

Title: Add a Splash of Colour to Your Portfolio  
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ALTERNATIVE INVESTMENT FEATURE

# Add a Splash of Colour to Your Portfolio

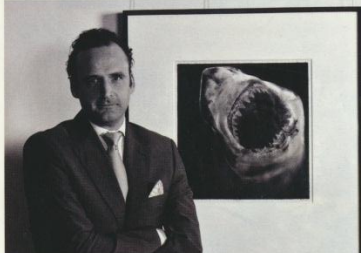
Apart from sprucing up an empty space in a home or office, experts share that art can offer excellent diversification if you invest in the right pieces.

■ Michelle Tee

Recently, one of renowned American artist Jeffrey Koons's sculptures of a shiny, giant balloon dog sold for a world record auction price of US\$58.4 million at Christie's Post-War and Contemporary Art Evening Sale in New York, higher than the initial estimate of US\$55 million – making it the most expensive work by a living artist sold at an auction. In total, Koons had made five such pieces, each in a different colour (the other four pieces have already been acquired by avid art collectors) – experts say that collectors probably paid under US\$6 million for the sculptures when they first bought them.

Another example of an art piece that has made impressive returns on its original investment is the Warhol silk-screen print 'Simply Liz' which was bought by Hugh Grant in 2001 for US\$3.6 million, and was sold recently for a whopping US\$21 million at an art auction.

According to Mr Frédéric de Senarclens, Founder of Art Plural Gallery in Singapore, there are many similar examples like this that surface every year, and the key to ensuring good returns on your investment is to purchase the right pieces.



Mr Frédéric de Senarclens.

"At the most recent Christie's Impressionist and Modern art auction held last month, the piece 'Study for Head of Lucien Freud' (1967) by Francis Bacon sold for over £11.5 million, which is a hugely appreciated value from its original selling price of £2,750. It was initially owned by English author Roald Dahl, who bought it in 1967 and it remained with him until his death in 1990," he shared.

According to the Art Market Research (AMR) Art 100 Index; art prices have increased at a compound annual growth rate of 8.0 percent



Nan Qi, Nan Qi's Dot (2014), colour on rice paper.

over the past 25 years. However, it is important to note that different types of art appreciate at different rates – expressionist and surrealist art tend to appreciate at about five to six percent per year.

With such lucrative returns, it's no wonder more and more discerning investors are tempted to park some of their money in art to diversify their portfolio, especially when stocks have been largely flat. In fact, experts say that art is increasingly being treated as an alternative asset class, with banks, financial institutions, businesses and advisors taking a closer interest in how to get a piece of the action.

### The Pros of Investing in Art

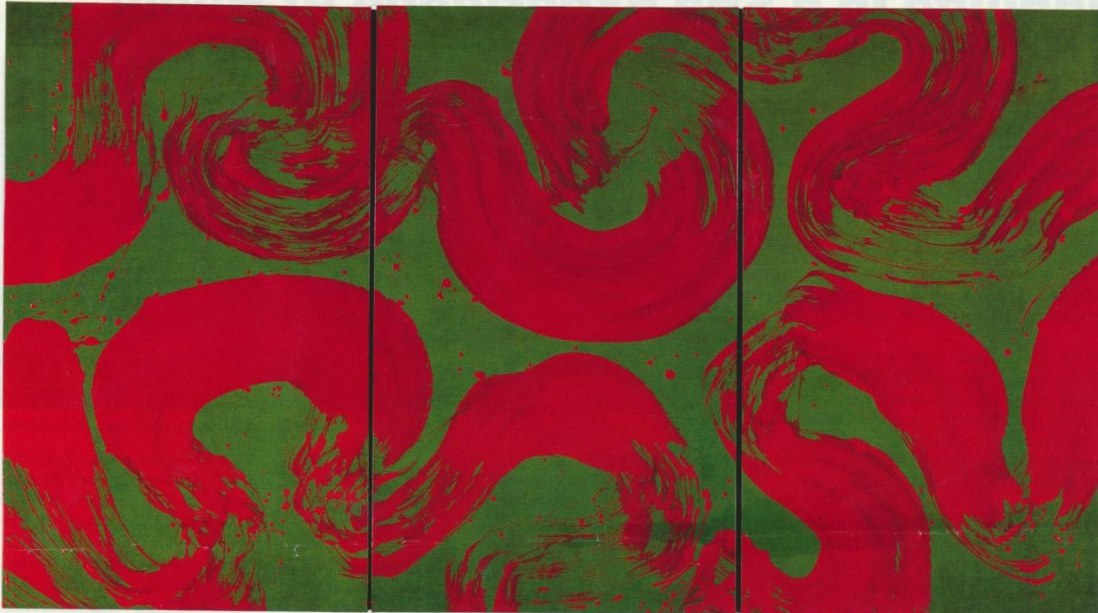
"As opposed to stocks and commodities, art is a tangible asset that can serve as a great hedge

against inflation. Additionally, art collecting makes an extraordinary and rewarding investment as the art pieces become a central part of the investor's day-to-day life in the home or the workplace, so its worth far exceeds its appraisal. Once you find the right artist or artwork, it becomes difficult to live without it," said de Senarclens.

### The Art of Buying

If you are an art enthusiast who enjoys adorning your walls with art pieces, why not turn your hobby into a profitable investment? However, as with every investment class, there are points to take note of – for art collecting, it is crucial to note that art is not as liquid an investment as assets such as stocks or bonds, and investors should expect to hold pieces for years. Mr Kevin Yardumian, a collector of 19th century

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Fabienne Verdier, Color Flows 7 (2012), mixed media on canvas.

art and partner with accounting and business advisory firm Gumbiner Savett was quoted saying in an interview, "Art and antiques are great investments for people who have money they want to put aside long-term. These investments are, however, very illiquid, investors can't expect to buy, and then sell them the following week."

If you are keen to join the art investing bandwagon, here are some pieces to look at as recommended by de Senarclens, "I strongly recommend the sculptural work of American artist Jedd Novatt – two of his monumental sculptures Chaos Bizkaia (2012) and Chaos SAS (2013) were recently installed at the Perez Art Museum of Miami, and his work also sits outside the Guggenheim Museum in Bilbao. He is a recognised artist with a striking aesthetic, and all of the works from the Chaos series are very powerful."

Also, Fabienne Verdier's works will make good investments considering the artist's international recognition and strong performance this year in Hong Kong. This continues on from the artist's fantastic year last year, where she was celebrated in a solo exhibition entitled The Spirit of Painting, a Tribute to the Flemish Renaissance at the Groeninge Museum in Bruges. She is considered a renowned artist in the contemporary

art scene, and has a fascinating aesthetic and history.

Both of these artists are featured in our latest publication Art Plural: Voices of Contemporary Art, which we published this year with the support of Audemars Piguet. The publication offers readers the opportunity to see through the eyes of an art dealer, and is a curated selection of artists that I believe are valuable and worth investing in. It was difficult narrowing the selection down to 27, and it is by no means an exhaustive list, but to me it is a guidebook of the best contemporary artists in the market today.

**Tips for Budding Collectors**

"The most important advice that we can give is to listen to your heart and to follow your intuition. It is also important that investors fully immerse themselves in the field by reading as much as they can about the artist, visiting their exhibitions, attending art fairs, discussing the work with peers and approaching serious art advisors. By forming your taste, you will find your niche. It is also the role of a good art gallery to advise and guide collectors in their selection. At Art Plural Gallery we listen to what both younger and established collectors have a passion for, and seek to guide them towards artists

that we believe have great value in today's market. However, investors must also be prepared to prioritise quality over price. Good art is not cheap, but it is a price worth paying in the long run," said de Senarclens.



Jedd Novatt, Escultura 'Chaos Fisura' 1/3 (2013), bronze.