

Thematic Investing | Driverless Cars



Overview

It is forecast that there are currently around 1.5 billion cars in the world, meaning the development of driverless cars could be a huge step forward in the transportation of people and goods around the world. The privately-owned motor vehicle has been core to the majority of the populations lifestyle for the last three generations, but population growth, increasing urban congestion, constraints on housing affordability and cost of living pressures are disrupting the world of auto mobility.

In response to these challenges, companies across the globe, from car manufacturers such as Tesla, Volvo and General Motors, to tech firms such Google's Waymo and Uber are making significant investments in an attempt to use new forms of technology to alter the concept of how we move around.

Benefits

- **Enhanced road safety:** Autonomous vehicles have the potential to significantly reduce human errors and accidents, making roads safer for all users.
- **Increased efficiency and reduced congestion:** Driverless cars can optimise traffic flow, reduce congestion, and improve overall transportation efficiency.
- **Improved accessibility and mobility:** Autonomous vehicles can provide transportation solutions for individuals with limited mobility, expanding access to transportation and enhancing mobility options.

Challenges

- **Regulatory and legal frameworks:** Developing comprehensive regulations and addressing liability concerns for autonomous vehicles can be complex and require collaboration between industry and government.
- **Technological limitations:** Overcoming technical challenges such as sensor reliability, complex environments, and real-time decision-making remains a significant hurdle for widespread adoption.
- **Public acceptance and trust:** Building public trust and acceptance of autonomous vehicles, addressing safety concerns, and changing societal norms around transportation present challenges in the adoption of driverless car technology.

Shortlist of ETFs to gain exposure to this theme

Ticker	Name	Net Assets (\$US)*	Holdings	Fee*	Link to Factsheet
DRIV US	Autonomous & Electric Vehicles	\$953m	81	0.68%	DRIV US
CARS CN	Evolve Automobile Innovation Index	\$37m	119	0.55%	CARS CN
VCAR US	Simplify Volt Robocar Disruption and Tech ETF	\$4.5m	96	0.95%	VCAR US
IDRV US	iShares Self-Driving EV & Tech ETF	\$493m	60	0.47%	IDRV US

*Data as at 1 August 2023



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