THREE HORIZONS CAPITAL · RESEARCH

The Return Is Real. So Is the Toll.

Classic cars earn a return that stocks and bonds do not explain. It sits in the best cars, a round trip at auction can cost more than 25% of the price, and the protection thins when markets boil over. We read two academic studies and our own market data to show where a classic-car sleeve earns its place in a portfolio.

5.63% a year

What classic cars earned at auction from 1998 to 2017, before costs; blue-chip classics earned 12.50%

–0.06

Correlation of the broad classic-car index with equities, 1994 to 2025, and 0.01 with government bonds

More than 25%

What a round trip at auction can cost; held five years, that is 5.6% a year

THE FINDING IN ONE LINE

Classic cars earn their place as a small, top-tier position, held for a decade inside a closed vehicle and valued car by car: there the return survives the cost and keeps its distance from markets.

Three Horizons Capital, Research, 15 November 2026. Laurs and Renneboog (2018), 29,002 auction sales; Weisskopf (2026), 13 segment indices over 376 months; listed market data, January 2016 to October 2026. Research, not investment advice.

01 Two studies, two methods, one answer: a financial asset in calm markets, a luxury good in a boom

Classic cars have moved from the garage into the portfolio conversation. Family offices hold them, auction records make headlines, and on 5 May 2022 a 1955 Mercedes-Benz 300 SLR Uhlenhaut Coupe sold at auction for over $143 million. The investor's question is narrower than whether cars can make money. It is whether their returns behave like a financial asset: a premium for risk, a measurable link to markets, and a defined place in a portfolio.

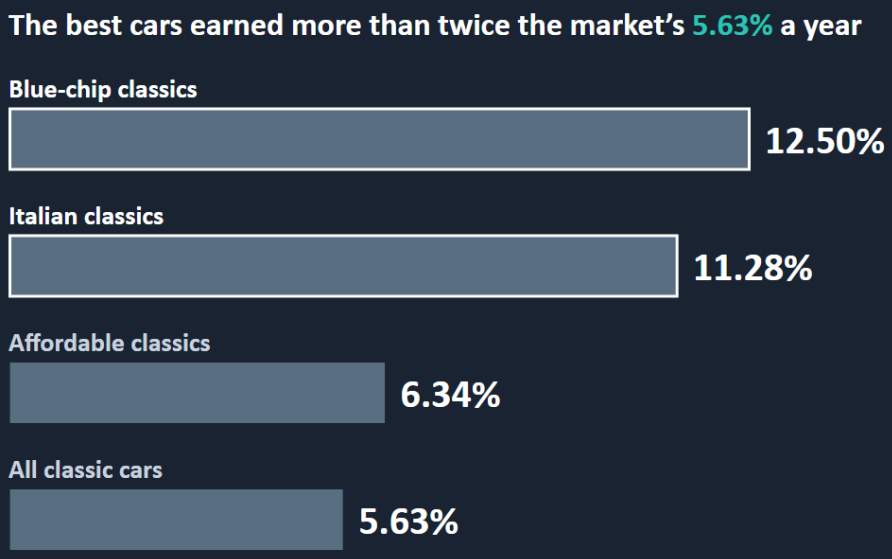
Two studies answer it from different directions. Laurs and Renneboog (2018) priced 29,002 auction sales from 1998 to 2017, controlling for each car's age, engine, condition, originality and auction house; those characteristics explain 70% of the price. Weisskopf (2026) tested 13 segment indices, built from more than 30,000 auction results over 376 months from 1994 to 2025, against the factors that explain stock and bond returns.

Their joint answer: classic cars behave like a financial asset in calm markets and more like a luxury good in a boom. The rest of this paper follows that answer through return, correlation, cost and valuation.

02 The market earned 5.63% a year before costs, and the best cars more than twice that

Across all cars, prices rose 5.63% a year in nominal terms and 3.37% after inflation, before any costs. The spread inside the market is wide. Blue-chip classics earned 12.50% a year and Italian classics 11.28%, with more volatility to match. Affordable classics earned 6.34% with volatility of 15.23%, close to equities. Pre-war and American classics trailed.

On a risk-adjusted basis the authors place classic cars ahead of US and global equities and ahead of art, and behind government bonds and gold.



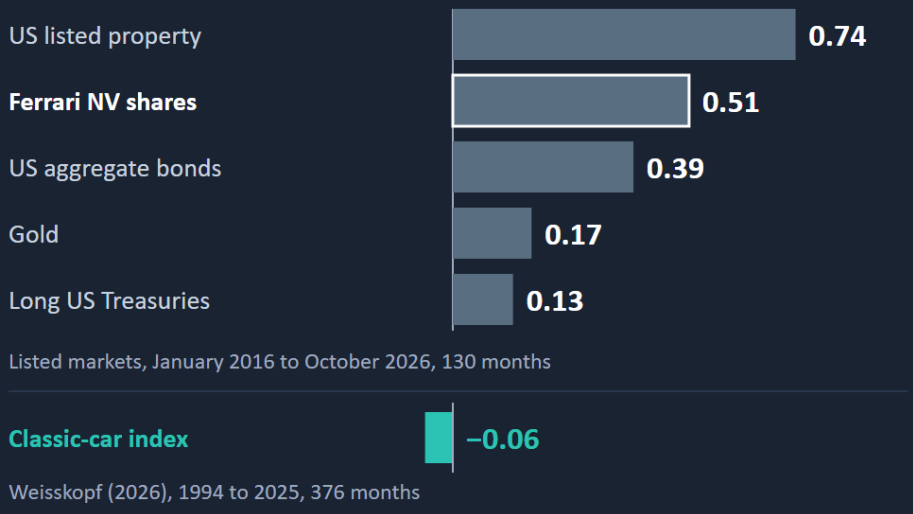
Annual nominal returns at auction, before costs. Laurs and Renneboog (2018), 29,002 auction sales, 1998 to 2017.

03 The return is not equities in disguise, and Ferrari shares are not Ferraris

The broad classic-car index has a correlation of −0.06 with equities and 0.01 with government bonds. The return is its own, too: after allowing for market, size, value, momentum and liquidity, the broad index earns 5.2% to 5.6% a year that those factors leave unexplained, and the top-50 index about 8.0%. In 12 of 13 segments, a mix of equities, government and corporate bonds, gold, commodities and property cannot replicate the return. Weisskopf reads this as a scarcity premium: a fixed supply of cars and the pull of the brand.

The listed route into the same names behaves differently. In our data, Ferrari shares moved with world equities at a beta of 0.96 and a correlation of 0.51 over the 130 months from January 2016 to October 2026, earning 22.5% a year with volatility of 28.3%. Owning the carmaker is an equity position. Owning the car is a different exposure.

Ferrari shares move with world equities. Classic cars move on their own.



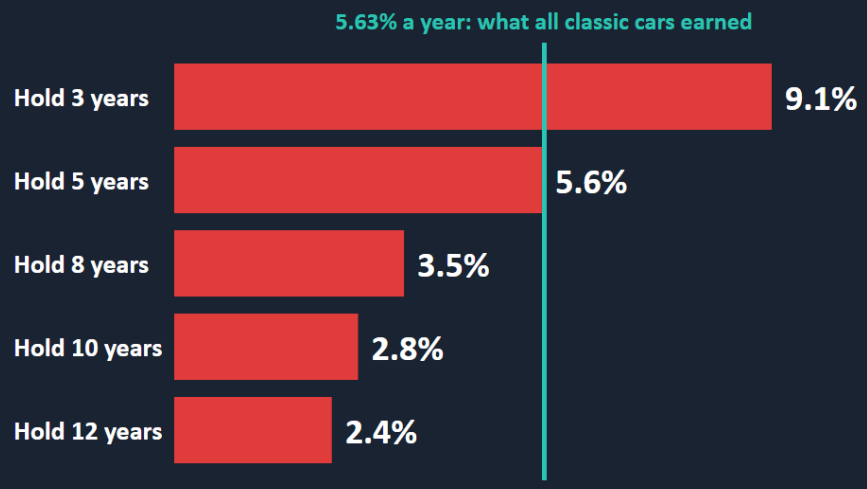
Correlation with world equities, monthly returns. Three Horizons Capital analysis of listed market data, January 2016 to October 2026. Weisskopf (2026), 13 segment indices, 1994 to 2025.

04 A round trip can cost more than 25%, so only a long hold makes the sum work

Buyer's premium and seller's commission at auction can together exceed 25% of the price. Storage, insurance and maintenance come on top, and restoring a car in poor condition can cost more than the car. Spread over the holding period, a 25% round trip costs 9.1% a year over three years, 5.6% over five, 3.5% over eight, 2.8% over ten and 2.4% over twelve. At five years the toll matches the 5.63% the whole market earned a year. At ten it takes about half.

The arithmetic points to the vehicle. A fund that deals daily or quarterly, and may have to sell into a weak auction season, is the wrong home. A closed, long-dated vehicle with a life of eight to twelve years gives the cost time to fade and removes the forced sale.

Hold five years and a 25% round trip costs as much a year as the market earned



Yearly toll = a 25% round trip spread evenly over the holding period, before storage, insurance and upkeep. Return: Laurs and Renneboog (2018), 29,002 auction sales, 1998 to 2017.

05 After costs, the case holds for the top tier, and the market is several markets

Weisskopf adds classic cars to a portfolio of equities, bonds, gold, commodities and property. Before costs, cars improve the trade-off between risk and return. With a 20% buyer's premium charged, the improvement stays material for high-end, investment-grade cars only. For the broad market the gain becomes too small to matter.

The market is also several markets. The top tier moves together: the broad and top-50 indices correlate at 0.78, and Ferrari and Porsche segments at 0.45 to 0.63. Affordable classics, Japanese domestic cars and pre-war American cars often correlate below 0.15 with the rest. Three cars from one marque are a concentrated bet on one corner of one market.

The tails are wide. Monthly returns in pre-war American cars ran from −66% to +63%, and post-war racing cars show kurtosis of around 200, the signature of rare, very large price jumps.

06 In a boom the shelter thins

Outside speculative periods the broad index carries a beta to equities of −0.03: in calm markets, cars move on their own. Weisskopf dates speculative periods directly from prices and finds two that swept across segments, in the mid-2000s and from 2013 to 2015. In those periods volatility rises, segments move together, and some start to move with equities: in a boom month, Ferrari cars built after 1973 gained an extra 0.29% for each 1% rise in stocks.

The shelter thins and still holds: cars remain low-beta assets. History shows what an unwind costs. In the late 1980s a strong yen drew buyers into classic cars, and the market broke around 1990, hitting high-end Ferraris and Porsches hardest. A Ferrari 250 GTO bought for a little under $14 million in 1989 changed hands for $2.7 million in 1994.

Against inflation, cars respond only in some segments. In a sell-off they act as a diversifier, not a safe haven.

07 A car is valued one at a time, and an index understates its risk

A classic car has no continuous price, and no two cars are alike once condition and history are counted. The defensible order runs in four steps.

- **Appraise the car.** An independent marque specialist values condition, originality ("matching numbers": engine, gearbox and chassis original to the car), provenance and documents. This is the figure for insurance, estate and fund valuation.
- **Check it against the auction record.** Recent sales of comparable cars in comparable condition test the appraisal.
- **Use an index to compare, not to value.** Indices report the market; they are built from cars that come to auction and stay in fashion.
- **Deduct the costs.** Transaction, storage and insurance come off before any return or risk figure is reported.

Indices reprice monthly or quarterly and lean on past prices, so they smooth risk. The broad index's monthly volatility of 1.44% scales to about 5.0% a year. Treat that as a floor: the risk of owning a single car is higher. Provenance is a risk of its own, since odometers, chassis numbers and service histories can be altered, which is why the specialist appraisal comes first.

08 What it means for managers, wealth managers and family offices

- **Hold the top tier only.** Condition, originality and provenance are checked car by car; the evidence supports high-end cars, not the market as a whole.
- **Keep it small and spread.** A satellite inside the illiquid sleeve, across several marques and eras.
- **Hold for a decade, in a closed vehicle.** Eight to twelve years spreads a 25% round trip to 2.4% to 3.5% a year and removes the forced sale.
- **Value car by car and measure risk honestly.** Appraisal first, auction evidence second, the index for comparison; costs come off before any return figure, and index volatility is a floor.
- **Model the boom.** Stress tests should let correlation and volatility rise in a speculative phase, not carry calm-market figures into a crisis.
- **Sell it as diversification.** The case rests on a return with little link to markets, held long enough to pay its own toll.

> **WEIGHING A CLASSIC-CAR SLEEVE FOR CLIENTS?**
>
> Send us the portfolio. We'll show where a classic-car allocation sits on return, correlation, cost and liquidity next to what you already hold, and walk you through it on a call in the coming weeks. Get in touch

09 What we read, and how

Studies. Laurs, D. and Renneboog, L. (2018), "My Kingdom for a Horse (or a Classic Car)", CentER Discussion Paper, Tilburg University, later published in the Journal of International Financial Markets, Institutions and Money: 29,002 auction sales, 1998 to 2017, with price indices built from each car's characteristics. Weisskopf, J.-P. (2026), "Are Classic Cars Financial Assets? Pricing, Diversification and Regime Dependence", EHL Hospitality Business School, SSRN working paper: 13 segment indices, monthly, August 1994 to November 2025. Figures are quoted as published.

Listed markets. Monthly total returns from adjusted prices, January 2016 to October 2026, 130 months: Ferrari NV shares on the New York Stock Exchange, and exchange-traded funds for world equities, US listed property, US aggregate bonds, long US Treasuries and gold. Correlation and beta are measured against world equities.

Costs. The yearly toll spreads a 25% round trip evenly over the holding period, compounded. It is illustrative arithmetic, before storage, insurance and maintenance.

Three Horizons Capital analysis. Research, not investment advice.