AUTO PARTS & EQUIPMENT MANUFACTURING INDUSTRY

INVESTMENT THESIS

Drivers of Thesis

- **Oil prices** are currently trading at about 50% less than prices a year ago, and we forecast oil prices to remain at about $54 in the next 6 months and an average $75 over the next 2 years. If these low prices persist, disposable income for consumers will increase, so will discretionary spending and demand for automobiles and auto parts in production.

- **Economic Indicators** such as GDP, interest rates, unemployment and consumer sentiments have been positive in recent times. We anticipate US GDP growth to be 3.4% and 3.2% in 6 months and 2 years respectively on average. We also expect interest rates to remain low in the coming months, and unemployment to hover around 5.4% in both the short and long-term. These favorable economic indicators will drive consumer spending and availability of credit and should positively impact demand for automobiles and auto parts.

- **Auto Sales** according to industry experts, is expected to reach 17m units in 2015 alone, compared to 16.8m in 2014. Also, current average age of vehicles is 11.4 years and is forecast to be 11.9 by 2019. This slow rate of growth in age of vehicles points to the fact that consumers will be changing their old cars for newer ones in coming years, creating new demand, and increasing demand for auto parts.

Risks to Thesis

- **The US Dollar exchange rate** has been improving since 3Q of 2014, making imports cheaper than domestic goods. We fear that if this trend continues, the local auto parts industry will face stiff competition from cheaper imports.

- **In the global economy**, growth is anticipated to be slow, with EU region growing at 1.2%, Japan 0.6% and emerging and developing economies remaining stable at 4.3% growth in 2015. This will translate into low demand in those economies, and possibly a competition for the US auto parts market space.

- **Interest Rates** are expected to be increased by the Federal Reserve Bank, but no indication of exactly when this interest hike will take place is known. In light of this, interest rates increases pose a threat to our thesis as it affects both corporate borrowing and personal loans demand, and thus affecting demand for motor vehicles and auto parts.

**February 11, 2015**

| Price Data | Current Price | $385 |
| 52wk RangeA | $317.40 – 386.68 |

**Key Statistics**

- **Market Cap (B)**: $165,999
- **P/E**: 15.4x
- **YTD Performance**: 3.8%
- **Div. Yield**: 1.1%
- **Beta**: 1.6

**Key Players - Market Cap. (B)**

- Honeywell Int. Inc. 81.0
- Johnson Controls Inc. 32.3
- Delphi Automobile PLC 25.3
- Borg Warner Inc. 13.7
- TRW Automotive Holding Corp. 12.1
- Lear Corp. 8.7
- Visteon Corp. 4.4
- Dana Holding Corp. 3.0

**12 – Month Performance**

Source - Factset

**Industry Description**

The Auto Parts & Equipment Manufacturing industry produces vehicle parts and accessories as components in assembling cars, SUVs, trucks, and light off-highway utility vehicles for the automobile manufacturing industry. The range of products include airbags, emission systems, turbochargers, filters, wheels, air-condition systems, and a number of other auto parts. As component suppliers, demand depends on the volume of vehicles manufactured by the automobile companies (also known as Original Equipment Manufacturers – OEMs), which is dependent on customer demand for cars and other kinds of vehicles.

Important disclosures appear on the last page of this report.
EXECUTIVE SUMMARY

Automobile demand is the main driver for demand in the auto parts industry. The industry derives about 95% of its demand from the automobile manufacturing industry. The industry produces vehicle parts and components used in the manufacture of new vehicles.

Vehicle demand is dependent on consumer spending which is influenced by GDP growth, interest rates, unemployment amongst others. The US is poised for growth in 2015 (Henry Fund forecast - 3.4%) and other economic indicators such as unemployment (HF forecast – 5.4% in the next 6 months) and consumer confidence have been improving in the last 12 months, and we believe the industry will benefit from these positive conditions. With the additional benefit of low oil prices, demand for vehicles will increase which in turn will improve demand for auto parts and equipment.

Although we see a positive outlook for this industry, we recognize that the elements driving the growth are transitory and therefore we recommend a market weight for the industry.

INDUSTRY DESCRIPTION

The Auto parts & Equipment Manufacturing Industry is an upstream constituent of the Automobile Manufacturing Industry producing component parts for use in the manufacture of motor vehicles of all kinds.

Products

The products manufactured by the automotive parts suppliers (APS) include airbags, emission systems, turbochargers, filters, wheels, air-condition systems (HVAC), radiators and a large number of other small-size auto components. The size of revenue generated by the industry is estimated to be about $55.5 billion in the United States alone. As indicated in the chart below, HVAC & exhaust systems make up the largest percentage of output from the industry, together accounting for about 40% of revenues generated annually.

Demand

The output of this Industry is primarily used during original manufacture of motor vehicles and as such, majority of demand for its goods comes from OEM’s. The aftermarket accounts for only about 5% of the output and these are mostly sold to dealerships and consumers. Demand for this industry therefore closely follows demand for motor vehicles by consumers, and this has been increasing gradually in recent years. Below is a graph that depicts the sale of automobiles in the US for the past 5 years, 2010 to 2014.

Other factors that influence demand in the industry include vehicle prices, income levels, fuel prices, interest rates, consumer sentiments, vehicle scrappage rates, product innovation and automobile industry regulation. These factors generally influence consumers’ demand for...
new vehicles either directly or indirectly which in turn have a positive impact on demand for automotive parts.

Supply

The APSs source their production materials from aluminum, iron, steel, textile, rubber, paint, organic chemical manufacturers amongst others. The cost of these materials account for 59% of purchases by value and steel alone makes up 68% of these purchases. For this reason, commodity prices of such items as aluminum, steel and iron go a long way to affect productivity and profitability of companies within this sector.

US automotive manufacturers have historically sighted their production plants in close proximity to their markets, that is the OEMs. The rationale behind this strategy stems from the nature of the business relationship between the ASPs and the OEMs. Automobile producers enter into specific contracts with their suppliers for parts, and fulfillment of some of these contracts are highly dependent on collaboration in research and innovation between the vehicle producers and parts suppliers.

Additionally, a shorter distance reduces transportation costs to customers as the products tend to be bulky. Owing to this, a good number of APSs (32.2%) are located in the area around the Great Lakes where the three major US car manufacturers are located. Recently, following the financial crises of 2008 – 2009, foreign automobile companies entered the US market as the domestic companies were affected by the crises and were shutting down facilities. The likes of Honda and Toyota entered the US market and set up in the southeast and southwest parts of the country, where there are about 23.2% & 12.8% respectively of APSs to serve these markets. The map below shows the locations of APSs in the US.

Costs

The companies in the industry make about 95% of their sales from the automobile manufacturing sector and so were greatly impacted during the credit crunch of 2007-2009 when new cars manufacture was low as consumers were unable to borrow to purchase vehicles.

Following the recovery from the recession however, profits have started increasing as sales of vehicles have picked up. The APSs generate revenue from the contracts they have with the OEMs, and in fulfilling their obligations,
materials form a large component of their costs. As already mentioned, steel purchases alone makes up about 68% of total purchases and as such fluctuations in world price of steel impacts profitability of the companies. Other materials used in production processes include iron, platinum and rhodium. Generally therefore, increases in commodity prices affects profitability because the contract terms cannot be changed later on to reflect these price changes. We expect commodity prices to remain relatively low this year and possibly the next as a growth in large markets such as China and Europe is slowing. In the long-run however, this trend is expected to reverse as a cutback in investment will reduce supply and thereby readjust prices. APSs use commodity forward and options contracts to hedge against commodity price risk.

Labor costs are the second largest component of costs for APSs, accounting for about 10% of expenses. This is because a lot of R&D is now a major feature of their business activities. In an attempt to cut costs due to price concessions from OEMs especially during the recent recessionary periods, suppliers turned to massive layoffs as a means to survive. However, the labor force is mostly unionized and so this reduced their ability to cut remuneration and engage in downsizing. In recent times however, suppliers in the US face a lot of competition from cheap labor sources in developing nations and this has fuelled a trend whereby low cost components are mostly produced in these locations.

Other major costs incurred by APSs include R&D as stricter regulation of the automobile industry pushes for more efficient systems. Intellectual property and patents also form large parts of costs. Patents are very important in this industry due to the highly competitive nature of the automobile industry and the fact that auto parts are mostly developed to meet the specific requirements of a customer thereby protecting that ownership rights to the invention/design is important. Below is a graph of the main OEMs with whom the APSs deal with.

### Industry Stage and Success Factors

The auto parts industry can be classified as a matured industry for two main reasons, a higher level of M&A activity and the pace of growth mirroring that of the entire economy which is projected to be about 3% in 2016. The uptick in M&A activity can be explained by a number of reasons, but most prominent being that many companies were never able to recover from the effects of the credit crunch and with the improvements in automobile manufacturing, bigger, more financially sound companies are buying out the smaller ones as there is a growing need for increased capacity.

To maintain ones position within the industry therefore, the key success factors have been highlighted in the table below:

| Access to Efficient Technology & Techniques | In a fast changing technological environment, success will need to use up to date technology and techniques to stay competitive |
| Cost Control | The supply contracts with OEMs usually have price decreases imbedded and so efficient cost control will allow the firm to remain competitive whiles being profitable |
| Research & Development | To improve product offerings and remain current, companies should invest heavily in R&D |
| Globalization | Trends in the global economy shows that many APSs are shifting production to low-cost, less regulated regions in China & India; every company should therefore strategize to have some global presence to compete effectively |

### RECENT DEVELOPMENTS & TRENDS

In recent times, the domestic auto parts manufacturing industry has been impacted by strengthening growth of foreign based companies and more stringent regulation.

### Recovery from Recession

The 3 major automobile companies, Ford, GM and Chrysler made huge losses during the financial crises in 2008 – 2009 to the extent of collapse, and almost taking down with them their APS such as Delphi and Visteon. In the wake of their troubles, automobile manufacturers from Europe, Japan and other parts of the world took the opportunity to expand their global reach by offering low-cost, more fuel
efficient alternatives in the US economy. This move enhanced prospects in the industry as domestic parts manufacturers now have a more diversified customer base, albeit they also face increased competition from foreign companies through imports demand by the foreign auto manufacturers. The graph below shows how domestic auto production has remained relatively flat and below the sale of foreign auto units, whereas foreign auto parts imports increases steadily. In the coming years, we expect that this trend will continue due to a number of reasons: increasing value of the US dollar thereby boosting imports; slowing growth in Europe, China and other emerging economies making the US a main output market for their production; possible increase in interest rates later this year will increase cost of production for auto makers, and may negatively impact domestic production.

**Increased Globalization**

There is a trend in the market now whereby domestic APSs acquire foreign subsidiaries and shift production of low cost auto parts to such areas. One reason for this is the low cost of labor in those markets, and the relatively less regulation of those markets. This allows the companies flexibility to respond to OEMs’ demands and concentrate on their business development strategies.

In the export space, industry experts are forecasting increased exports to Mexico and Canada primarily to US firms’ operations in those countries. It is believed that this will be possible as a result of close proximity to those countries and the absence of tariffs following the North American Free Trade Agreement of 1993.

A KPMG survey of Global Automotive executives also revealed that the decision making people in charge of auto manufacturing companies believe that emerging markets are a source of demand for motor vehicles as their middle class populations expand. This presents more global opportunities especially for US companies with foreign operations.

**Increased Regulation**

The Environmental Protection Agency is looking to extend its emissions regulations to cover carbon dioxide. Before this new regulation comes into enforcement, APSs who manufacture these emission systems are hard at work developing new products to reduce the level of carbon dioxide expelled by vehicles.

Regulations on fuel efficiency and emission reductions will drive demand from OEMs for auto parts that meet these standards. In the US, by 2021 all vehicles are mandated to have a sales weighted average fuel economy of 45mpg whereas in the EU region, vehicles produced are not to emit carbon dioxide in excess of 95 grams per kilometer. These regulatory impositions point to future growth in business for auto suppliers.

**Electric Vehicles**

There is growing interest in the development of electric vehicles. This interest stems from the benefits derived from this class of vehicles; namely fuel economy, reduced carbon dioxide emissions (no emissions in All-Electric vehicles), fuel cost savings and flexibility with refueling. Some electric vehicles are either hybrids between hydrocarbon fueled or electricity charged, or are All-Electric. Increasing interest in production of these cars on a larger scale than is produced now has many different implications for the APS industry. It will eliminate the exhaust system manufacturers in the industry, but at the same time creates opportunities for research and development in the areas of more efficient battery charging and energy storage systems for these vehicles for instance. The graph below shows the projected rate of electric vehicle production. It does not appear to grow dramatically up until the end of this decade but there lies prospects if a company positions itself well to develop the energy storage devices and systems needed to make these cars a normal standard.
With respect to demand for electric vehicles, information available shows a mixed reaction from consumers. General Motors and Toyota both had sales of their hybrid electric passenger vehicles fall by 12% and 11.5% respectively as at mid-year 2014. On the other hand though, Nissan Motors and Tesla Motors Inc. both recorded increased sales of 34% and 47% in sales growth as at the same period last year. Sales of electric vehicles have increased year on year from 2012 to 2014, but the rate of growth was lower in 2014.

**Driverless Cars**

Among the interesting developments in the automobile industry is the experiment of engineering a driverless car. Google in recent years has been the market with this innovation. The UK also, earlier this week received government approval to test their model of the autonomous vehicle on public roads. These are history making landmarks that will change the automobile industry. Auto parts manufacturers therefore have a lot coming their way in terms of industry trend changes.

**MARKETS AND COMPETITION**

Competitive advantage in the industry comes from the level of advancement in technology in the company’s product development and production.

Due to increased competition from global parts manufacturers, APSs work closely with the automobile manufacturers to develop key components, especially when they are of a high dollar value. This is because most global firms compete on the low cost products and due to the advantage of low labor costs and less regulation, they provide cost saving advantages to OEMs.

Dominance by one or a few manufacturers in the industry is generally low, making income distribution for industry participants dispersed. As a result, small specialized firms concentrating on a specific niche in the market generate the majority of the revenue, whereas about 27.4% is accounted for by the top four largest companies.

In the wake of the credit crunch of 2008, many automobile manufacturers experienced reduced demand while they had built up inventories in anticipation of sales. As people were not making new purchases of vehicles, demand for automotive parts also fell. As some of the companies filed for Chapter 11 bankruptcy, the negative fortunes also affected the businesses of many APSs. Other global
automobile manufacturers took advantage of the situation and sold their low-cost offerings to the American consumers. This had both an upside and downside effect on the operations of APSs. While the emergence of the global firms provided an avenue to continue selling their products to OEMs, the advent of these companies also opened up the US market to foreign APSs who had been in business with the global firms. In the last couple of years, market conditions have improved and so production and sales of automobiles have gained momentum, albeit gradually.

The Auto Parts Industry is a mature one and as such organic growth is fairly limited. This is evident in the level of M&A’s in the industry. In the last twelve months, there have been a total 10 M&A transactions out of which 8 have been completed.

### Competitive Landscape

- **Number of competitors** - There are a large number of small-size competitors within the industry with each player focused on a specific market niche. Competition among these smaller players can be fierce. Smaller companies sometimes sell their products to the larger suppliers who have contract relationships with OEMs.
- **Potential for New Entrants** – The industry is fairly capital intensive and operates on the basis of technological innovations. Additionally, it is fairly regulated and very competitive among the present participants.
- **Power of Suppliers** – Suppliers of raw materials such as aluminum, iron, rubber etc, are not very powerful. This is because prices of raw materials are more often than not dictated by global commodity prices.
- **Power of Customers** – Customers tend to be very powerful as they have a good number of alternative APSs to fall on.
- **Threat of substitution** – Some OEMs have integrated backward into the APS industry mostly through acquisitions. This threat is high and intensifies competition, even between suppliers and customers.

In summary, the industry has entry barriers arising from its high capital intensive nature, the dominance of existing players for specific components, difficulty of acquiring new relationships with OEMs. This also gives OEMs the power to demand concessionary prices on contracts. To compete profitably therefore, suppliers improve on production efficiency to make cost savings. They also work very closely with vehicle manufacturers to design and implement production programs to further enhance relationships with manufacturers and reduce the possibility of them switching to other suppliers.

### Peer Comparisons

Major companies in the APS market space include BorgWarner, Dana, Lear, Tenneco, TRW Automotive, Visteon, and the automotive division of Johnson Controls (all based in in the US). Others from a global perspective include Robert Bosch and Continental (Germany); Delphi Automotive PLC (UK), DENSO and Aisin Seiki (Japan); Faurecia (France); and Magna International (Canada). Half of the revenue in the industry in the US is generated by the 50 largest participants.
ECONOMIC OUTLOOK

Falling Fuel Prices

The world price for oil has been decreasing steadily since the 3rd quarter of 2014 and has not regained any of the decreases in price from the $100/barrel price to its current trading prices of $45 - $50. This is attributed to an increase in inventory build-up and is generally being alluded to an increase in US oil production by fracking. As oil prices fall, consumers indirectly have increased disposable income. If this season of reduced prices should persist, the automobile industry should witness a positive impact in consumers demand for vehicles as they will now relatively have more money to spend on big-ticket purchases.

Looking ahead, the present environment of low fuel prices is likely to persist at least for the next 6 months. This holds prospects for the automobile industry in 6 – 9 months’ time as the effect of the price reductions will lag behind price decreases.

In the next 6 months, we anticipate oil prices will be about $54/bl and about $74/bl in the next couple of years. If these predictions should be realized, the focus on fuel efficient vehicles by consumers will shift slightly as they will have more money to spend on the less efficient SUVs and light trucks. This however should not affect output of the auto parts manufacturers much because the ultimate effect will be demand for more vehicles and therefore demand for their output.

Interest Rates

In the wake of the 2008 – 2009 economic crises, central banks all over the world cut interest rates in an attempt to stimulate demand and generate economic growth. The recovery from the recession was however very sluggish although some economies such at the United States and the United Kingdom have experienced steady growth signaling recovery from the crisis. Interest rates have however remained low with some central banks in countries such as Japan, China, India, Australia among others cutting back interest rates in recent times. It is expected that the rate reductions will filter through the economy to the individual consumer to stimulate demand. If we see this low interest environment persist, consumers will continue to take out loans at lower costs for purchases of durables, including automobiles. However, with the recent uncertainty regarding the Federal Reserve timeline for increasing its Fed Funds rate, we are likely to witness

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<table>
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<tr>
<th>Mkt. Cap($m)</th>
<th>P/E</th>
<th>EPS</th>
<th>Price</th>
<th>Div. Yld</th>
<th>R&amp;D/Sales</th>
<th>EBIT Margin</th>
<th>Net Margin</th>
<th>ROE (%)</th>
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<tr>
<td>Honeywell Int. Inc.</td>
<td>81,232</td>
<td>18.7</td>
<td>5.33</td>
<td>102.43</td>
<td>2.00%</td>
<td>5.80%</td>
<td>16.00%</td>
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<td>Johnson Controls</td>
<td>31,695</td>
<td>13.6</td>
<td>1.8</td>
<td>42.22</td>
<td>2.20%</td>
<td>2.30%</td>
<td>5.50%</td>
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<td>Borg Warner</td>
<td>13,165</td>
<td>16.9</td>
<td>3.25</td>
<td>57.9</td>
<td>0.90%</td>
<td>4.00%</td>
<td>12.70%</td>
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<tr>
<td>TRW Automotive</td>
<td>11,431</td>
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<td>103.33</td>
<td>-</td>
<td>1.30%</td>
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</tr>
<tr>
<td>Lear</td>
<td>8,586</td>
<td>12</td>
<td>8.23</td>
<td>108.33</td>
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<tr>
<td>Visteon</td>
<td>4,400</td>
<td>31.9</td>
<td>3.32</td>
<td>99.32</td>
<td>-</td>
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<td>-</td>
<td>2.00%</td>
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<tr>
<td>Dana</td>
<td>381</td>
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<td>1.94</td>
<td>22.91</td>
<td>0.90%</td>
<td>1.10%</td>
<td>7.40%</td>
<td>5.00%</td>
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</tbody>
</table>

Source: FactSet, Feb. 2015
interest rates rise soon, which will impact negatively on vehicle demand.

**Improved Consumer Confidence**

Consumer confidence as measured by The Conference Board, showed a sharp increase in January 2015 and currently stands at 102.9 from a December 2014 level of 93.1. This improved confidence, as measured by the index will translate into more spending by consumers and will likely lead to a robust in business activities for the automotive sector. Both in the near term and long-term, we forecast consumer confidence to increase.

**GDP Growth**

In 2014, the US economy recovered from a momentary reduction in GDP growth in the first quarter. Whereas global growth has been revised downwards slightly to 3.3%, the International Monetary Fund revised its forecast for US GDP growth upwards to 3.6% in 2015. It noted that this revision was as a result of lower oil prices boosting consumer confidence and domestic demand. With a projected growth in GDP, the automotive industry shall benefit from increased spending and thereby impacting the auto parts industry positively.

The Henry Fund estimate for GDP for the half year 2015 is about 3.4% on average, and 3.23% in the long run. With a growth in gross output, more jobs will be created, more income will accrue to consumers. This will enhance spending on consumer durables as people have more money and feel more positive about future wealth in the economy.

**Improved Labor Statistics**

For the month of January the US economy added an additional 257,000 non-farm jobs and reported an unemployment rate of 5.7%, a reduction of 0.9% only a year earlier. Improved employment conditions means that more people will have jobs, and some will get better jobs. This translates to more income to spend. The prospects of improved expenditure by the population holds positive promise for the automobile and auto parts manufacturing industry.

**Strengthening Dollar**

As a result of a combined effect of slow recovery from the economic recession by countries in the Eurozone, and slowing economic growth in China the US Dollar has been strengthening against its major trading partners in the last months. This trend will impact the auto parts industry negatively which is already facing stiff competition from global brands because imports will now be cheaper than locally manufactured auto parts & equipment.

All the firms with significant international exposures hedge against their foreign currency receivables. In the last two quarters of 2014, the value of the dollar increased persistently against other international currencies which was largely unexpected to many, and thus negatively impacted consolidated earnings. As this trend continues in 2015, firms will hedge appropriately against a further increase in the dollar’s value. Reported earnings will fall as a result of two effects: reduced value of income from foreign operations, and increased competition from foreign based companies who have the advantage of cheaper prices.

**CATALYSTS FOR GROWTH**

The automotive parts & equipment manufacturing industry like all other Consumer Discretionary industry correlates highly with the general economic growth. Growth catalysts for the Auto Parts Manufacturing Industry therefore depend on the following:

- Sustained GDP Growth in the US
- Enhanced Economic Growth in Eurozone, China, Japan and other emerging economies (India & Brazil) – This is important because besides creating a market for the products of domestic companies, it will reduce the added competition brought on by global brands.
- Sustained and improving employment levels
- Relatively low oil prices

![US Unemployment Rate: 2014 - Jan. 2015](image)

*Source: US Bureau of Labor Statistic, Feb. 2015*
INVESTMENT POSITIVES

• The low oil prices being experienced now will have a positive impact on auto sales and therefore demand for auto parts as consumers’ disposable incomes increase.
• GDP for the US shows robust signs of improvement, and this will generally lead to more output, more income and increased purchase of consumer goods including durables like automobiles.
• The current regime of low interest rates encourages borrowing by consumers and also capital expenditures by manufacturers of vehicles. This will boost demand for auto parts.
• Consumer Sentiment has seen an impressive increase over the month of January and so has unemployment data. These factors will have a prolonged effect on consumer spending before slowing down in the medium term, if ever.
• The average age of vehicles on US roads is about 11.4 years and this number is expected to grow to 11.5 in 2017 and 11.9 in 2019. This rate of change is slower than has been witnessed in the last 5 years, indicating that people are likely to renew their vehicles more frequently, especially owing to the improved economic fundamentals. In 2015 therefore, industry professionals are forecasting sale of US automobiles to hit 17m (compared to 16.8m in 2014), the most number of new car sales since 2001.
• Stimulus policies by foreign governments such as China, Japan and the European Central Bank hold promise for some improvement in growth in international markets, which will have the benefit of reducing international competition for the US market place, and providing export markets for US manufactured parts.

INVESTMENT NEGATIVES

• Still no real signs of improved growth in foreign markets compared with the US, which means that there’s a possibility of growing global competition for the US automotive space.
• The dollar shows signs of further strengthening. This will continue to make foreign goods cheaper and increase competition.
• It appears more eminent now that the Federal Reserve Bank will increase interest rates in the near future, most likely before the end of the year.

VALUATION

Based on the information in this report, the auto parts & equipment manufacturing industry will experience some positive growth from the improving economic indicators of the US market. GDP growth, unemployment and consumer confidence have witnessed impressive improvements in their respective indicators. Even though these indicators have been positive, we do not expect this to last very long. On the basis of this the Fund recommends a market weight in the Auto Parts and Equipment Manufacturing industry.

KEYS TO MONITOR

The main economic indicators to track are:

- Unemployment rates
- GDP growth rates
- Oil Price movements
- Dollar exchange rates
- Interest Rates

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