

berylls  
CAPITAL MARKETS

LeanVal

WISDOMTREE®

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

MARCH 2024

# PERFORMANCE OVERVIEW

## PROFIT AND RISK

Return (USD)	WCAR <sup>1</sup>	Benchmark		Active return	
		Sector*	Market <sup>#</sup>	Sector	Market
Since last rebalancing <sup>2</sup>	9.0%	2.5%	13.0%	6.5%	-4.0%
Since inception (27.09.2022)	39.8%	32.9%	39.6%	6.9%	0.2%
YTD	6.5%	0.4%	5.4%	6.1%	1.1%
Last 12 months <sup>3</sup>	29.7%	27.6%	28.1%	2.1%	1.6%
Year 2023 <sup>3</sup>	21.8%	27.1%	-21.5%	-5.3%	0.3%

## Key risk figures

Volatility (36 months)	16.0%	23.9%	14.2%
Value-at-Risk (95%, 12 months)	-21.5%	-36.1%	-16.6%
Maximum Drawdown (36 months)	-31.2%	-36.2%	-26.6%

<sup>1</sup>Performance of the WCAR, tracking the WisdomTree Berylls LeanVal Global Automotive Innovators Index

<sup>2</sup>15.09.2023

\* iShares Electric Vehicles and Driving Technology UCITS ETF

<sup>#</sup> 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 year 2023 was characterized by changes in the automotive industry. While numerous new suppliers and OEMs are trying to gain a foothold, the established OEMs are fighting for their position and struggling with their strategic realignment.

A high interest rate environment and low consumer spending due to the high inflation period suggest that 2024 will be another subdued year. Geopolitical tensions and disruptions in supply chains continue to prevent a sigh of relief.

Governments and consumers continue to try to counteract the worsening effects of climate change by increasing the sale of electric vehicles. After the share prices for many companies in the EV segment only knew one direction, there have recently been significant corrections and investors have favoured the security of established manufacturers.



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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:

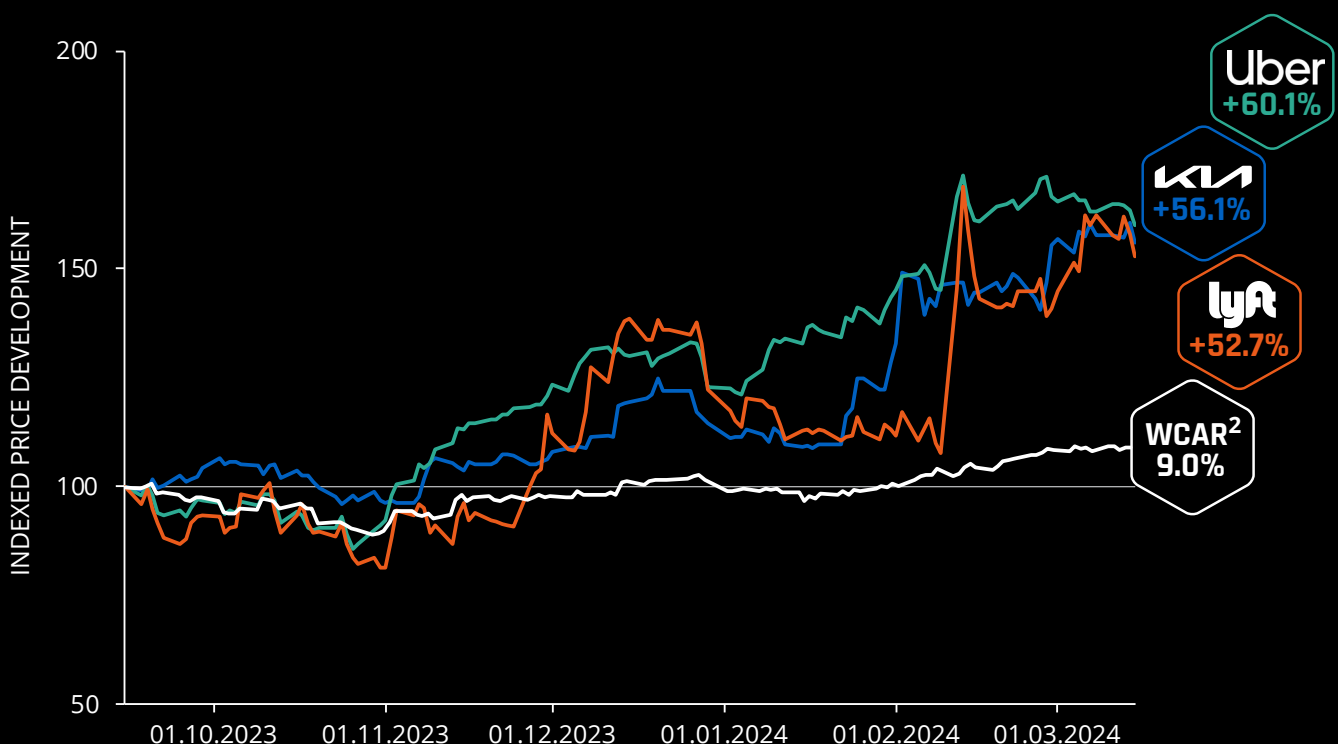
The top performing stock since the last rebalancing was **Uber Technologies, Inc** gaining +60.1% on the stock market. The San Francisco based Company continued its growth journey as the market leading developer and provider of mobility service applications. In the company presentations, Uber shows that the company has been growing continuously since 2020, thereby systematically improving its margin. In two of the three core segments Mobility (+32% YoY) and Delivery (+15% YoY), Uber shows high growth in the value of bookings. The company is focusing on growth for future business development. According to its own information, Uber only penetrates less than 10% of the market in the largest segment, Mobility. By also expanding their business into different areas, investors seem to stick in the Uber growth story.

The South Korean OEM **Kia Motors** showed the second-best stock performance, falling just 4 %pt behind Uber. Founded in 1944, KIA is not one of the new OEMs that are often seen as a beacon of hope for high growth rates. Across all markets, KIA Motors was able to increase vehicle sales by just 0.4% from 4Q22 to 4Q23. Still Kia achieved a milestone overtaking Hyundai Motor in Market Cap for the first time in 20 years. The main reason for KIA motors good performance is assumed to be an enhanced shareholder return policy. The company also announced that it would acquire treasury shares worth around USD 370 million this year, 50% of which in the first half of the year.



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## SELECTED TOP PERFORMERS SINCE LAST REBALANCING<sup>1</sup> [USD]



<sup>1</sup> 15.09.2023

<sup>2</sup> 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 Automotive 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!

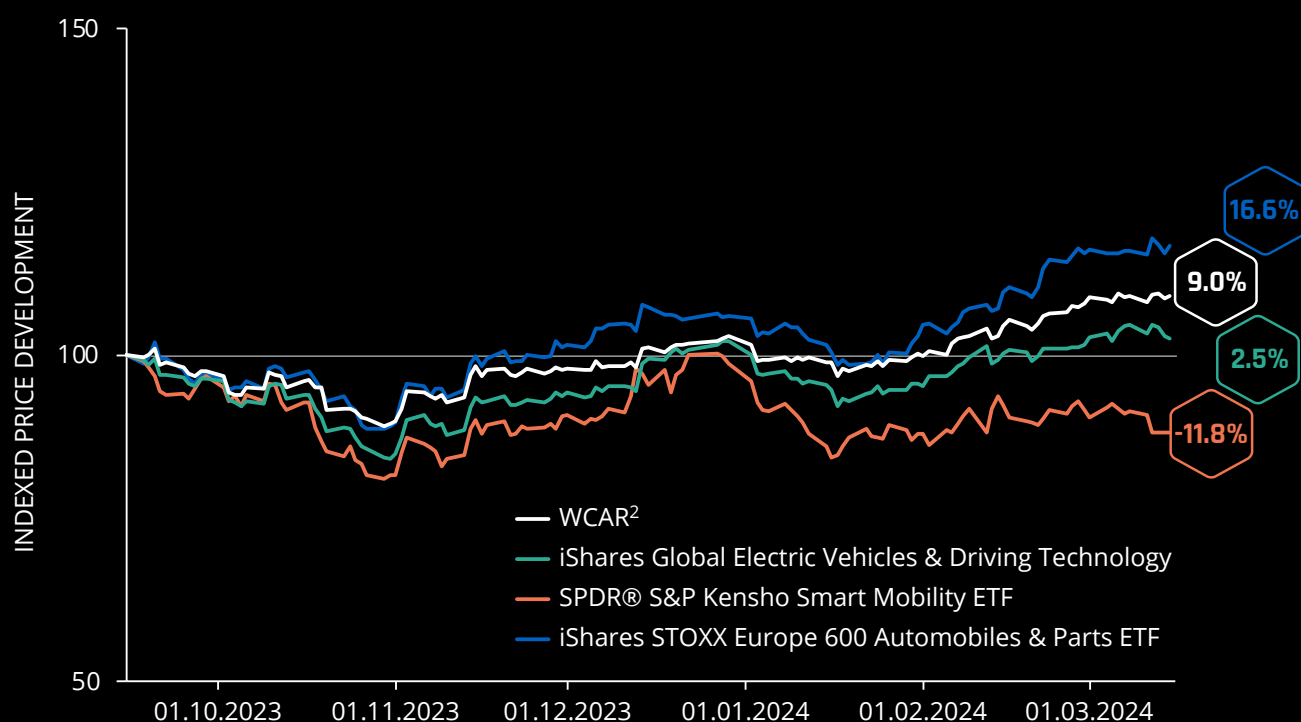
We are convinced that our domain-specific and fundamental approach to assessing the quality of a stock allows us to draw accurate market comparisons, thereby selecting high-class individual stocks.



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## PERFORMANCE OF COMPETITIVE LANDSCAPE<sup>1</sup>

(USD)



<sup>1</sup> Since last rebalancing on 15.09.2023

<sup>2</sup> 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 37% to companies in North America, 12% to China, 24% to EU countries.

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

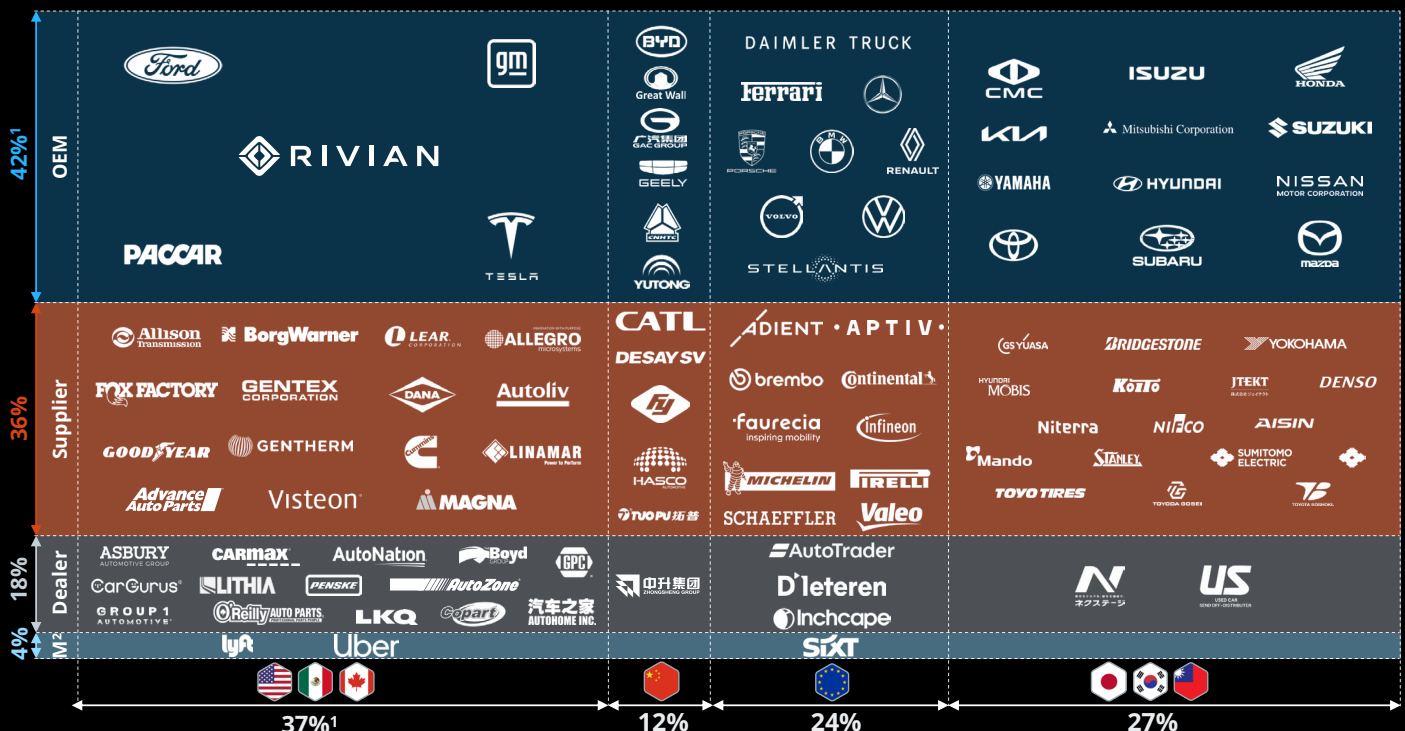
Upon further analysis of the index's breakdown within the industry, it becomes apparent that Original Equipment Manufacturers (OEMs) contribute the most significant share. However, our index goes beyond this by representing the entire value chain, with suppliers, dealers, and mobility providers collectively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



<sup>1</sup> Share of market capitalization of respective segment/ region

<sup>2</sup> Mobility provider

# REBALANCING RESULTS

MOST NOTABLE CHANGES (NON EXHAUSTIVE)



COMPANY		SEGMENT
Advance Auto Parts Inc		Supplier
AUTOHOME INC		Dealer
AutoZone Inc		Dealer
Li Auto		OEM
Rivian Automotive Inc		OEM
SAIC Motor Corporation Limited		OEM
ZHONGSHENG GROUP		Dealer

Despite the reallocations, the structural composition of the index has not changed significantly in terms of regional or sector allocation. Measured by the Berylls industry score and the Leanval fundamental industry score, companies from Japan are those with the greatest relative attractiveness. 5 of the Top10 companies are located in Japan. China has made up some ground after the last rebalancing, with now 3 companies (BYD, Geely and CATL) among the Top20. Europe on the other hand is losing ground with only BMW remaining at in the Top 20 companies with the greatest relative attractiveness.

Looking at the performance since the last rebalancing draws a different picture. 4 European OEMs made the cut to the Top10 best performing values in the index. This development could indicate a trend that after the hype of EV values, markets are recalibrating.

COMPANY		SEGMENT
Allison Transmission		Supplier
Avis		Mobility
Fox Factory Holding		Supplier
Hotai Motor		Dealer
Minth Group		Supplier
Rush Enterprises		Dealer
Stanley Electric Co		Supplier



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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](http://www.leanval.investments)**

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# 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](http://www.berylls.com)**

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# INTERESTED?

## LET'S DISCUSS.

**THE  
WCAR**  
Index

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