



ARBUTHNOT LATHAM

Bankers since 1833

AN INVESTMENT DRIVEN BY PASSION.

Arbuthnot Latham's Nick Gornall examines the rising trend in alternative investments, where you can get a return by indulging your passions.

Alternative investments are those that don't fall into one of the more conventional investment categories, such as shares and bonds, and among those performing best over the past 10 years are rare whisky, classic cars, wine, handbags, watches and art. As with any investment, the value of these alternative investments can rise and fall, and tends in particular to be affected by changes in future consumer sentiment and the impact of technology.

At Arbuthnot Latham we have an asset finance subsidiary, Renaissance Asset Finance (RAF), which specialises in helping to finance a range of alternative assets, including classic cars and supercars. To take these cars as an example, we've seen a lack of new stock coming through, which has driven the price of used stock up and increased waiting times for new vehicles. While this will undoubtedly change, we don't expect it to happen for at least the next few years.

Another consideration is the potential impact of electric cars on people's buying behaviour. A recent US survey suggest that, by 2030, over half of all cars sold Stateside will be electric, and we can expect a similar trend here in the UK.

For some, buying an EV will be an investment based on passion, a passion for protecting the environment. For others,

however, issues such as the limited range and speed of EVs, their production and recycling of the battery remain sticking points. The level of technology needed to maintain these vehicles may also mean that older models become obsolete more quickly and lose their value as the technology improves.

It's worth considering what all this might mean for traditional petrol-fuelled cars based on conventional engineering. If they remain easier to maintain, are less dependent on new technology and, moreover, become increasingly rare, might their value rise?

For many, an investment into a well built luxury car or supercar is not only a joy today, but proves to be a store of value. I take comfort from the sale at Bonhams of the 1932 Bugatti Type 55, which commanded a healthy auction price of over \$7m – proof that many things improve with age despite the advance of technology.

LMA Members wanting a review of their current car collection or considering refinancing or purchasing a new car are entitled to a free consultation with one of our relationship managers at Renaissance Asset Finance.

Please contact Nick Gornall, Head of Business Development, at nickgornall@arbuthnot.co.uk or call on 07341 088163.

You should seek professional advice before making any investment decision. The value of investments and the income from them can fall and rise, and you could get back less than you invest. Past performance is not a reliable indicator of future results. Investment returns may increase or decrease as a result of currency fluctuations.

Arbuthnot Latham & Co., Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Renaissance Asset Finance Limited is a wholly owned subsidiary of Arbuthnot Latham and Co., Limited and is authorised and regulated by the Financial Conduct Authority. Any lending provided will be unregulated.

Source:
<https://content.knightfrank.com/research/83/documents/en/the-wealth-report-2021-7865.pdf>