



THE FINE ART OF INVESTING

SOCIÉTÉ GÉNÉRALE PRIVATE BANKING HAMBROS IN PARTNERSHIP WITH 1858 ART ADVISORY PROVIDES ASSISTANCE TO CLIENTS SEEKING TO INVEST IN ART. ROBERTA SMYTH TALKS TO VIOLA RAIKHEL-BOLOT, DIRECTOR OF 1858, TO FIND OUT WHY ART INVESTMENT IS A DELICATE BALANCE BETWEEN AESTHETIC APPRECIATION AND FINANCIAL SAVVY

When Salvador Dalí's 13-by-9.875-inch Portrait de Paul Eluard from 1929 reached a record \$21,688,635 at Sotheby's London on 10 February it became the most expensive surrealist work ever to sell at auction.

In the same auction Francis Bacon's pettily-scaled 1964 triptych of his friend and fellow artist Lucian Freud achieved \$37 million, providing evidence that investment in fine art was enjoying a resurgence.

"One of the perceived benefits of investing in art is the observed low correlation with other asset classes," says Viola Riakhel-Bolot, director of 1858 Art Advisory. "Concerns about future inflation or the return to financial instability may drive individuals towards increasing their portfolio allocation to art as an inflation hedge. Recent record prices, strong returns and increased institutional buying have sparked significant interest in art as an asset class."

The availability of artworks and the competition for pieces may drive an increase in value, making art a potentially desirable asset for investment purposes, but balancing aesthetic appeal and financial return is not always easy.

Auction houses, art dealers and art advisers are all incentivised differently, and understanding the seller's motivation will help you make informed purchases.

The objective of dealers and auction houses is to sell consigned and existing stock, which means advice from these parties can be skewed, with a focus on business profits and reaping in-house commissions.

"The sole purpose of an independent art adviser is to identify the best source of works which suit their client's collecting objectives, without any bias," Viola says. "While auction houses charge both the buyer and the seller a percentage on the same transaction and dealers sell at retail prices, an independent art adviser is able to leverage discounts in the marketplace and provide transparency in the transaction."

Discovering an artwork that appeals aesthetically is only one of the first steps in the collecting process. Buyers must also consider whether it represents the best possible work by this artist, within their budget.

Researching the artist's body of work will ascertain whether or not your selected Picasso, for example, is the best possible representation of his Blue Period.

It is also important to consider where the art has been displayed. "A work's provenance will make a considerable difference to the selling price," Viola says. "In the current market, works from private collections with an excellent public exhibition history are in high demand and occupy some of the top lots by value at auction. While the prestige of being featured in an exhibition at a world-class institution adds to an artwork's desirability and value, this is not to say that artworks kept out of the public eye are worth any less.

"Turner's masterpiece, Modern Rome – Campo Vaccino, for example, was sold on 7 July 2010 for an exceptional price of £29,792,150 to the Getty Museum in Los Angeles after not appearing on the market for 171 years. ►►



“It is important to request independent condition reports before making a purchase. Similarly, when identifying works privately or at auction, an independent examination of the artwork by your adviser with a UV light will immediately ascertain whether or not the existing condition report reflects the actual state of the work.”

As with all sizeable purchases, it is also vital that your artwork is properly insured. Initial valuations date, making them inaccurate for insurance purposes. Annual valuations are essential for insuring against theft or damage.

Buyers and sellers should seek an independent and impartial adviser for all stages of the collecting process. “With an unregulated market, inflated prices and counterfeit works, a good adviser will help clients avoid the many pitfalls and potentially unpleasant surprises that can occur in the marketplace,” Viola says. “It is essential to be well advised at all times.” ▶

1858 provides independent advice to high-net-worth individuals, financial institutions, corporations and museums. For more information about 1858’s range of services, contact Edward Shipton on 020 7692 7558. www.1858ltd.com

About Société Générale Private Banking Hambros

Société Générale Private Banking Hambros was formed in 1998 after the acquisition of Hambros Bank by Société Générale. The private bank has maintained the best traditions of Hambros combined with the benefits of being part of a large global bank. Clients benefit from the worldwide expertise and resources of Société Générale and a high level of personal and customised investment services.

SGPB Hambros, which has already had a thriving regional private banking team for the last few years, operates from London, Jersey, Guernsey and Gibraltar and has a network of regional offices throughout the UK. These include a regional office in Lymington.

In addition to the range of wealth management and advisory services offered by the team, the Lymington office will function alongside CGI/SGB Yacht Finance, a subsidiary of Société Générale and a leader in the European yacht finance sector. It offers a bespoke combined service to the yachting community, with a range of finance and investment solutions.

The team also offers high-net-worth individuals local access to the bank’s global expertise. This includes assisting private clients and also the business community to structure innovative solutions for their investments, liquidity and banking needs.

For further information contact Martin Brown or Andrea Steel on 020 7597 3301.

www.privatebanking.societegenerale.com/hambros

The views expressed in this article are the writer’s own. SGPB Hambros makes no representation regarding any matters raised therein.