

Alternative Investment Case: the PPAC Model Portfolio

1. Portfolio Overview

In order to provide an indicative fund performance history PPAC has built a model portfolio of classic and collectible cars that would have been invested in in Q2 2020.

The portfolio spans 1970s to early 2010s, combining iconic supercars, homologation specials, motorsport-derived models, and culturally significant performance cars. It blends blue-chip Ferrari and Porsche assets with emerging modern classics that have strong potential for future appreciation.

Key Themes in Asset Selection:

- Limited production runs
- Proven motorsport heritage
- Brand halo models and engineering landmarks
- Models from the final analogue performance era before widespread digital driver aids

2. Portfolio Composition & Roles

| Segment | Models | Investment Role |
|-------------------------------------|---|--|
| Ferrari Supercar Halo | F40, 288 GTO, F50 | Blue-chip core holdings with strong historical performance and global liquidity |
| Rare Ferrari Moderns | 430 Spider Manual, 430 Scuderia 16M, 360 Challenge Stradale RHD | Limited-production, manual or track-focused V8s — benefitting from growing analogue demand |
| Porsche Icons | 911 930 3.2 CS, Carrera GT | Mix of air-cooled heritage and hypercar engineering excellence |
| Lamborghini & Exotics | Countach LP400S | 1970s design icon, cultural value transcends automotive |
| Japanese Halo Cars | Lexus LFA, Honda NSX NA2, Nissan Skyline GT-R R34 V Spec | Motorsport pedigree, rarity, and strong Asia-Pacific collector base |
| European Performance Legends | Lotus Carlton, Lancia Integrale Final Edition, Renault R5 Turbo 1, Lotus Esprit S1, BMW M3 Evo 2.5l | Motorsport-derived, cult-following models with high enthusiast liquidity |

3. Historical Performance & Market Outlook

The vehicle selection includes a range of values, manufacturers and vehicle types. The following provides some additional selection criteria and outlook.

- Blue-Chip Appreciation:

- Ferrari 288 GTO, F40, and F50 have delivered 8–12% annualised returns over the past two decades (HAGI Top Index data).
 - Porsche Carrera GT prices have tripled in the last decade due to manual V10 rarity.
- Emerging Market Stars:
 - Lexus LFA and Nissan R34 GT-R values have surged 50–100% in the last 5 years, driven by limited supply and cultural cachet.
 - 430 Scuderia 16M and manual 430 Spider are seeing demand spikes as last open-top, naturally aspirated V8 Ferraris with analogue feel.
- Specialised Collectibles:
 - Renault R5 Turbo 1, Lotus Carlton, and Lancia Integrale are moving from enthusiast niches into broader investment recognition.

4. Diversification Benefits

The range of vehicles included helps avoid concentration risk and liquidity risk but retains the principles of low production volumes and specialist collector vehicles. The initial model portfolio includes this selection, but other diversification benefits will arise as the selections expands.

- Era Spread: Covers multiple decades, reducing exposure to single generational taste shifts.
- Geographic Demand Base: Portfolio appeal spans Europe, North America, Middle East, and Asia.
- Category Mix: From concours-grade display pieces to rally and touring competition heritage models.

5. Risks & Mitigation

PPAC placed significant importance of a spread of vehicles to avoid concentrating on one marque, though Ferraris still feature strongly. PPAC has a pool of industry and trade advisors who provide additional guidance and feedback on vehicle selection timing and selection process. Initially there will be very limited risk across these risk factors due to the modest fund size. However, in the event AUM grow significantly these factors increase in importance.

- Market Liquidity Risk: Blue-chip Ferraris and Carrera GT mitigate this via deep global buyer pools.
- Condition & Provenance: Strict authentication, full history documentation, and preservation-grade storage are essential.
- Regulatory Changes: Low-emission restrictions could limit usage, but for top-tier collectors, driving use is secondary to ownership prestige.

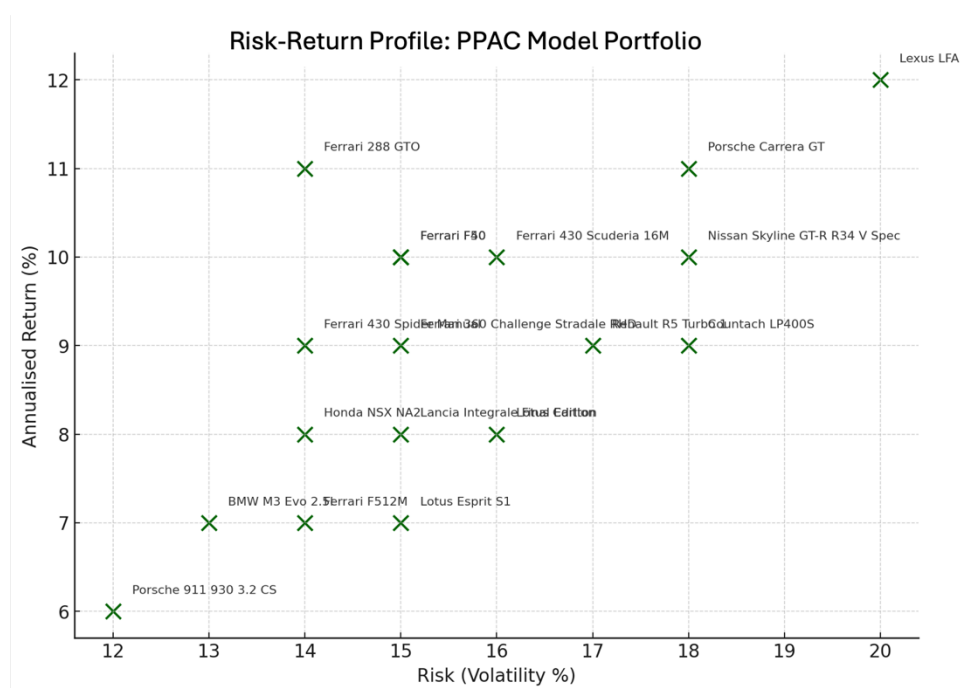
6. Strategic Guidance

In June 2024 BoA published results from a [survey](#) that highlighted the increasing demographic led transition towards alternative investments. They cite 94% of Gen Z and Millennial investors expressed interest in luxury, collectibles and passion assets alongside the crypto and digital

sector. Portfolio allocations were as high as 17% into Alternatives. The PPAC product provides a good mechanism to access this sector.

- Target Allocation: Treat as real asset/collectible allocation within a broader portfolio (5–10% of AUM for HNWI/family offices).
- Holding Period: Minimum 7–10 years for optimal capital appreciation cycles.
- Liquidity Planning: Sequence sales through high-profile auctions for halo models; private treaty for niche cars to achieve premium bids.
- Value Optimisation: Maintain concours condition for the blue-chip assets; preserve originality in all cases.
- Early adoption: PPAC is an innovative investment product in an emerging alternatives sector. LPs/HNW and FO asset allocators have an opportunity to add this diversifying strategy to their portfolio and demonstrate forward thinking and innovation to their client base.

Here is a risk–return visual placing *each* car in this portfolio on a matrix based on historical volatility and annualised return potential — so it's immediately clear which cars are core holdings vs. tactical appreciation plays.



Here's the risk–return map for the PPAC model portfolio:

- Top-right (High Risk / High Return): Lexus LFA, Porsche Carrera GT, Nissan Skyline R34 V Spec — strong growth but with higher market volatility.
- Core Blue-Chip Zone: Ferrari 288 GTO, F40, F50 — balanced high return with moderate volatility.
- Lower Risk / Steady Appreciation: Porsche 911 930 3.2 CS, BMW M3 Evo 2.5L, Ferrari F512M — less volatile, consistent demand.

- Tactical Appreciation Plays: Renault R5 Turbo 1, Countach LP400S — more niche, driven by collector sentiment and rarity cycles.

This gives a clear view of which holdings are long-term core assets vs. opportunistic growth drivers.

Summary:

Optimizing an allocation to classic cars for HNW individuals and family offices involves a balance of emotional and financial returns, with a strategic focus on rarity, diversification, active management, and liquidity planning. Viewing classic cars as part of a broader alternative investment portfolio with financial returns and emotional connection further enhances the value of this unique asset class. PPAC solves for these goals.

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