mobility – Green Mobility is a venturing firm that builds new businesses around green and sustainable technology. We believe that sustainability will deliver competitive advantages in the real world. Our mission is to build ventures that deliver products and services that make automobility sustainable.

Further information at: www.berylls.com

YOUR CONTACT PERSONS



Dr. Jan Burgard
CEO (Berylls Group)
jan.burgard@berylls.com



Malte Broxtermann
Partner
malte.broxtermann@berylls.com



Björn Simon
Senior Consultant
bjoern.simon@berylls.com



Jakob Rüchardt
Consultant
jakob.ruechardt@berylls.com

+49 89 710 410 400 | INFO@BERYLLS.COM

INTERESTED?

LET'S DISCUSS.

**THE
WCAR**
Index

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