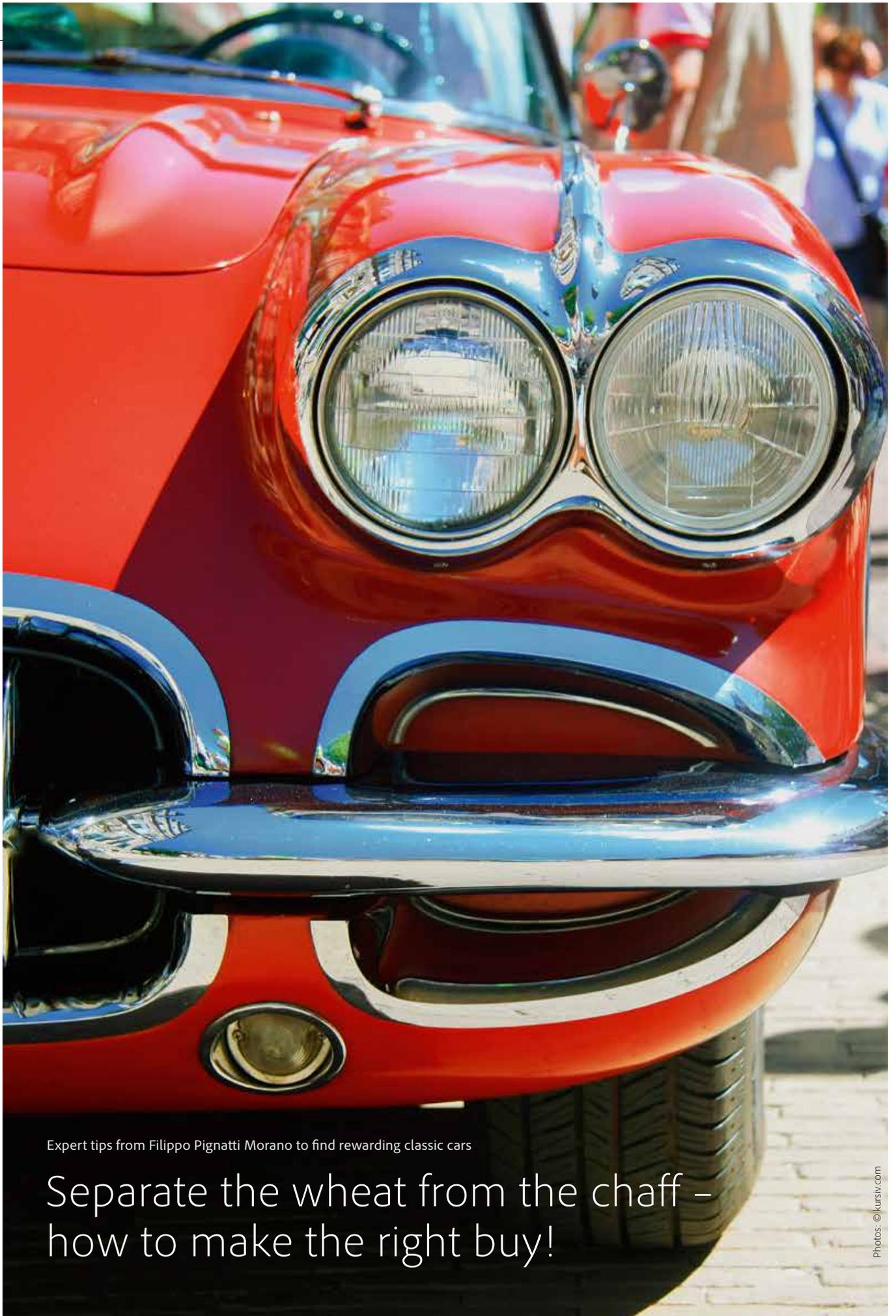


POLO & LUXURY[®]

34TH



Expert tips from Filippo Pignatti Morano to find rewarding classic cars

Separate the wheat from the chaff –
how to make the right buy!

Once you have selected which car you would like to add to your garage, the question will be where can I buy one without having to have worries after the purchase? Or shall I rent one, to satisfy my dream and not have to worry about all the worries that are involved with a classic car?

Filippo Pignatti Morano
Classic and supercar collector,
market analyst on tangible and
emotional assets



By Filippo Pignatti Morano

Investors in classic cars have been well served from a decade-long bull market. The market has recently turned as a degree of liquidity has left the sector and there seems to be fewer active investors than in previous years. How are things looking for new or returning investors today? First, let's examine what an investor should look for in a classic car. There are two markets in classic car investments. First: investing in those cars which are already considered classics and secondly, investing in those cars which will reach that status in due time – the so-called 'future classics'.

For both markets applies the following factors that make a car a classic or a future classic:

- ▶ the age of the car
- ▶ the car's condition
- ▶ supply and demand for the desirable model
- ▶ the price you will pay
- ▶ restoration requirements and other costs associated with the ownership

Cars are, in my opinion, the best investment and we can see this also through the Knight Frank Luxury Index, to mention just one. And the more and more funds investing in this tangible asset, that are not correlated to the financial markets. My advice find a rare, original and interesting car. Get advice from an independent expert, not an auction house, nor a broker or car dealer, but someone who has an audited track record in choosing the right car for you.

What is the right price for this classic car? There are many classic car magazines or latest auction results that will show you a price range. This is a good way to check, but every car has a different history as it's in a different condition. What makes at the end the price is the demand and the supply as we all know.

Unfortunately, where there is a lot of money there is also fraud and crime. Therefore, follow the advice above, and hire only an independent advisor with no conflict of interest. To get started in investing in classic cars you don't need much. There are classic car starting at EUR 5.000 or investment funds with a minimum investment of EUR 10.000. Here the advantages are, if you don't want to own the car directly your investment will be diversified into more cars and don't have to worry about the overheads. Some funds also give you the possibility to drive the cars of the fund or you can join classic cars events hiring a car. In this last possibility, you have to be careful who you choose and read carefully through the hiring car contract. Classic cars have always been regarded as an investment. While, in the past, collectors used to invest out of passion, value growth is increasingly becoming an important driver – especially with the international press reporting about fetched record prices at auctions. The demand for classic cars will increase, but the number of this cars not, therefore the price will rise in the future.

The beauty of investing in classic cars is, that it's not just exciting to look at the appreciation rate on paper, but also to experience them live, compared to many other in fashion investments of today. Real jewels can be worn on an evening out – but they usually stay in the safe. Chrome jewels, on the other hand, can be shown and experienced much more often and sold, of course in any part of the world being tangible and mobile.

As mentioned, many times over now, we feel that the auction world and its results may not be the right way to judge the classic car market and, by extension, other cars. The market must not be reduced to an unsold car at an auction. Every car must be valued by its own history and supporting documents. We have been asked more often lately to view vehicles to prove how original the car is making sure the numbers match and the vehicle is correctly advertised.