GUEST ARTICLES (cont.)

Fractionalisation is opening up the luxury car market to investors

Emanuel Georgouras, Co-Founder, PistonDAO

Just last month, gold shattered its own all-time high, soaring past $2,600 an ounce. Whilst economic headlines tout precious metals as one of the best historical hedges against inflation, many are eying another type of precious metal: luxury and investment grade sports cars.

These vehicles often outperform gold as alternatives within an investment portfolio. Of course, gaining access to these exclusive assets has traditionally been a significant barrier. Until now.

Having grown up around some of the rarest cars in the world, and with 25 years' financial services experience I find myself uniquely placed in the intersect between the notoriously opaque world of elite collector cars and delivering a unique service and extraordinary return for investors. Intrigued at the prospect of harnessing an underexplored asset class, I built a world-class team of automotive, finance, community and data science professionals.

With the latest technological advancements democratising access to traditionally elitist markets and injecting liquidity into historically illiquid sectors, we stand on the brink of a new frontier.

So, why are cars outshining gold? Let's take a closer look.

Technology creating access

Traditionally, access to these vehicles has been limited to the ultra-wealthy. But what if you could gain access to one of these automotive masterpieces? How would its value, performance, and ownership costs compare to holding physical or paper gold in your portfolio?

Both are 'precious' and exhilarating, but on a purely practical level, the bullion incurs a hefty cost of carry of around 5% annualised, calculated daily (assuming the paper trade). This is a substantial expense compared to the static insurance and maintenance costs of an elite car as a store of wealth.

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GUEST ARTICLES (cont.)

collector cars and is being embraced by the world's financial regulators. New platforms are emerging that allow investors to own fractional shares of the world's most coveted sports cars, which have increased in value by 185% over the last 10 years. These assets are physically vaulted and managed using cutting-edge technology, making them accessible to both professional and retail investors.

Of course, fractional investment is nothing new. But while other collectibles like art, whiskey, wine, and property have their place in the fractional ownership market, automotive assets offer a unique advantage: a well-established historical data set that enables accurate valuation. Unlike the challenges of pricing one-of-a-kind artworks, the automotive world has a rich history of recorded market values.

Rise in liquidity

The rapid growth of electronic, automotive auction platforms echoes the trend we witnessed two decades ago in the commodity markets. While these platforms are still in their infancy, they're proliferating globally, attracting growing attention and investment.

By democratising access to automotive investments through a global network of electronic marketplaces, these new platforms are paving the way for future liquidity increases, spread compression and speed of trade.This is creating the ideal conditions for investors to incorporate passion asset exposure into their portfolio. Forget the fund manager: individuals can directly invest in the tangible assets that interest them, whether that's a specific gold bar or an especially desirable chassis.

Like bullion, investment in rare, luxury cars caters to both professional and retail investors. It's part of the rapidly expanding alternative and collectible investment market, which now includes hedge funds, family offices, and wealth managers with a thirst for non-listed assets.

Ultra-high net worth investors have long used automotive assets as a tool for wealth generation and preservation. With the electronification of the marketplace and a surge of liquidity, the broader investment community now has the potential to achieve higher returns and gain unprecedented access to opportunities that were once out of reach.

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www.pistondao.com

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