



## The Classic Car fueled Portfolio by Honoris Cars

### Passion as a pledge of success

**You can now extract value from your car collection without having to sell assets.** It addresses one of the only drawbacks of collector cars investing compare to real estate investing, simply by using your collection as a collateral for a bank loan (Credit Lombard) that will allow you to increase your available proceeds for financial investments while still enjoying your vehicles.

### Straightforward and transparent

Open a discretionary account with our private bank partner, let us estimate your collection (through our board of independent experts and an exclusive Quant & AI platform) and begin investing while benefiting from the bank's expertise.\*

### Managed by dedicated specialists

As you enjoy using your collection, investing into financial markets should also be a pleasant experience. Our partner precisely understands your expectations and wishes as an investor and manage your account accordingly.

### Flexible and scalable.

Your collection expands or you decide to sell some pieces? Just let us know about those moves and tweak your loan accordingly in order to always feel comfortable and relaxed about your investment portfolio while maximizing your returns.

### Be part of the virtuous cycle

As collector cars will increasingly and rightfully be considered as an investment amongst others, the valorization of the global ad hoc market will go on increasing. By spreading this mindset around you with your Classic Car fueled investment Portfolio, you support the growing positive perception of collector cars within the investor world and eventually your collection's value.

### In practice

- Mister Johns owns a collection of 11 classics cars. He opens an account by the partner bank and wires CHF 2'700'000.-.
  - The dedicated board assesses that the collection is worth CHF 3'800'000.- and the bank grants the client's account with a loan of CHF 1'300'000.- (34% of LTV). The bank charges 240bps of fee on the loan amount.
  - Mister Johns decides, with his portfolio manager, to invest the entire available funds into a discretionary mandate with a balanced allocation.
  - At the end of year, the account total return is 8.9% (on CHF 4'000'000.-). The bank charges 110bps as a flat fee on the overall account value + the charges on the loaned amount.
- The net gain for Mister Johns is CHF 280'800.-, which represent 7.0% of return on the back of his overall account or **5.4% for the amount backed by his collection (CHF 70'200.- of return).**

\*Account opening should be linked to a normal KYC process. Then, when opening will be granted and proceeds will be transferred to the account, we will evaluate your collection and the Bank will assess the value up to which your collection will act as a collateral for a loan

In order to guarantee that the assets will not be sold while they serve as a collateral to the loan, each car being part of the collateral assets should be insured and registered in Switzerland. This feature may however loosen depending on client's situation. The way the proceeds of the account could be invested as well as the terms of the loan will be determined on a case-by-case basis for each client.



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#### Why doing it with Honoris Cars?

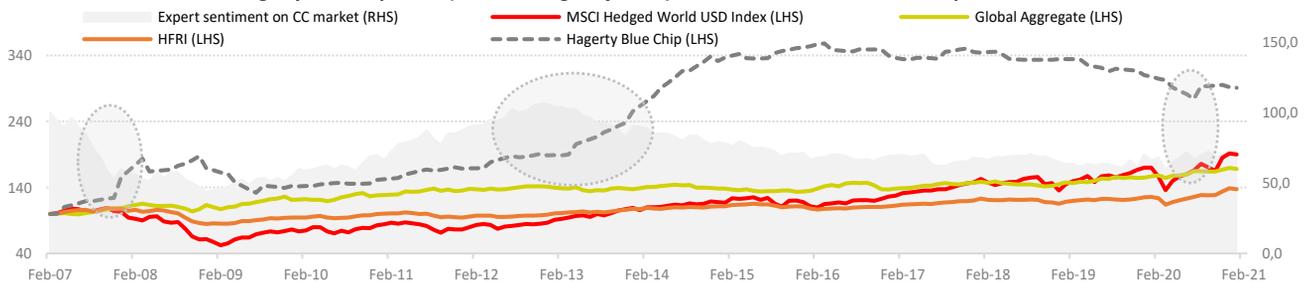
- **We have a proprietary process in order to calculate your collection's credit score and re-assess it regularly, on the basis of which the bank can tweak your loan accordingly.**
- **We have an extensive experience both in the collector car market as broker/asset manager and in the financial industry:** Hugo Reyneri, CFA, the founder and CEO of Honoris Cars SA, has been active for nearly 20 years in the racing and collector car business, surrounding himself with the best specialists in each segment. In parallel, he worked in several well-known Swiss private banks as a portfolio manager and advisor and can now use his experience in asset allocation and investment strategy in order to optimize your collection and its financial impact on your overall wealth.
- **We represent the link between the collector car world and the financial world** and are at your side to both optimize your investments and support you in the overall process as well as to implement a dual control on your bank account if it suits your needs.

#### Is it the right time to add collector cars into an asset allocation and to monetize it?

Yes, it is the right time to "onboard" a collection, and for many reasons:

- While the loose monetary policies setup by central banks over the last 15 years (and especially since the beginning of the Covid19 crisis) triggered an inflation of financial assets rather than supporting the real economy, Classic Cars (CC) did not follow the same path and valuations slightly corrected after the excess of the 2014-16 period. Furthermore, experts' sentiment that historically tends to deteriorate during periods where CC valuations grew very rapidly now begins to be more agnostic to valuations as the perception of the CC segment eventually evolves from a pure leisure to a real tangible investment asset.

**The Hagerty Blue Chip Index (25 most sought-after CC) vs. main asset classes and CC experts' sentiment**



- During the first phase of the 2020 Covid19 crisis, the CC market materially decorrelated from others main investment assets, showing that it is now considered as a tangible asset amongst others like its peers (Real Estate, Art and so on) and can really add diversification when integrated into your client's asset allocation. We witness a material split in the "car spectrum" where CC are now perceived as an investment asset and not anymore as a way to move from point A to point B. CC are now part of the *Patrimoine Mondial de l'UNESCO*, and the regulatory changes regarding the use of petrol engine on roads will not have an influence on CC's valuation and will go on being sought after by collectors.

**Correlation of the CC market with a basket of assets (S&P500, Median House Price, Gold Once, Retail Sales ex-Food services) during the expansion phase of main central banks' balance sheet**

