

‘Emotional investments’ the new asset class

The US Collectors Fund that specialises in artworks claims to have returned more than 28% to investors, art fund managers promising returns of around 8% in 2011

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PURCHASES of collectible assets such as art and antiques have risen to the point where such “emotional investments” are now an established global asset class, says Sanlam Private Investments. With the world facing more than usually volatile markets, investors may be better advised to buy art than gold as a safe haven against threats to other asset prices, the group said yesterday.

Globally, assets under management in art and other emotional investments have risen to just under R6,33bn this year, according to a recent report compiled by Fine Art Wealth Management.

The Capgemini World Wealth report has a chapter about growth in “passion investing” by high-net-worth individuals worldwide. This is evidence that emotional investments can now be analysed as their own asset class, along with other types of assets such as property, according to Stefan Hundt, head of Sanlam Private Investments’ Art Advisory Service. Mr. Hundt was speaking after attending the Art Investment Conference this year, at the London Business School.

Dedicated art investment funds performed well over the past year. “Established funds in Europe and America performed well when compared with equity and bond markets,” he said.

The Fine Art Fund, for example, has returned more than 25% a year on sold assets since its launch in 2001. The Collectors Fund, a US art fund, claimed to have returned more than 28%. “The managers of art funds are also bullish about 2011. They are promising 8% real returns in the year ahead — that’s what they’re telling their clients,” he said.

Mr. Hundt curates Sanlam’s art collection, which is worth about R128m.

“Passion investments include musical instruments, with violins being popular, along with rare letters and autographs, wine, stamps and art. There is growing confidence in these investments, particularly as traditional financial markets continue to be volatile. In addition, according to the Capgemini report, the fast growing number of high-net-worth individuals in emerging countries is hiking these investments as the newly rich purchase luxury vehicles, art and jewellery,” he said.