



Classic car collector Paul Huggins with one of his favourites, a limited production E-Type. PHOTO: EAMON GALLAGHER

# Classic way to turbocharge portfolio

**Automobiles** The value of dream machines is speeding up.

Duncan Hughes

Prices for rare classic cars are rising "faster than gold" as collectors compete for head-turning dream machines whose names, style and provenance are a beacon for sophisticated investors.

For aficionados like Paul Huggins, who has been on a 40-year journey building a collection of nearly 70 cars, the garages housing his collections are crossroads of investing and passion.

"There is no difference between classic cars and classic art," said Mr Huggins, an investment banker who keeps his collection divided between the US and Australia.

His favourite is the "most expensive, the most sexy car ever built", a rare 1975 black Jaguar E-Type, one of 50 special roadsters built to commemorate the end of the model's production.

"But you tend to have a relationship with each of them," said Mr Huggins, whose multimillion-dollar collection also includes Ferraris, Porsches, Jaguars, Mercedes-Benz, Alfa Romeo

and McLaren's made between 1955 and 1990. Growing interest in top-end classic cars has been pushing up prices by about 30 per cent for the past decade, which compares to around 10.5 per cent for the MSCI global stockmarket index and 4.5 per cent for gold, according to his analysis. There are several indexes that monitor performance, such as Hagi, which break down returns for individual marques.

Mike Selby, who runs a website and Sydney showroom called Australian Muscle Car Sales, prefers the grunt and growl of muscle cars that prowled Australia's highways during the 1960s and 1970s.

Mr Selby's cars were built by Holden, Ford and Chrysler and popularised by racing heroes such as Peter Brock and Allan Moffat. "There are so few," Mr Selby said. "The market is limited, money is cheap, people are not travelling overseas but still want to enjoy life."

He claims top muscle car values have risen about 30 per cent during the past year. Aussie classics, like a 1968 HK Monaro GTS 327, have been flexing their muscles with prices of more than \$350,000. A 1971 XY Falcon GTHO Phase 3 recently sold for \$1.2 million. There were only 300 produced and they sold for \$5500 new.

Specialists warn that collecting vintage cars is a sophisticated hobby, or

investment strategy, that requires research and knowledge, such as identifying the originality of main components, chain of previous owners, how many times a car has been restored and by whom. They also need expert maintenance and storage.

For those who prefer to go along for the ride, rather than look under the hood, there are specialist investment funds offering financial exposure.

Lex Pedersen, portfolio manager of Chrome Temple Investments, invests in "tomorrow's classics", limited production models such as the Mercedes AMG CLK 63, V8 Black Series.

His Mach 1 Fund, which has a minimum investment of \$100,000, targets an annual return of around 8 to 12 per cent. The fund was launched earlier this month, has 12 vehicles and is targeting \$100 million of domestic and overseas cars.

Mark Chapman, a director of tax communications for H&R Block, said motor vehicles, including antique, veteran and vintage cars were exempt from capital gains. They can also be purchased by a self-managed super fund (SMSF). But don't expect to take the family on a joy ride. Cars held in a SMSF need to be part of an investment strategy allowed by the trust deed and have to be stored, rather than used or leased to related parties.