

Vintage and classic cars – an alternative for investors?!

Less volatile than most shares and more mobile than real estate

In times where people are looking for safe investments, collector's cars are becoming increasingly popular with investors. If the circumstances are right, acquiring a historic motor vehicle may be a good decision as the cultural value of vintage cars is undisputed and together with the aesthetic pleasure and the fun of driving it, this forms a large part of the appeal and associated increase in value.

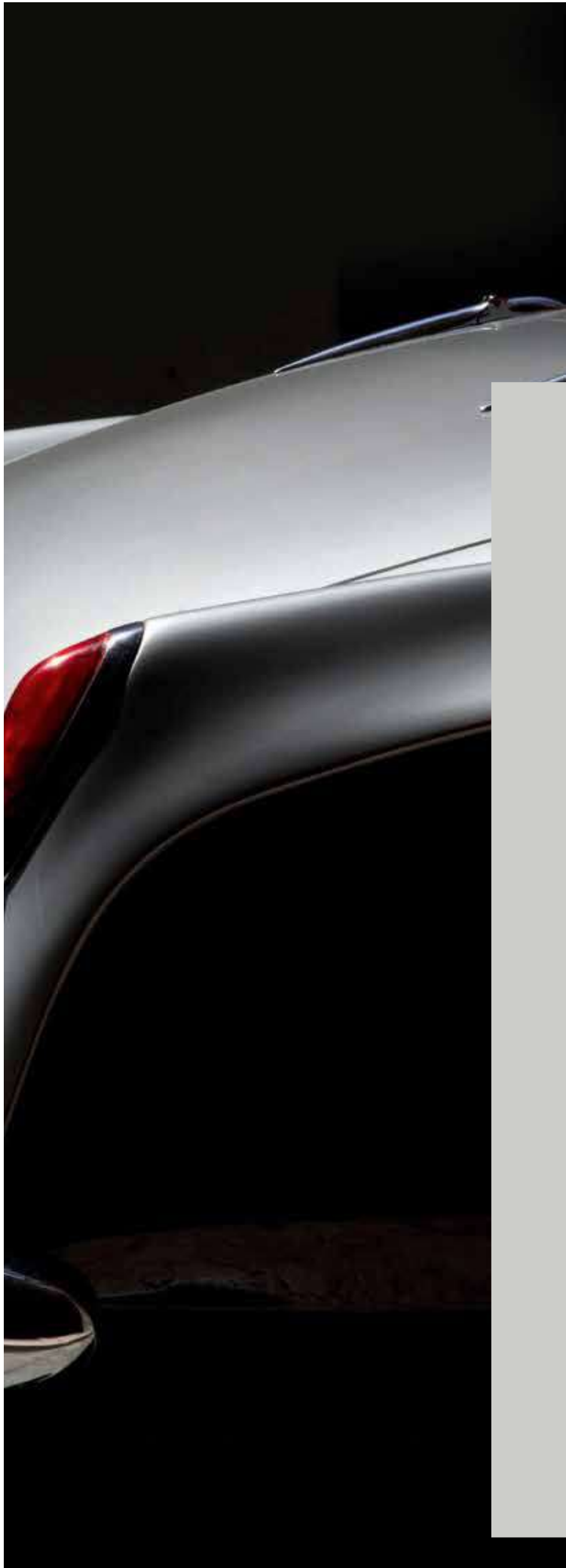
By Filippo Pignati Morano

A look at the market reveals: Despite the crisis, considerable profits were achieved over the past ten years even in the lower price regions. "As a general guideline for most vintage cars, what buyers had to pay in D-Mark in the late 90s, this is what the car is worth today in Euro," explains Marius Bruhne, Market Monitoring Director at the vintage car expert company Classic Data.

Classic cars and other collector's items are assets that experience a significantly rising demand worldwide for several years. The German Association of the Automotive Industry (Verband der Automobilindustrie – VDA) publishes the German Vintage Car Index (Deutscher Oldtimer Index) every six months. For the index, experts are monitoring the price development of 88 vehicle types from seven nations that are representative for the German vintage car market. According to their observations, since 1999 vintage cars in Germany have experienced an average increase in value of 77.6 percent.

Those who are less familiar with the classic car market will be surprised to learn that the highest increase in value within the index was not experienced by a prestigious sports car but by a small French vehicle: The Citroën 2CV6, in many European countries better known under its nickname 'The Duck', was the car with the highest value increase





Wertstabiler als so manche Aktie und mobiler als ein Haus

Sammlerautomobile rücken in Zeiten der gesuchten sicheren Investments wieder stärker in den Blickpunkt von Anlegern. Der Erwerb eines historischen Fahrzeugs kann unter Umständen eine vernünftige Entscheidung sein, denn der kulturelle Wert von Oldtimern ist unbestritten und macht zusammen mit dem ästhetischen Genuss und dem Fahrspass einen grossen Teil der Anziehungskraft und damit des Wertzuwachses aus.

Ein Blick auf den Markt zeigt: Trotz Krise liessen sich in den vergangenen zehn Jahren bereits in niedrigeren Preisklassen durchaus ansehnliche Renditen erzielen. «Als Faustregel gilt bei den meisten Oldtimern: Was Käufer Ende der 1990er-Jahre in D-Mark bezahlen mussten, kosten die Wagen heute in Euro», erklärt Marius Brune, Leiter der Marktbeobachtung beim Oldtimer-Experten Classic Data. Klassische Autos und andere Sammlerstücke sind Vermögenswerte, die seit mehreren Jahren weltweit eine signifikant steigende Nachfrage erleben. Auch ein prominenter Vorbesitzer kann für eine hohe Wertsteigerung sorgen. Selbst ein zeitgenössisches Auto kann einen hohen Preis erzielen, wie das Beispiel des VW Golf zeigte, der einst Papst Benedikt XVI. gehörte. Im Jahr 2005 versteigerte der Käufer den damals sechs Jahre alten Wagen für knapp 190 000 Euro bei der Internet Auktionsplattform eBay. Bezahlt hatte er ursprünglich 10 000 Euro.

Der Verband der Automobilindustrie (VDA) veröffentlicht alle sechs Monate den Deutschen Oldtimer Index. Für den Index beobachten Experten die Preisentwicklung von 88 Fahrzeugtypen aus sieben Nationen, die möglichst repräsentativ für den deutschen Oldtimer-Markt sind. Seit 1999 verbuchten demnach Oldtimer in Deutschland eine durchschnittliche Wertsteigerung von 77,6 Prozent.

Besonders wichtig für den Werterhalt ist, dass der Zustand des Autos möglichst originalgetreu ist. Als Manko gilt beispielsweise ein ausgetauschter Motor. Viele Klassiksparten namhafter Hersteller bieten inzwischen einen Informationsservice, bei dem Oldtimer-Käufer die Seriennummern von Autos oder Motoren überprüfen lassen können. Wer einen Oldtimer mit dem Ziel erwirbt, ihn selbst zu restaurieren, oder ihn restaurieren zu lassen, sollte über Hintergrundwissen verfügen, um die die Kosten abschätzen zu können.

Eine Alternative ist die Investition in einen Oldtimer-Fonds. Die Investition in einen solchen Fonds gewährt Anlegern einen sofortigen Zugang zu einem diversifizierten Portfolio von Oldtimern, ohne sich über die laufenden Kosten kümmern zu müssen. Und bei solchen Fonds dürfen sie sogar die Autos des Fonds fahren.



percentage both in 2009 and 2010. Also the popular collector's vehicles Fiat 500 and Renault R4, which back in their day were very affordable entry level cars, experienced huge price increases in 2010. While ten years ago such vehicles were available at bargain prices virtually for their scrap value, in 2010 their average price had already risen to 4,500 Euro. In the high price segment, mostly old models of sports or luxury car brands are in demand, in Germany primarily Mercedes or Porsche. Enthusiasts are willing to pay particularly high prices for vehicles with a racing history, especially when they have actually won any races. Here, as a general rule, the same car as a convertible will cost more than a coupé or sedan. A famous history, however, may not be necessarily restricted to the car itself. If the previous owner was a celebrity, the car can experience an extraordinary increase in value. Even a contemporary car can fetch high prices, as demonstrated by the 1999 VW Golf that was once owned by Pope Benedict XVI. In 2005, the buyer actioned off

the car at eBay for almost 190,000 Euro. The car was merely six years old and he had originally paid 10,000 Euro for it. In early December 2015, a Range Rover that had once belonged to the soccer star and advertising icon David Beckham was sold at a much higher price than the valuation price. Now the insiders are wondering: Will this vehicle make a similar profit to the 'Pope Golf' in a few years, or even more?

However, anyone toying with the idea of acquiring a vintage car should always get an expert's opinion. Most important for retaining its value is that the car must be in original condition or as close as possible to original condition. If a replacement engine has been fitted, for example, this is considered a flaw. Today, many classic car departments of renowned car makers offer an information service where vintage car buyers can have the serial number of vehicles or engines checked to find out if it is an original specimen.

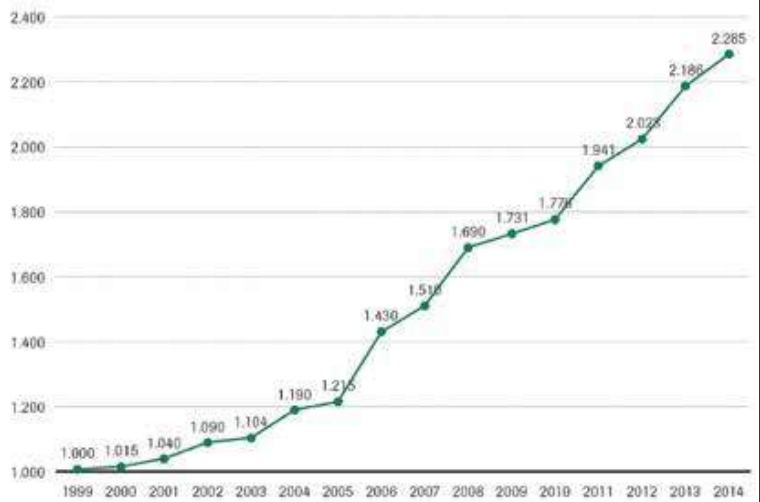


© zwiebackesser - Fotolia

1999 VW Golf - owned by Pope Benedict XVI

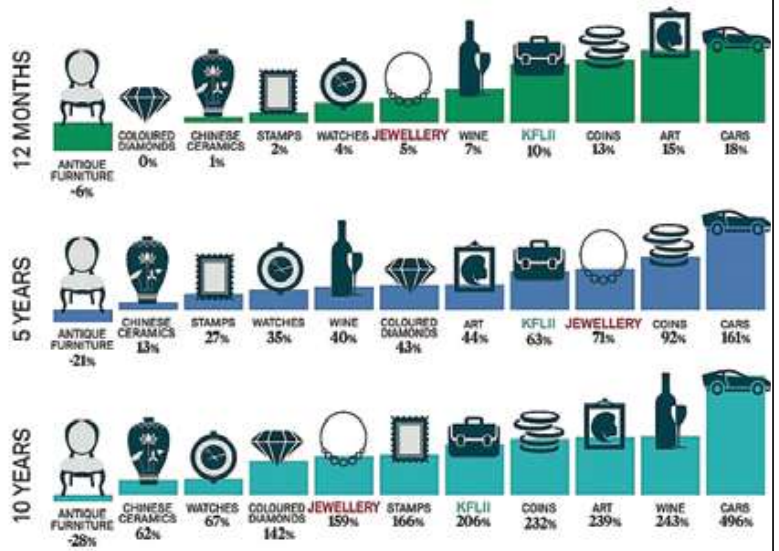


Deutscher Oldtimer Index
Indexentwicklung seit 1999



Quelle: classic-analytics

KFLII performance by asset class (to Q3 2015*)



Vintage cars should only be purchased from reputable dealers, auction houses or sellers.

If you buy a vintage car with the objective of restoring it or having it restored, you should have some background knowledge in order to be able to estimate the cost.

A good alternative is investing into a classic car fund. There are various funds on the market, some of them starting with a minimum investment of 10,000 Euro. With such an amount, an interested investor could not even buy a well restored Fiat 500. By investing into such a fund you will get immediate access to a diversified portfolio of classic cars without having to worry about the running cost, and some of these funds even allow you to drive the fund's cars.

Forecast 2016

The World's Greatest Collector Car Auctions at Scottsdale (January 2016) did not result in a major shakeout or a bursting bubble, as some had feared. But they did show a general stagnation of prices overall compared with the boom of the past few years, with some bright spots but also some receding values.

Auction analysts are poring over the numbers, sifting through the more than 2,000 cars that sold at six auctions in the Scottsdale/Phoenix area. They'll draw conclusions about what happened, but some things are already apparent. American muscle cars are strong, maybe not as mighty as before the financial crash of 2008 but they are gaining strength as a new generation of collectors makes its presence known. While the classic muscle cars of the late 1960s and early '70s held steady, iconic performance machines that came later have grown in value as younger Baby Boomers and Gen Xers raise their bidding paddles.

Just a few weeks later the Rétromobile Auctions in Paris (February 2016), as the second barometer of the market, took place. First, RM Sotheby's posted nearly \$21 million in sales at its Paris auction during Retromobile week. The day after RM Sotheby's event, Bonhams' Grand Palais sale did more than \$16 million at its auction in Paris. The last auction was it's Paris-based Artcurial's to turn on the block with a 1957 Ferrari 335 Sport Scaglietti that carried a \$30 million pre-sale estimated value. This car was sold for €32,075,200 (\$35,930,639) at. In euros, the 335 is the most expensive car ever sold at auction.

We're also seeing a shift in the age of the Ferraris dominating the top 10 listing. While the auction was led by a 1966 Ferrari 275 GTB Berlinette that sold for more than \$2.3 million – the only seven-figure sale of the event – the other Ferraris in the top 10 were modern cars from the 2002, 2005, 2009 and 2010 model years. Those modern supercars comprised half the sale's top 10 list and one of the first of the breed – a 1992 Jaguar XJ220 – also made the list, leaving only four spots for more traditional collector vehicles – the 275 GTB, a 1961 Aston Martin DB4, a 1951 Bentley and a 1964 Rolls-Royce.

“Classic cars and other collectibles are assets for which a significant surge in global demand is currently being experienced.”

While recent times have seen alarmists talk of an imminent 'bubble burst', those in-the-know are saying the opposite – the current stabilisation phase is indicative of buyers becoming wiser, and only seeking the best examples. Forecasts are well and good and a few of them even turn out to be correct. However, they are no replacement for a properly structured portfolio that can withstand the market's unpredictable nature. Diversification, diversification and only diversification is the key to investment success. In these uncertain times, sectors with a low correlation to mainstream and traditional investments are a wise choice.





“Classic cars offer an attractive mix of: **Historically strong performance** – inflation proof tangible investment – **low correlation to the stock market.**”

The Stock Markets had a terrible start to 2016 which looks set to continue as the first sneeze has been followed by more flu like feverish symptoms. Ironically, the cars faithful standby Oil seems to have caused much of the damage. Naturally as a counter indicator to this the Gold price has risen nearly 12% YTD which shows the market is again looking seriously at tangible alternatives. High end collectibles provide strong historical returns. Since the year 2000, several areas of the collectibles market have performed superbly, reaching record prices.



Filippo Pignatti Morano
Director of the Custoza Family Office,
an asset manager specialising in tangible assets
such as classic cars