

**HDFC MF**

# Weekend Bytes

A weekly series from HDFC Mutual Fund

Why India's transportation industry is a compelling investment opportunity?



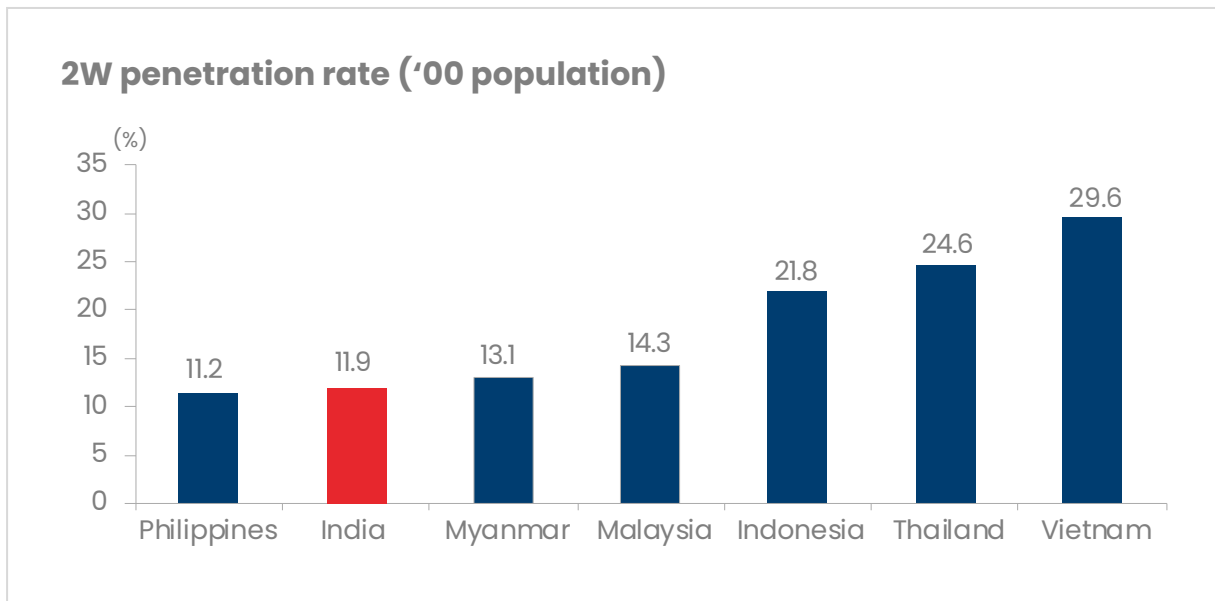


One of the major advantages for the growth of Indian economy is its demographic dividend. Today, India has the largest and also one of the youngest populations in the world with population of over ~1.4 bn. India's median age as of 2022 is ~28 years compared with ~39 and ~40 for USA and China, respectively. India is also expected to add 97m people to working age population in the next 10 years. Dependency ratio (ratio of people aged below 14 or above 65 vs others) has come down to 47% in 2022 from 64% in 2000. With increase in the disposable income of individuals, consumption as a theme will be one of the beneficiaries over the long term. Auto, being one of the major components of consumption and given that owning a vehicle has now become a necessity (rather, than a luxury), makes a strong case for investing in this sector.

Another factor that is in favour of the auto industry is the **low penetration** across various sub-segments.

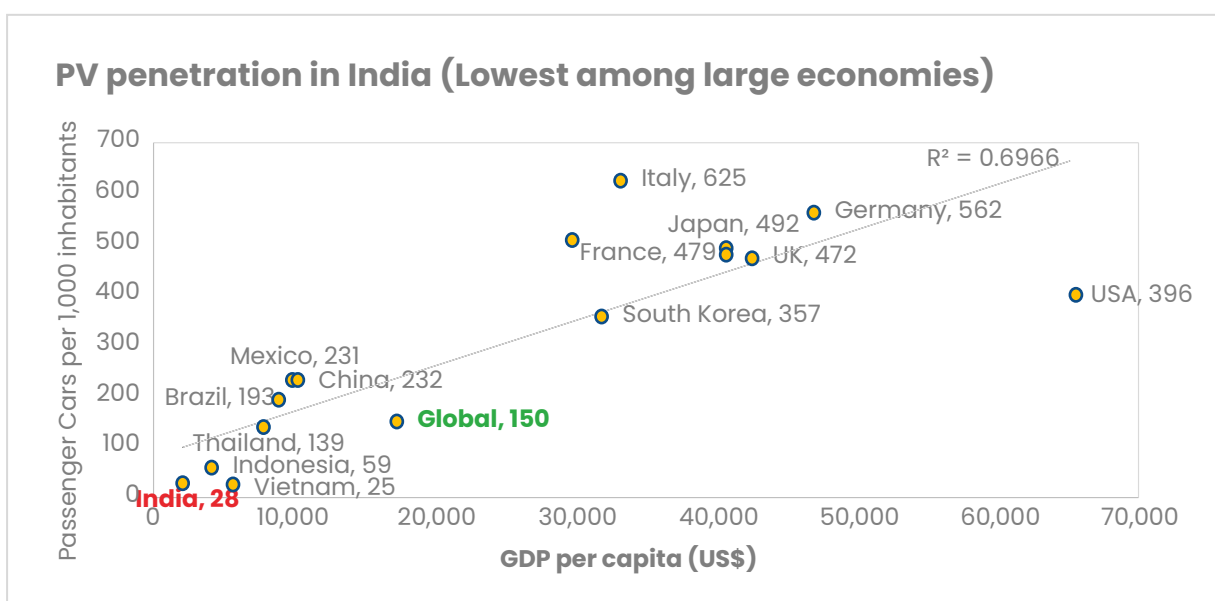
## 2W penetration

While the 2W segment is highly penetrated in India within the Indian auto industry, it remains under-owned when compared to other emerging economies.



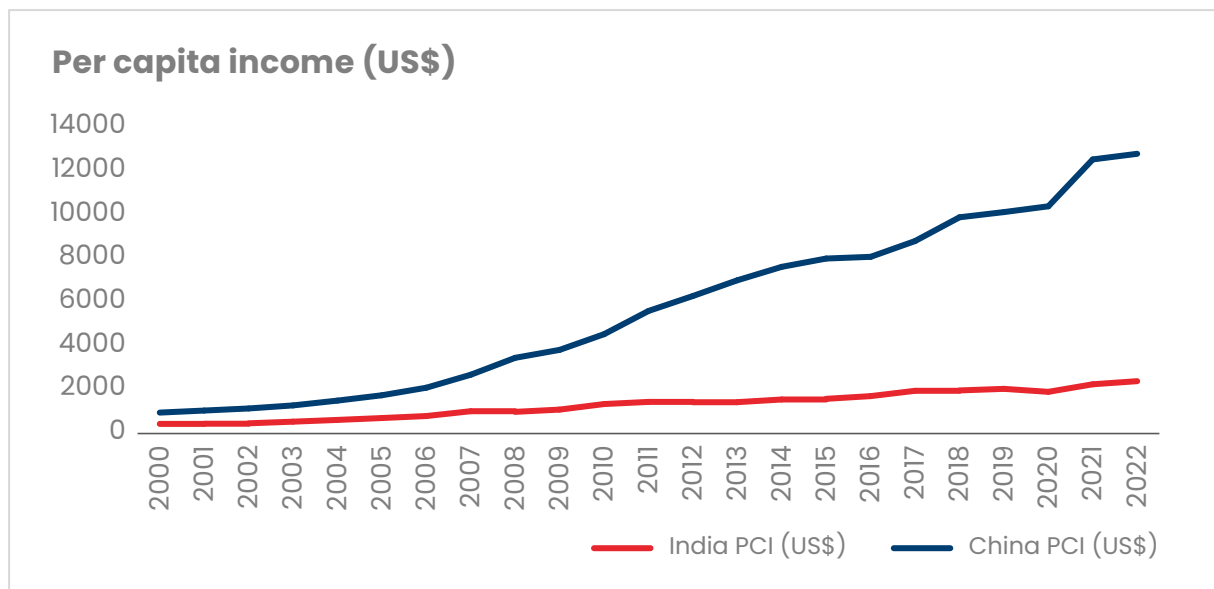
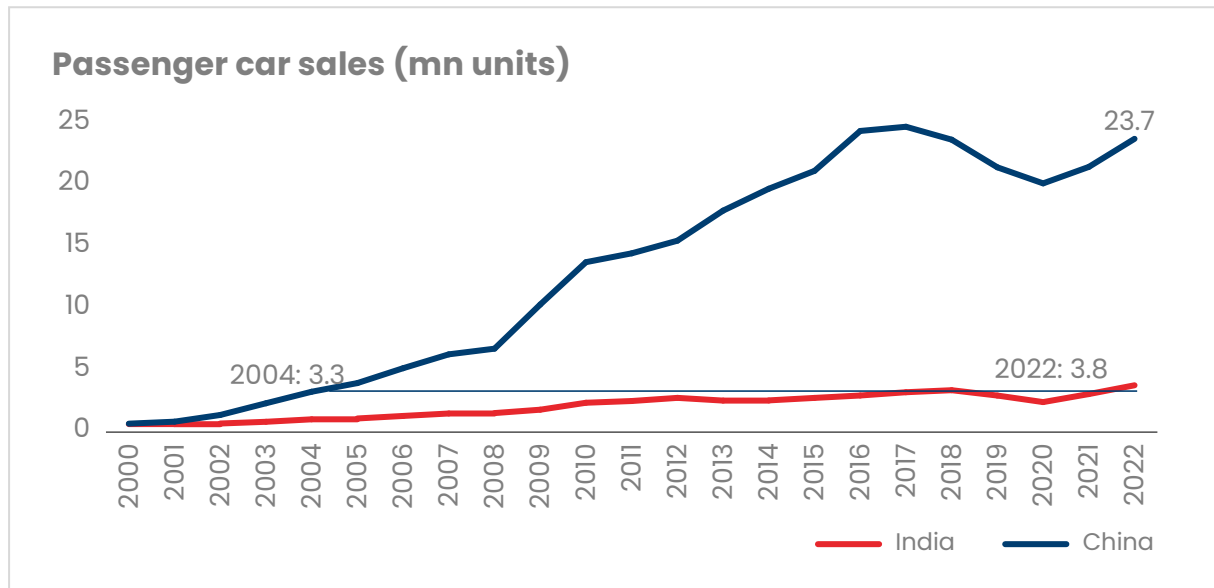
## Passenger Vehicle penetration in India

Only 28 out of 1,000 inhabitants own a PV



Growth in India's per capita income also bode well for this sector. Below charts show the passenger car sales and the per capita income in India and China. Chinese PV sales surged after its per capita income crossed 2K USD, with sales increasing from ~4mn in 2005 to ~24mn in 2022.

With a per capita income of US\$2.4k (FY22), India is now in this sweet spot.



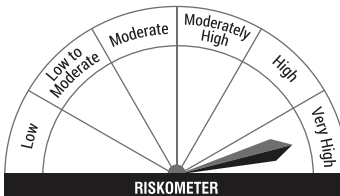
Source: Morgan Stanley Research, Goldman Sachs  
 PCI: Per Capita Income

Other factors like trend of premiumisation, government focus on manufacturing, exports potential, focus on safety and decarbonisation, emphasis on transport modernisation etc. also augur well for this sector.

HDFC Transportation and Logistics Fund, which invests at least 80% of its Net Assets in equity and equity related instruments of Transportation and Logistics themed companies, presents a viable investment avenue for investors looking to invest in this space. NFO runs from 28th July 2023 to 11th August 2023.

To know more, please check the detailed [scheme presentation](#)



<p><b>HDFC Transportation and Logistics Fund (An open-ended equity scheme investing in Transportation and Logistics themed companies) is suitable for investors who are seeking*:</b></p>	<p><b>Riskometer#</b></p>  <p><b>RISKOMETER</b></p> <p>Investors understand that their principal will be at very high risk</p>
<ul style="list-style-type: none"> <li>• To generate long-term capital appreciation</li> <li>• Investment predominantly in equity &amp; equity related instruments of companies under Transportation and Logistics theme</li> </ul>	
<p>*Investors should consult their financial advisers, if in doubt about whether the product is suitable for them.</p> <p># The product labeling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.</p>	

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,  
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**