

The Maverick Investor

LESSON FOUR

by

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How to Make Lesser Known Investment Opportunities Work to Build Your Personal Nest Egg!

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The Maverick Investor's Home Study Course

PART FOUR

MOTORING INVESTMENTS

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Hello again and welcome to another lesson on alternative investments.

Many alternative investors like to invest in something that's not only profitable but enjoyable too. That's the beauty of many alternative investments - you can do just that! Cars are hugely popular with many people and it's great news that there are several motoring-related alternative investments to consider. These, in particular, can be both profitable and enjoyable investments.

This is what I will cover in this lesson:

- **Automobilia**
- **Personalised Number Plates**
- **Classic Cars**
- **Summary**
- **Further Reading**
- **Checking Your Understanding**

As with other alternative investments covered so far, you have a huge, head-start advantage if you are already interested in cars. You'll probably know what's what, what's happening, what's popular and less popular and so on. You can put all of that readymade know-how to great advantage here. But don't worry if cars haven't interested you before now. This part of your course will give you what you need to know to start investing successfully in these motoring investments!

Automobilia

Automobilia – in essence, car-related memorabilia from yesteryear – offers a low-cost and fun way to break into alternative investments. The beauty of these investments is that promotional brochures, old AA car badges, RAC signs and the like can often be bought at incredibly low prices. These are exactly the types of items that can be uncovered at buy-low sources such as boot sales and charity shops. It's not unknown for car sales brochures to be found tucked inside of old newspapers and magazines in a box at a car boot sale and sold at 10p each! And you might find all sorts of other automobilia in the same places and at similar prices.



Sell-on prices are excellent by comparison. For example, car sales brochures from the 1970's and earlier can sell for over £100 a time at a collectors' fair, and sometimes for more if they are rare and in mint condition. Prices look set to increase. Supplies are becoming rarer. Demand is increasing steadily.

The secret of making money from automobilia is similar to – but not quite the same as for – investing successfully in many other antiques and collectables. Usually you are looking for the three key characteristics – high quality, low supply, high and rising demand.

With most antiques and collectables, collectors go for quality; the china figurine rather than the plastic one, as an obvious example. But, as we have seen, there are exceptions to this rule – remember the Beano comic that sold for more than £6000? Hardly a quality item! With that, and automobilia, the rarity factor is the key – and the condition of course. That Beano comic was both incredibly rare and, as important, *in mint condition*. So, instead of 'high quality' items you should be concentrating on looking for 'great condition' items.

Most automobilia comprises relatively low value, here today, gone tomorrow items – that car brochure from 1973 was expected to be read and then thrown away rather than surface as a collectable 35-odd years later! Similarly, that AA car badge was designed to be replaced a year or so later rather than be displayed in someone's collection so many years on.

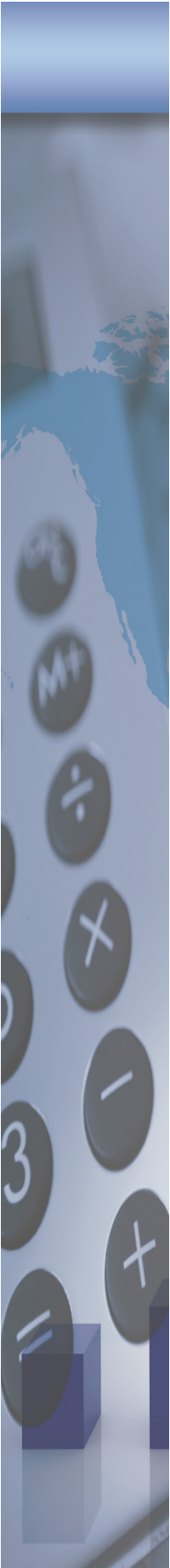
The throwaway nature of these items almost guarantees that anything you find from the 1970's and earlier is going to be in low supply. Clearly, the supply part of the supply-demand mix is in and will continue to move in your favour. No more of these items are being produced. Those that are found and sold will often be kept by collectors and never circulate on the market again. As more items are uncovered, the chances of others being found start to diminish as well.

Demand is moving up too. This is a relatively small sector of the antiques and collectables' market, but those within it are enthusiasts and, like all avid collectors, will pay to obtain the pieces they want for their collection.

Nostalgia for old cars and related memorabilia is growing – and the more hi-tech modern cars become, the stronger the nostalgia for everything from Morris Minors to Triumph Heralds will grow. This will inevitably have a knock-on effect on automobilia – so if you can source great condition items soon, you should be looking at some long-term alternative investment potential.



Whether you are 'into' cars or not, you can acquire need-to-know information about automobilia very easily. Just as you would for antiques and collectables,



you can study books on the subject (see the Further Reading at the end of this section). You can trawl on-line via www.google.com for 'automobilia'. Magazines such as Antiques & Collectables and Collect It! (monthly, from newsagents) are worth reading as well as are car magazines from your newsagents.

You'll pick up most know-how from collectors and can often source collectors' clubs via books, on-line searches and magazines. Joining a club normally costs £10 to £20 a year and usually gives you access to club newsletters and possibly a web site, on-line message boards etc. Best of all, it gives you contact with the organiser who's inevitably a huge enthusiast! If you uncover something, you may be able to pick up the phone and call, "Hi Peter, I've just seen this car brochure from 1966. What do you think?"

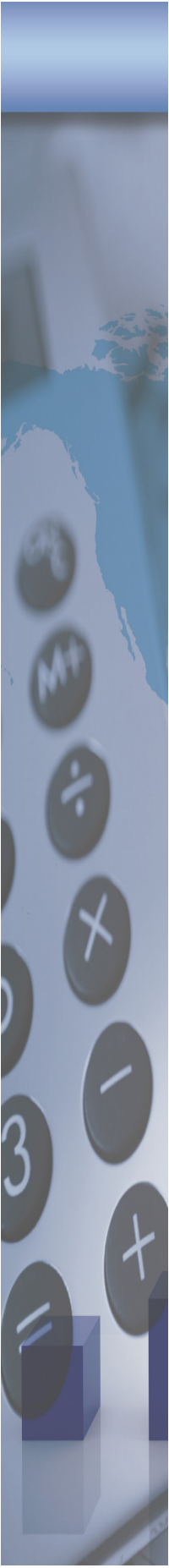
It's always worth attending specialist events such as automobilia auctions, fairs and conventions. Many of these will be organised by collectors' clubs or the club organisers will at least know of them. These all give you the chance to talk to experienced organisers, view automobilia up close, mix with collectors and soak up lots of know-how.

Make notes about different items and their appearance, condition, and selling prices. Bear in mind that condition is a key influence on the prices for these items. Once you have started attending these events, you'll soon recognise what is in demand and is price-rising most quickly, and what is happening in the marketplace. The good thing about these events is their huge breadth and diversity. You'll find some local events focus on particular types of automobilia and there are even one or two really upmarket events held now and then at auctioneers such as Bonhams (020 7393 3900), Christie's (020 7581 7611) and Sothebys (020 7293 5000) in central London.

As with all antiques and collectables, you'll maximise your profit potential if you can buy low, add value in some way and then sell high in due course. The best way to buy low is to take your know-how and use it at all of the buy-low sources; boot sales, backstreet auctions, charity shops and so on. You'll be amazed at how often and how many car-related items surface amongst the household effects, bric-a-brac and general junk - but only if you know what you are looking for in the first place!

The reason why these items surface in these outlets is very simple. Most of them are used to get rid of house clearance items; and typically, all of that 'old car junk' that's been tucked away for years in lofts and garages. Most of the sellers are not specialists or even collectors of any kind - so that 1960's car manual is 'junk' to them but a must-have 'collectable' to a collector.

The best advice for searching at all of these buy-low sources is simple but effective – open, dig deep, look right down to the bottom. Remember that **the sellers think this is junk so you're not going to find it displayed nicely**. At backstreet auctions, for example, you're most likely to find automobilia jumbled up in trays and boxes and at the bottom of tea chests than out on display. At boot sales, you may find it all mixed up in a beaten-up cupboard



box that's being kept in reserve for when the more attractive and appealing items are sold. Search those boot sales, backstreet auctions and charity shops – and don't forget garage sales, flea markets, jumble sales and the like as well.

Sometimes, local antiques fairs can throw up the odd bargain. Not every general dealer will spot each and every antique that passes through their hands. A trader in china and pottery, for example, isn't necessarily going to look twice at an AA car badge.

If - when! - you start uncovering automobilia, you'll probably want to get these pieces valued as soon as possible. If you've done your research (reading books and magazines, talking to club organisers, attending events), you'll almost certainly have a good idea of the value of what you have found. However, a second opinion from an expert source is always worth having. Collectors' clubs are a terrific source of advice and also for discovering would-be buyers in due course.

Other items can often be valued by specialist auctioneers. For top quality pieces, you can go to one of the big London auctioneers of Bonhams (020 7393 3900), Christie's (020 7581 7611) and Sothebys (020 7293 5000). If the items you've got aren't quite right for their events, they should point you in the right direction; typically a club organiser.

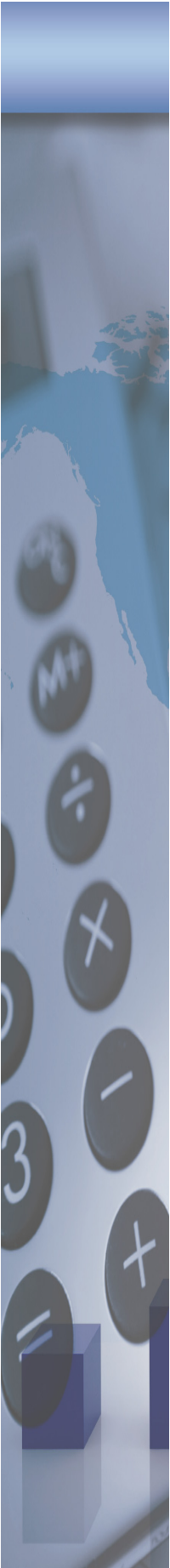
Adding Value

At the same time, you will want to think about adding value to your automobilia. Your first instinct (as it is for so many people investing in antiques and collectables for the first time) is to clean items up and make them look as good as new. An amateur 'improvement' can sometimes devalue the item if it is not done well. Washing in soap and water is often thought to be harmless and effective – but this can easily loosen old and weak fixings and even lead to rust spots if drying is not done carefully. Some people wash, dry, and put items in plastic bags which then 'sweat' and create rust and mould.

It is sensible to talk to collectors' clubs about what you can (and cannot) do carefully yourself without risk of damage and devaluation. The club should also be able to put you in touch with professional cleaners and restorers, as appropriate. Often, it can be best to simply leave the item as it is (unless the condition is deteriorating and needs to be stopped quickly). For some collectors, the smell of age on a old car brochure or the dust that's ingrained into a badge is all part of the charm.

By far the easiest way to 'add value' is to focus on 'condition' and 'time'. Generally, the better the condition, the higher the value. If you are going to hold on to your automobilia for some time, you'll want to maintain condition as much as possible. As time passes, there will be fewer of these items about in peak condition so the longer you can keep yours that way the faster it should price-rise.

Again, your collectors' club should offer guidance. Remember heat, light and water - the three collectable killers. Many collectors store items away under a



bed in a back bedroom - because it's a cool, dry place with no extremes of temperature, no damp and no bright lights! It's worth mentioning that automobilia collectors love paperwork, documents and packaging as much as the next collector – so any boxes and 'bits and pieces' that are available should be kept as well. It's not unknown for novice collectors to throw away 'dirty old' packaging – and half of their profits with it!

How to Sell

So, you'll have bought low, added value and now want to-sell high at some stage to generate a decent return on your investment. The secret of selling automobilia at a high price is remarkably simple - you just have to sell to the right people in the right places and at the right times!

The 'right people' are those mad-keen automobilia collectors who really, really want to get hold of what you've got. If you've got the one item that they need to complete their set of car brochures for each year of the 1960's, they'll pay top price for it. For a quick sale, you could sell to dealers – but bear in mind that they won't pay top prices as they want to turn around and sell on for a profit as well. You'll probably have to accept 30% to 50% less if you want to sell in this way – not ideal, even if you want the money fast.

Typically, the 'right places' for selling really rare, excellent condition items are those specialist auctions that you'll have visited when starting off. These are where collectors and dealers go to buy for their and their clients' collections. It is sensible to get three estimates of likely selling prices before proceeding. Take account of the commission and other charges that can bite into the final sums that you'll receive. Monitor the auctions before submitting items just to check how close the auctioneer's guide prices are to their selling prices - if guide prices are never matched or exceeded, you may think twice about using those auctions to sell your items.

Other 'right places' for in-demand but slightly less perfect pieces can include collectors' clubs or events such as fairs'; anywhere that collectors and dealers gather! It is wise to have an open mind when it comes to selling - a collector contacted via an advert in a club newsletter may sometimes give you a better price than would be achieved at a specialist auction once expenses have been taken into consideration.

Think as always about the 'right time' for selling. Automobilia should increase steadily in price as it becomes increasingly rare and hard to find. It is already in short supply, and this should become shorter. Demand for it looks strong and should stay that way or even increase. The more 'modern' cars become, the greater the nostalgia for yesteryear and related memorabilia. Of all the antiques and collectables available, automobilia looks well placed to be a profitable alternative investment. If you want to invest only for the short- to medium-term, it is a good idea to watch for anniversaries – the 25th anniversary of this, the 50th anniversary of that, as examples. Interest tends to reach a temporary peak whenever an anniversary comes around – and prices react accordingly.

So, you've now got the basic buying, adding value and selling know-how you need to profit from automobilia . Where next for you if this appeals to you? If automobilia interests you, the first step towards investing in it is to do your research and get that know-how you need to start searching successfully. Read the books listed in Further Reading, check out those magazines – and contact those clubs!

Personalised Number Plates



The market for personalised number plates (also known as cherished number plates, prestige registration plates and similar) is a large and growing one. Millions of pounds are spent every year on these status symbols. Some collectors go for plates that match their initials. Others go for ones that reflect a trade or hobby. Some buyers want to buy personalised number plates so that they can remove their existing plate which reveals the age of their car.

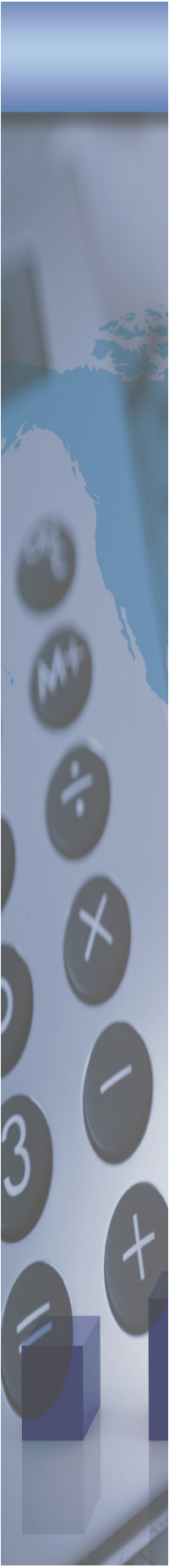
Personalised number plates have proven to be excellent alternative investments over the years. The first-ever number plate – A1 from 1903 – sold in the 1990's for £200,000, and would be worth a lot more today! Plates that cost around £400 15 to 20 years ago are now often worth in the region of £4,000. Supply is limited – after all, there is only one of each! Buy the right ones, and you could see the value of these alternative investments rise significantly.

So, which are the 'right ones' to buy? There are several types of plates that can fit easily into the 'right' category. Generally, plates with the most common initials used in names have potential - quite simply because there will be more people out there with the initials of, say, 'SW' (Stuart Wilson, Steve Wright, Susan Wyman etc) than 'XZ', for example. So, the potential demand for 'SW' plates should be higher than those 'XZ' plates.

As with anything, the more people who want it, the higher the price can go. If you sit down with the local telephone directory and trawl through it, you'll build up a good idea of which are the most common mix of initials and which are the least relevant. The more common the initials, the higher the price. The letters B, C, M, N, R, S and P could be described as being 'hot' whilst U, Q, X, Z are 'cold' letters.

Think about trades and hobbies too. 'LOT' might appeal to an auctioneer, 'BOW' to a stage actor, a musician, a conductor of an orchestra, maybe even a dog enthusiast. You do sometimes need to be inventive when looking at plates. You often need to 'see' words that aren't immediately apparent. N1 CKY - Nicky – is an easy example. B1 UFF – bluff - is another. K1 NGS – Kings, which sold in the 1990's for £235,000 – is another. GLA 55 is Glass. 5IL VA is silver. BII STY is busty. P16 OFF is pig off, and so on!

Look at numbers that can double up as letters – 5 is a good example here; it



can also be seen as S. II together can – with a little stylising – look like a U or, with a screw fixing placed carefully between them, can look like an H.

It's also a good idea to go for those plates with a low prefix number – '1' is the best example here. As a general rule, the lower the number, the higher the possible sell-on price, and price-rising potential! Take 1 AM and 1 GW as examples – both perfect as you have the highly appealing '1' and two popular letters forming the initials of lots of people. 1 AM has sold for more than £58,000 in recent years. 1 GW has topped £70,000.

Numbers up to 31 can sometimes be sellers too as some buyers like to buy a plate (either for themselves or for a close relative) that reflects their birthday and their initials – 27 BN for Brian Norris who was born on the 27th of, say, September. The same applies for ages – with 30, 40, 50 being the most popular here. These plates are often bought by loved ones to mark a 30th, 40th or 50th birthday.

Where to Buy Cherished Plates

So, where do you 'buy low'? There are several sources where you can buy personalised number plates. The DVLA has been selling plates since 1989. You can pick up plates for about £250 to £1,000. There is a select registrations service in particular where – subject to availability, of course – you can pick any number from 1 to 20 with any three letters to follow.

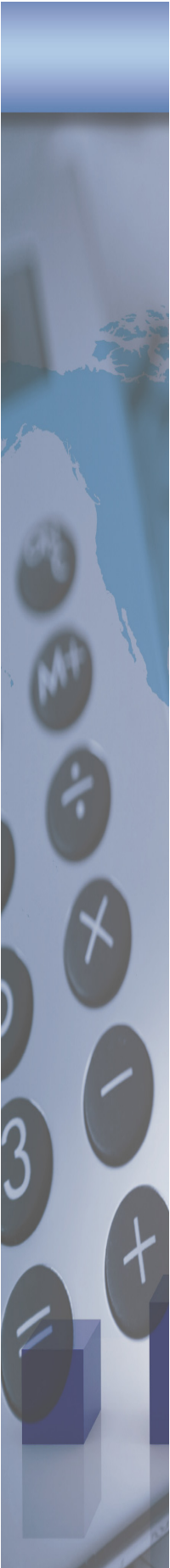
Obviously, the tip here is to go for initials that are more likely to be in demand than those that aren't – there are probably many people out there with the initials JRM, for example; or at least many more than those with XQZ! The prefix 18 is a good one too - for an 18th birthday present.

DVLA sells more in-demand and prestigious plates via auction to the highest bidder. You will see these auctions advertised regularly in the motoring and classified ads' pages of the national newspapers. They should feature in car magazines too.

You can also buy via dealers, agents and brokers. The best way of sourcing these is to trawl through the national daily and Sunday papers looking for ads. Check motoring magazines too, of course. And don't forget the advertising publications such as Exchange & Mart.

You may also source private sellers here who are advertising their cars for sale. You can also put in your own advert as well, of course. There are other ways too. You can trawl all the usual sources for cars for sale that might have plates of interest – auctions, showrooms etc. You can also approach owners of cars with personalised number plates of interest to you. TIP: Try and locate a buyer first and find what they are willing to pay.

When it comes to adding value to a personalised number plate, the key factor is time. Unlike many collectables, there is very little you can do to increase its value in terms of cleaning it up, keeping it away from heat, light and water and so on. It really comes down to buying something that might be likely to



be in demand, knowing you have the only one with that mix of letters and numbers, and then sitting back and waiting for someone (or preferably more than one someone) to really want it. In this respect, this is one of the easiest alternative investments to go for – you really just have to buy it...and wait...and wait.

Some alternative investors go for personalised number plates that they too can drive around in whilst they are waiting to make a sale. It's good, free advertising too – if you're called David Jones, you can drive around in DJ whatever and wait for other people with the initials DJ (and even those who DJ by trade!) to spot it.

How to Sell Cherished Number Plates

So how do you 'sell high'?

Those alternative investors who have profited well from these investments offer tips that are worth considering. Just as you may have trawled the papers and motoring magazines for ads when you were buying, you can place your own ads in these publications too although the cost may be prohibitive if you are simply selling one at a time. For a quick sale, you can approach the dealers, agents and brokers who run ads in these places too – but do be aware that they will give you a lower price as they will need to allow for a mark-up for when they sell on.

One of the most effective ways of selling is to go direct - you can trawl phone books, trade directories and other lists for people with the initials on your plates. You then write direct to them, offering your plate for sale. Some alternative investors have had particular success targeting local company directors (accessed by going via www.companieshouse.gov.uk) and by approaching actors (see Spotlight in larger local libraries) and even football players (accessed by writing to them c/o their clubs).

Where next? The obvious source of help and advice for you is The Cherished Numbers Dealers Association (CNDA, 01788 576465). This was trade association was founded over 30 years ago and aims to represent 'reputable and responsible dealers of personalised and attractive registration numbers and to protect the interests of their customers'.

Members are expected to abide by a code of practice. The CNDA is affiliated to the Retail Motor Industry Federation (RMIF, 020 7580 9122) which represents all sectors of the retail motor industry. This is another useful source of information.

Classic Cars

Classic cars can offer excellent, money-making opportunities for the alternative investor. The secret of success here is remarkably simple. You get together as much information as you can about classic cars and then – just as you would do with every other alternative investment - seek to buy low, add value and sell high. The market is moving in your favour all of the time, of course.



Classic cars are becoming increasingly rare as time passes by – and demand for them increases steadily as modern cars become more and more sophisticated. Whilst you own the car, prices should be moving upwards steadily.

So, where to start? You need to get some quick, ready-made know-how together. First things first, what is a ‘classic car’? Definitions vary, even amongst car enthusiasts - and it is a debate that rages on furiously amongst many of them! The most all-embracing definition is that this category can include anything dating from about 15 years ago through to what are often called ‘vintage’ cars from pre-1930 days.

Check out the classic car magazines in W.H. Smith or go along to any local classic car show and you’ll see a huge range of cars from early Jaguars and MGBs right through to relatively modern-day cars such as Ford Granadas. And they’re all classed as classic cars. You’ve a lot to choose from!

One of the great things about investing in classic cars is that there is plenty of help and information out there for you. It really is a hot area. Go into that local W.H. Smith and you will see lots of magazines devoted to classic cars.

Magazines such as Classic Cars and Classic & Sportscar are popular, and tend to focus on the top-end of the market; E Type Jags and the like. Practical Classics and Classics cover a broader range of classic cars, most of which will be of interest to those with smaller, not-so-deep pockets! Autosport and Motorsport may be of interest to you as well if you fancy a racing car.

Decide which make and model catches your eye – remember, **the beauty of alternative investing is that it should be both profitable and fun**. Many people will like the look of a particular car – often, it’s one they remember from their childhood years such as a Morris Minor or a Triumph Herald - whilst others go for a ‘dream car’ such as a Jag or MG. From there, read...read...and read all you can about it. Go on-line and trawl via Google. Join the car club – there’s sure to be one, if not several, advertising in those car magazines, running web sites and so on. Go to a classic car show – listed in those magazines, recommended by clubs etc – and talk to enthusiasts.

A quick word of wisdom here when talking to others, joining forums etc. – you must be a *fellow enthusiast* (albeit a new one). You are not – positively not – an alternative investor looking to make money out of classic cars. Enthusiasts love fellow enthusiasts but they usually hate anyone who's in it just for the money!

Your best chance of profiting from this alternative investment is to buy low, add value and sell high, of course. In practice, this really involves buying a wreck and renovating it to sell on in restored condition. That's where the money-making potential lies. You could buy a car in pristine condition and allow time to make it rarer and more in-demand, thus pushing up the price – but the cost of maintaining that car in that condition year-on-year will eat into your possible profits. So – hugely important – you should give some thought to the condition of the car you are going to buy and how you are going to restore it. You should really have both the desire and some sort of expertise to do this if you are to keep the 'adding-value' part of the deal as low as possible. You need to decide what you can manage to do for yourself.

Budgeting is clearly essential before you start investing in this area. That Jag may well be 'on offer' at a bargain 2k and be worth a whopping 20k after being restored. But – and it can be a big but if you don't have the time or energy to get stuck in personally - that 18k 'profit' will soon be whittled away if you have to turn the restoration over to professionals charging premium prices for hard-to-find parts and £30 an hour or more for labour.



What you need to work out is what you will have to pay, even at a buy-low price. You then need to work out what you need to spend to bring it back to life. You have to check the availability of parts, and their likely costs. You should work out the hours involved in repairing etc, and break these down into what you can do and what you'll need a professional to do, and what that will cost.

Often overlooked, you should think about how you are going to handle this project. Do you, for example, have somewhere to store the car? **You will not want to keep that Jag on the driveway up on blocks for three years.** You really need a garage. A car that is kept outside, on grass or concrete, and with little more than a tarpaulin hauled over it at night is too exposed to the elements; and vandals and thieves too, of course. Damp will rise and corrode the underside of the vehicle, and more.

When it comes to budgeting and practicalities, those car clubs advertising in the car magazines etc. will prove invaluable to you. They can often advise on what's a bargain, what it might cost, all the ins and outs of what's

involved and what the car could be worth at the end of it all. You can then do all of these all-important sums to see if it worth proceeding.

Where to Buy Classic Cars



So, where can you source classic cars to buy? Car auctions can be a good ‘buy low’ source – check your local Yellow Pages for those auctioneers that are close to you. You’ll often find that many of these auctioneers run events featuring ‘non-runners’ – and these are where you might be able to pick up out-and-out bargains. What you

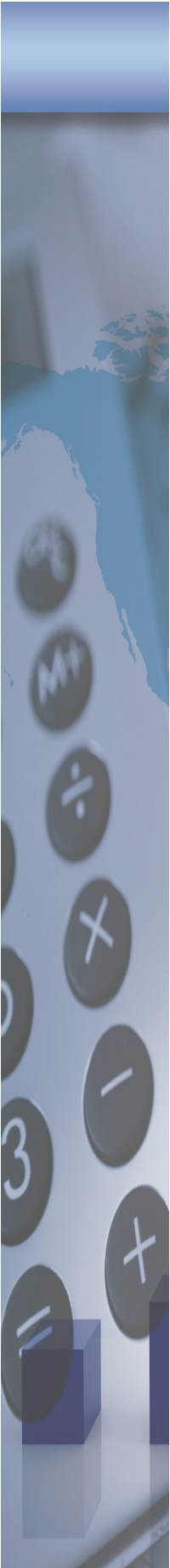
can also do is to contact the two largest firms of car auctions in the country - British Car Auctions (01428 607440) and Manheim Auctions (0870 444 0400) – to see what outlets they have where, then make contact to see what events they run and when, and which may contain the types of old cars that you want.

Minis, Triumph Heralds, Morris Minors and the like can often slip into all sorts of local car auctions and sell for very low prices! That’s because many people attending these events are general car traders looking for new and popular models rather than ‘old bangers’ (which is how many will perceive these classic cars).

Check all the normal sources you’d look at when buying a car and spare parts too– car magazines such as Autotrader, the motoring section of the local press, local newsagents’ windows and local breakers’ yards (see Yellow Pages). Don’t just check under any ‘Classic Cars’ section, of course – have a look at where the old bangers are advertised. You want a buy-low bargain, ideally! It is not unknown for next-of-kin to offload Grandpa’s worn-out old Ford Popular at a knock-down price so that they can clear that garage and sell off his house for their inheritance.

You can, if you want to buy a better-condition car at a higher price, go through the relevant car club. Most will have regular newsletters or an occasionally-updated web site where you can source cars and parts. Don’t forget the internet too – go to Google and do a search for the cars you want to buy, narrowing your search by adding in extra phrases in turn such as ‘for sale’, ‘collectors’ club’, ‘England’, ‘Shropshire’ and so on, as appropriate.

Often overlooked, some of the auction sites such as eBay at www.ebay.co.uk can have some leads for you in the motoring sections. But, a word of caution, **see what you’re getting before paying** – that photo may have been scanned in from a catalogue and not be the beaten-up old wreck you’re actually going to be buying!



So, what should you be going for? It's not just a matter of buying any old banger and making it roadworthy. You should think about what a would-be buyer of your classic car will want – and match that with what you'll be buying and then doing to that car.

Originality is important. Bear in mind that most of the classic cars you'll be looking at will be 25, 30 years old or more. Collectors – your would-be buyers in due course – are not going to expect a car of that age to be in its original state. All of the items that need to be replaced through regular usage – everything from the clutch through to the tyres – are going to have to be new. But, where possible, they would expect comparable parts to have replaced damaged and/or worn out ones. So, that Morris Minor engine that wore out should be replaced with another Morris Minor engine. Replace it with a non-matching engine and you can literally halve the value of your investment overnight. Note that if you buy a 'modified' car - typically on the strength that 'this is a much better, more powerful engine' – you'll not be buying into a truly profitable investment because replacing that engine for an original could make you money.

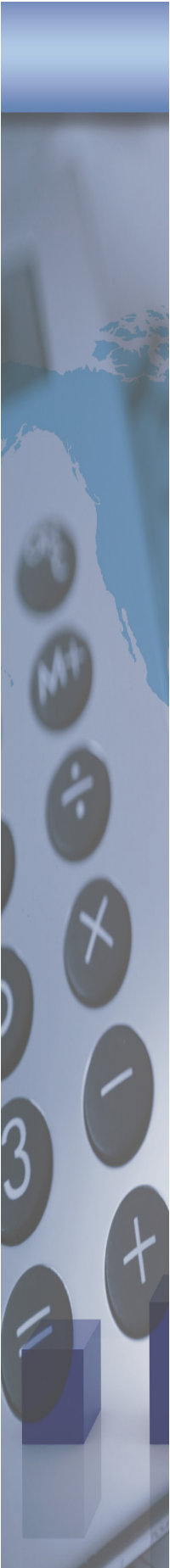
Look at the colour of the car. Some colours are more popular when it comes to selling on than others are. As a general rule, dark and distinguished colours such as blue and purple (although the manufacturers will call these something much more exciting and glamorous) tend to be the best sellers amongst collectors. (That's not to say that they will never buy other colours if the car is otherwise what they want – although they may not pay top price for a car with a less popular colour).

White and browns and greens are less popular. So too is anything 'wacky' – pinks and reds can fall into this category. If you're planning on restoring a car, bear in mind that some colours are harder to match when you are repairing. Anything metallic is an obvious one. Surprisingly, black and white are difficult as well (there are dozens of shades of each). Red fades very badly in many cases.

You need to make sure you get what you think you are getting condition-wise – remember, this is the key to the 'adding value' part of the investment; and whether you make money or not! Depending on whether you are buying an immobile wreck, a movable but still-in-need-of-work motor, or a fully restored classic car, you will need to view it carefully and ask various questions.

Ideally you should try to view during daylight hours and in light (but not too bright and sunny) conditions. Darkness, half light and artificial lighting (in a warehouse, for example) can all help to disguise flaws. A sunny day can make even a beaten-up car look better than it is.

When viewing, take someone with you for a second opinion – ideally a person with experience of this type of car such as a collector – they will know the common weak spots on that make and model. You could make contact with someone nearby through the appropriate car club. The AA and RAC also do



car inspections, but you really must get someone who's 'into' classic cars rather than someone who'll just see a long list of faults. You should take along a checklist of points you want to tick off during the examination – your collectors' club should advise you on your particular car. A magnet, torch, gloves, rug, and a car jack are worth taking with you too.

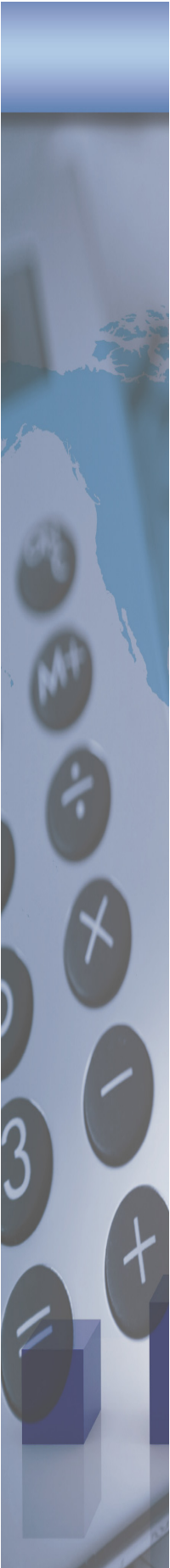
Start by just walking all around the car. How does it sit? If it sags you may be looking at anything from a damaged suspension to a rotting chassis. Look along the sides of the cars, the boot and the bonnet to see how these look. Do they look level and even? Are the spaces around doors, bonnet and boot all even as well? Is the paintwork the same colour and texture? If not, you have some work to do. Check the tyres – whether they all match, what their condition is like etc. Open the bonnet, doors and boot in turn and see if all of the nooks and crannies are clean. If not, it would suggest other parts of the car haven't been attended to either which may lead to unnecessary rust problems. Check carefully!

Bodywork is really crucial and you need to check this closely too. Generally, mechanical car parts, even for older cars, are fairly easy to obtain. Replacement body panels are less easy to source and can prove costly – the higher your costs, remember, the lower your profits. You can get what might be best described as all-purpose repair panels but these aren't always of good quality. Check for rust and signs of decay. This is where you use your rug, torch and magnet etc. You really need to give the bodywork a top to toe examination. Areas that are most at risk and are sometimes overlooked include the doors, the floorpan (lift that carpet) and the boot space. That's not to say other areas – arches, headlamps etc- aren't at risk as well, so check everything.

The car may or may not be a runner. Assuming it is, get the person you're with to start it up, whilst you lift the bonnet and have a look at it. A quick tip. If the car engine is nice and warm, be a little suspicious. You want to see if it starts from cold. If it's hard to start, the seller may have spent 20 minutes getting it going before you arrived. Listen to the engine – can you hear any knocking noises? Light and near the top of the engine, and it could be a worn camshaft. Noisier and deeper and it could be the main crankshaft.

Now go round the back of the car and check the exhaust. The exhaust and what's happening there will tell you a lot. Lots of steam? Could be a cracked cylinder head. Blue-ish smoke? The engine's burning oil. Black-ish smoke? It may be a worn carburettor. All in all, work needs doing on the engine. Don't forget to do all the usual maintenance checks that you would carry out on an engine at regular intervals – radiator levels, windscreen washer etc through to fan belts, spark plugs etc.

You'll want to take a runner for a test drive – and that means you driving it rather than the seller who knows how to nurse it along. Test-drive for a good half-hour so you can test in fully on fast and slow roads, around roundabouts, up hills etc. Move the steering wheel from side to side before you set off. Is it steady or is there a lot of play that needs investigating? When it's safe to do



so, take your hands off the wheel for a moment. Does the car run straight and true or does it pull (perhaps violently) to one side? When going up and down hills, concentrate on the clutch. Does it move easily between gears or not? As and when it's safe to do so, pull over, breaking slowly. Does the car stop as you'd expect, and keeping in line?

Assuming the inspection and the test drive are successful, you should ask the seller various questions. It's a good idea to talk to your car club about the particular make and model and whether this car is prone to any particular problems (it will be!). If so, you will want to physically check and ask questions about, for example, the rear arches or whatever. You should then ask the seller all the usual questions you'd ask when buying a car – how long have you owned it; what work have you had done on it; do you have paperwork for it; how often do you use it; what problems have you had with it; why are you selling it etc. Of course, you may not get 100% truthful answers, but these sorts of questions and their answers all help to build up a better overall picture.

The more paperwork you can get for servicing, repairs and so on, the better. Remember to check the documentation you're being offered. See if the chassis and engine numbers on the paperwork match what's in the car itself. Paperwork is important to a collector who wants to buy the car. If you're driving the car away, make sure it's roadworthy, has tax etc, and that you are insured to drive it!

So, how do you add value to a classic car? This really comes down to restoring it – all the work you do (or professionals do for you) to take the car from its beaten-up state to its pristine condition represents the adding value stage; and your profits too, of course. Remember that originality is important when it comes to reselling – the closer the car is to its original condition, the more it should be worth.

If you have bought a car without original parts, look to replace them with those that are right for this make and model. You'll add value above and beyond what you pay for them. When restoring, buy parts that go with this car – again, the value you add will exceed the costs involved. You can source parts – and help and advice too – via those car clubs.

Condition is the key to making the most money – you should be aiming to bring the car as close to pristine a condition as possible. Less than pristine, and any would-be buyer will want to discount the work that they'll need to do from your asking price. The best advice if you want to maximise sell-on value is to go over the car, checking all systems and parts carefully. It's usually sensible to replace anything that is obviously faulty, worn out and/or is not an original and/or a quality part.

Remember, collectors always love paperwork, documents and anything that adds provenance to what they are buying. Do keep a careful record of all of the work you do on the car. Hold on to those receipts and other bits of paperwork to show what you have bought, and when. Collectors love the

nitty-gritty – if you have lubricated those hinges, make a note of it in your little black book.

It's also a good idea to drive the car regularly. Many alternative investors think they shouldn't drive the car as this will wear everything out. But, if you don't ever drive it, you'll find that some would-be buyers will be concerned that it will need more servicing and work on it to make it a reliable runner.

Of course, that's not to say you should be bombing up and down the M1 at 70 miles an hour all day. But a little regular use – and you can keep a note of your usage, along with petrol receipts etc – is often considered a plus point amongst potential buyers. When you're not driving the car, do make sure you store it properly away so that its ever-improving condition is maintained. You don't want damp and dirt to get to it, so a dry, well-secured garage is a must.



Selling Your Classic Car


So, what do you do when you are selling your classic car? First things first, you need to decide what it's now worth. Valuing a classic car isn't always easy – but the best way to do it is to look at the classic car magazines, check on the prices of comparable cars and make allowances (up and down) depending on how your car compares with them.

It's also helpful if you can see cars, perhaps at shows and other events, as this will enable you to build up know-how. Talk to car club organisers and fellow members as well to get a firmer idea of what it's worth. This should help you to decide on a ballpark, minimum and maximum figure for resale purposes.

Think about the timing of the sale. As we have seen with other alternative investments, timing can have a significant impact on the price and your profits. It's said that, in spring, a man's thoughts turn to love – and it's certainly true if they are classic car enthusiasts and love cars. The spring and summer are generally the best times to sell classic cars. The weather is improving and may be warm and sunny – which is always useful when you're selling a car. It will look that much nicer and more appealing in the warm sunshine. Also, buyers have the whole summer to get out and about in the car.

When buying in the spring, they can imagine themselves over the summer months, motoring along, perhaps with the roof down and the wind in their hair. As you move into the autumn, it becomes harder to sell classic cars at the best price, especially after the clocks change and the bad weather sets in. December and January are especially poor months for selling as most people are short of funds at these times (so this is a good time for you to buy, of course!).

Consider where you are going to sell. Auctions can be worth considering if you want a quick sale – but you should talk to the car clubs to see which



events are known as the places to buy classic cars. You certainly don't want to sell it on at the local car auction where traders are bidding knock-down prices for all sorts of cars. These car auctions are great for picking up bargains at low prices – but you'll never get the best price there as you'd be selling mainly to car dealers who want to leave in some mark-up potential for selling on to the end-users.

You need to think where potential buyers/classic car enthusiasts are likely to be. Your car club may well be involved with auctions of this kind, or will at least know where to go. If you can engineer a situation where you have several mad-keen enthusiasts in the room at the same time, you have a far greater chance of securing the best possible deal. If your car is being auctioned, it is a good idea to advertise the fact via the club's newsletter, message board or web site.

Internet auctions such as eBay are sometimes used by sellers these days (and, incidentally, can occasionally be a good source for parts for classic cars). The secret of selling successfully on-line is to give a full and accurate description of the car (including any flaws), add some photos (from several angles) and to invite follow-up e-mails for obtaining further information. The more open, honest and detailed you are, the more likely you are to make a sale at a good price. Set a reserve price if you are concerned that bids may not reach the price you want to achieve.

It is a good idea to trawl the site to see which other cars have been sold in this way, and to contact the sellers for their experiences. Again, it is a wise idea to let everyone who might be interested in the car know that it is up for sale at an on-line auction. If you can generate some enthusiasm and attract bidders, you are already halfway to getting a good sell-on price.

When selling via auction – any auction, whether traditional or on-line – you will incur costs; not least the auctioneer's commission which will typically range from between 5% and 15%. You need to take account of this in your calculations. You may, with these costs in mind, wish to have a go at selling direct to car enthusiasts, thus cutting out this relatively expensive intermediary and their charges.

The classic car magazines are one way of doing this. You should approach this in much the same way that you would for an on-line auction – up-to-date photo(s), full and accurate description, an invitation to find out more etc. The big advantage that this approach has over the traditional and on-line auction routes is cost – you'll be paying (depending on publication, the number and size of ads etc), a low three-figure sum (if that) compared to perhaps 15% of the selling price! The downside is that lead times for many glossy publications are long and you may have to place an advert today for publication in two months time or so. You need to be well organised in this respect.

You can also sell in other ways, most of which will involve the car club. You could advertise in the club newsletter, on their web site or on message boards

where enthusiasts gather to exchange thoughts and opinions. A car show can be a good way of selling too. Most car clubs will stage some sort of events, usually in the summer months, where members can get together to display and show their cars to each other, meet and talk, and so forth. These events are always a good opportunity to establish contact with would-be sellers.



When it comes to selling the car on a face-to-face basis, there are a number of tricks of the trade to help you achieve the best return on your investment. Presentation is all-important. Sit the car where it will look good – somewhere in the sun, away from the shade, and away from trees where birds may gather. In many respects, you're selling a dream not the car – the would-be buyer needs to see themselves motoring along with the breeze rustling through their hair and so on. A classic car that's sitting all shiny and sparkly on a neat and tidy drive looks more appealing than one that's covered with a tarpaulin sheet in a musty-smelling garage.

Give the car a good clean-up – an obvious point but one which many sellers seem to overlook. A quick vacuum and polish inside and out makes all the difference to its appearance. Hopefully, you've not been smoking in it as the smell will have got in everywhere and discoloured everything as well. If you have (or the previous owner has done), you'll need to keep going to eliminate (not just cover it up with air fresheners).

It is worth paying particular attention to the boot and under the bonnet as well. The windows can often do with a clean too, both outside and inside. Be careful not to leave smears. Remember the wheels, tyres and any mudflaps too which are often forgotten. Tyres can be cleaned up easily with a dab of black shoe polish and a little elbow grease – avoid those spray-on blackeners which look rather cheap and shiny; often out of keeping with a classy classic car. Mudflaps don't need to be covered in mud – when selling, they'll look better cleaned up.

It's sensible to be as honest as you can about the car. You don't need to say how much you paid for it, but it's a good idea to say how long you've had it for and what you've done with it. Remember, car enthusiasts tend to love each other and hate anyone who is in it for the money. So you are a fellow enthusiast who bought it, did it up and now wants to sell it on to make room for another one. You enjoy doing up cars! Don't imply you have to sell the car



as this may encourage lower offers.

Show off the history of the car – any documents and paperwork that came with it, along with receipts etc since you bought it. Remember to show that little black booklet which reveals all the work you have done on it and when – it all helps to show that the car has had a lot of tender loving care. If there are any little knocks or noises, mention these too and talk the buyer through them. Perhaps surprisingly, many would-be buyers are encouraged if they think the car has one or two minor flaws and are discouraged if they are told that it's just perfect.

Do give a serious would-be buyer time on their own to look over the car and then be available to ask any questions they might have. Where possible, back up your answers with some sort of paperwork. “Yes, I replaced those last April. I've got the paperwork here. Yes, here's the receipt for the parts. Originals, you see.”

A test drive is essential, of course. Do check that they are covered insurance-wise to do this. You may also want to go out with them first to show them how to drive the car. Most older cars have their ‘funny little ways’ and you may need to point these out. Ideally, you'll then sit in the passenger seat whilst they drive. If they are going off in your car on their own, do make sure they are leaving one behind or check their driver's licence etc. All sensible precautions in this day and age!

If you're going to do a deal at the right price for you, it's sensible to set your asking price slightly above what is acceptable to you. Everyone will want to haggle a little off to make themselves feel as though they have got a bargain. Paying by cash is ideal, although a banker's draft is acceptable. If they want to give you a cheque, make sure you don't release the car until it's cleared. You can often pay a small fee at your bank to clear it more quickly than usual. At that point you can sign over the documentation, give them a receipt and count your profits. Don't forget to let your insurance company and DVLA know that the car has changed hands too, of course!



Summary

1. 'Automobilia' is car-related memorabilia from yesteryear – car brochures, AA badges, RAC road signs and the like. Prices look set to rise steadily in the future. Supplies are limited, and are falling as uncovered items are sold on and go out of circulation. Demand is rising, and is driven mainly by nostalgia.

2. The secret of investing successfully is similar to that for other antiques and collectables – short supply, high and rising demand and (instead of high quality) good condition pieces. Given the here-today, gone tomorrow nature of many of these items, good condition pieces are hard to find.

3. There are many sources of know-how, including various magazines. By far the best usually are collectors' clubs. The organisers tend to be very enthusiastic and are a good source of leads as well.

4. You can sometimes uncover automobilia at all sorts of buy-low sources from car boot sales to local auctions where it is being cleared as junk. The key is to 'dig deep' to see what you can find.

5. You can get your automobilia finds valued at the big London auctioneers of Bonhams, Christies and Sothebys if they might be rare and valuable. Otherwise, you can talk as always to your collectors' club organiser.

6. The best ways to add value are to concentrate on maintaining condition and letting time do the rest for you. It is often wiser to leave the item untouched and 'unimproved' unless its condition is deteriorating. An amateur clean-up can often cause damage.

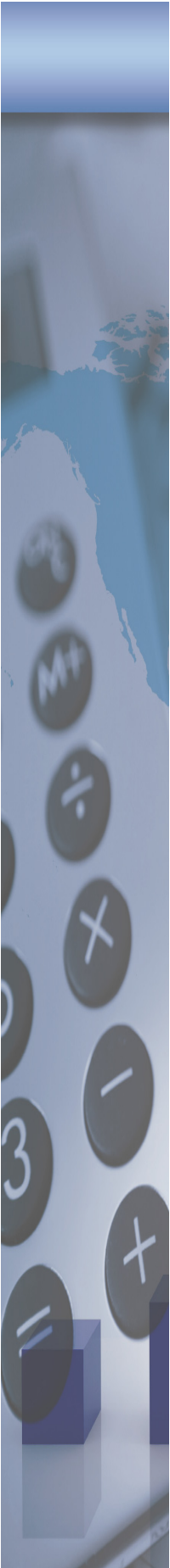
7. You'll get the best sell-high price by selling to collectors, either by auction or via the collectors' club. It is wise to keep an open mind. Although prices look set to rise steadily, selling on an anniversary can be profitable. Interest and prices tend to rise temporarily at these times.

8. The market for personalised number plates is a large and growing one - even fairly run-of-the-mill plates have increased ten-fold in value in 15 years (as a rule of thumb comparison, the value of money halves every 10 years due to inflation).

9. The best plates to go for are those that; have common initials; reflect trades or hobbies (e.g. LOT, CAR, PEN); are inventive (P16); have a low prefix; pick up on specific dates or birthdays (up to 31, 18, 21, 40 etc).

10. These plates can be bought from various sources – direct from the DVLA, via DVLA (or DVLA-endorsed) auctions; via dealers, agents or brokers; privately from the present owner.

11. The most effective way of adding value and increasing price is to let time do it for you – you can't make money just by cleaning it up as you would with other collectables!



12. These plates can be sold on via several of the sources you could have bought from – through dealers, agents and brokers for a quick sale, or direct to would-be end-users for the best prices. It is worth targeting anyone with those initials (job etc) that may have sufficient disposable income to spend on a personalised number plate.

13. ‘Classic cars’ cover all sorts of cars from 15 years ago and earlier – definitions are a subject of fierce debate amongst collectors and enthusiasts!

14. There are many sources of information and advice from magazines through to clubs for enthusiasts. It is wise to present yourself as a fellow enthusiast rather than as an alternative investor if you want to receive a warm welcome!

15. The most effective way to profit from classic cars is to buy a rundown motor and then expertly restore it (this MUST be something you love to do) before selling it on in pristine condition. To do this successfully, it is essential to budget carefully and to work out how the project is to be handled in advance.

16. The best place to buy a classic car at a low price is a general car auction, where anything of this nature that’s going through will be ignored by most of the car dealers present. Other sources include all the usual places for buying cars – via the local press, car magazines etc.

17. When buying, it is sensible to think carefully about different aspects of the car; in particular, originality, colour and condition. Would-be buyers expect original parts where possible. Dark colours tend to be most popular.

18. It is a good idea to view any potential purchase with someone who can give you a second opinion, preferably a car enthusiast. You should work to a checklist for examining the car whilst it is parked, whilst you are driving it and when you are talking to the seller afterwards.

19. To add the most value, focus on restoring the car as close to its original condition and state as possible. Keeping full and complete records of work done is worthwhile. Driving the car (albeit carefully) during your ownership is a plus for many would-be buyers. They will want to see the car is stored well.

20. You can get an accurate valuation for your car by comparing it to cars for sale in motoring magazines, and by talking to club organisers. It is sensible to have a ballpark, minimum and maximum price range in mind.

21. It is wiser to sell in the spring or summer than in autumn or winter – generally, you will get a better price when the buyer has several months of motoring ahead of them than behind them!

22. There are various outlets – auctions can be effective if they attract enthusiasts. Selling via a club can be the most successful way of contacting enthusiasts who will pay the best prices.



Further Reading

Automobilia: Twentieth Century International Reference with Price Guide by Gordon Gardiner and Alistair Morris (1851492933, Antique Collectors' Club).

Fanatical About Number Plates by Ruby Speechley (0954309103, Regtransfers.co.uk).

Classic Cars by Richard Gunn (1856057526, Bookmart).

Classic Car Interior Restoration Guide by Kim Henson (185010932X, Haynes Group).

Vintage Car Wrecks by Rusty Herlocher (087349458X, Krause Publications).



Check Your Understanding

Automobilia

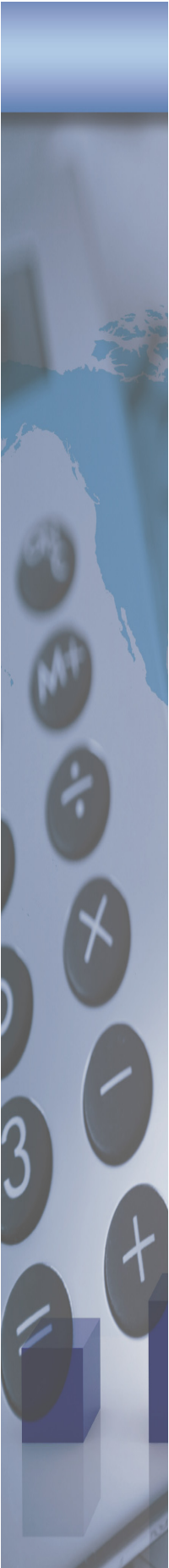
1. What is automobilia?
2. What are the secrets of investing successfully in automobilia?
3. What is the difference between investing successfully in antiques and collectables and investing well in automobilia?
4. Why is supply so rare – and getting rarer?
5. Why is demand high – and rising higher?
6. Where can you source know-how?
7. Which is usually your best source of knowledge?
8. Where can you buy-low?
9. Where can you get your finds valued?
10. What are the best ways to add value?
11. How you can sell-high?
12. Which is best – selling by auction or via a collectors' club?

Personalised Number Plates

1. Why are personalised number plates a worthwhile alternative investment?
2. Which plates are the ones to buy?
3. Where can you buy personalised number plates?
4. What are the different ways you can add value and increase their possible sell-on price?
5. Where can you sell personalised number plates?

Classic Cars

1. What exactly is a 'classic car'?
2. Where can you go to get know-how?
3. What make and model of car catches your eye?

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4. How are you going to profit most from this alternative investment?
 5. Why is budgeting so important with this type of investment?
 6. How are you going to handle such a project?
 7. Where are the best places to buy a classic car-to-be?
 8. Why is originality important?
 9. Which colours are most and least popular amongst enthusiasts?
 10. Why is condition so important?
 11. What should you take with you to view a car?
 12. What should be included in your inspection and 'to do' checklist?
 13. What do you need to check whilst the car is parked?
 14. What do you need to check for on a test drive?
 15. What questions should you ask after your test drive and before agreeing to purchase the car?
 16. What should you bear in mind when you are restoring a classic car?
 17. Why should you keep careful records?
 18. Why should you drive the car during your ownership?
 19. How can you get a car valued accurately?
 20. When is the best time to sell a classic car?
 21. Where can you sell the car at the best possible price?
 22. What do you need to consider when selling a car face-to-face?

Have you answered all of these questions to your satisfaction?

You're now ready to move on to the next part of your course!