

# Letting your assets take some of the financial strain – but avoid panic selling

When the cry of “Fire!” rings out across a crowded theatre, it is a brave and level-headed person who does not instinctively join the stampede for the exits.

As well as the unseemly spectacle of panic buying which characterised the early days of this spring’s ongoing Covid-19 outbreak, we have also witnessed some of the worst excesses of panic selling since the Great Crash of 1929.

In the frenzied dash for cash, many investors have now crystallised losses which they will struggle ever to recover. Markets have shed more than a quarter of their value and entire industries are teetering on the brink.

As the Sage of Omaha, Warren Buffett, so succinctly put it, it is only when the tide goes out that you see who has been swimming naked, and many people who have been mercilessly exposed by the collapse are now also scrambling to realise value in tangible assets as well as stocks.

But the danger of joining a stampede is that you are very likely to get trampled, and distressed sales – forced sales, fire sales, call them what you will – produce the worst of all possible results.

That assumes, of course, that you can even find a buyer. An

indicator of the mass hysteria which has gripped asset sale markets at the moment is that the nationwide online trader WeBuyAnyCar is no longer doing what its name says. It is not buying any cars at all.

In shutting its virtual doors, it is reflecting the state of play across the bricks-and-mortar automotive retail market, where many household name motor dealers have abruptly pulled the plug on second-hand vehicle purchases.

Similarly, WatchFinder, the major pre-owned premium watch specialist, has abandoned the prospect of any further timepiece purchases for the immediate future and is likely to maintain this stance until the smoke clears.

But there is another way to unlock value in personally-owned assets, which has the remarkable attraction that they are recoverable once the immediate need for cashflow support or liquidity has passed.

At a time like this, when treasured possessions such as Rolex watches, classic cars, motorcycles or even second or third family cars are lying unused because of self-isolation and social distancing, the value in them can be realised through asset finance.

This is, essentially, a loan, typically of up to 60% of the asset's value, offered at a rate which is substantially lower than a comparable high street product and secured against the physical possession of the asset.

[Edinburgh Asset Finance](#) is the only finance house of its kind in Scotland and, to provide a service over the course of the Coronavirus outbreak, it is remaining operational, while also practising high standard operate-at-distance protocols.



Neil Mitchinson Director Edinburgh Asset Finance

Its professional valuers can still travel to assess assets and, again unlike mainstream lenders, they are able to make a lending decision and effect an immediate transfer of funds that day, without endless form-filling, phone calls and delays.

Although the firm's focus is on high value items such as classic cars and rare watches, it loans against a very broad range of assets, including whisky, wine and stamp collections, performance motorcycles, jewellery and so on.

Another major attraction for professional and business people, for whom the integrity of their credit profile and rating is of primary importance, is that this type of asset finance leaves no credit trail. This is a major consideration in a lending environment in which even a simple loan enquiry can plant undesirable question marks on a credit record.

Edinburgh Asset Finance has been providing a discreet but accessible service to a considerable client base for many

years now and is aware that, in this time of national emergency, it could offer temporary help to many more.

This is no time to sell, but there is no reason why hard-won assets should not take some of the strain.

Neil Mitchinson is Director of Edinburgh Asset Finance.

