FAIRFIELD COUNTY BUSINESS JOURNAL / WESTCHESTER COUNTY BUSINESS JOURNAL

http://westfaironline.com/71908/column-lessons-in-art-appreciation-and-investment/

Column: Lessons in art appreciation and investment

June 12, 2015

BY JOSEPH MATTHEWS

We can all appreciate art, but not all art can appreciate.

Anyone who has followed the Connecticut Art Trail knows that in our state there is much to observe. The trail promotes 18 world-class museums and historic sites, several of which are found in Fairfield County. These include Bruce Museum's exhibition of fine art in Greenwich, the year-round sculpture walk at the Silvermine Arts Center in New Canaan, the multimedia studio in Norwalk's Center for Contemporary Printmaking and Weir Farm's only National Park Service site dedicated to American painting, which all showcase works that may cause art collectors to draw in their collective breath.

Joseph Matthews

However, as tempting as it may be to obtain a rare painting or sculpture for an investment portfolio, these works are often best left to museums or those with the time for the considerable necessary research — and the money — to indulge this passion.

If your motivation for acquiring a work of fine art is purely aesthetic then, of course, admire away and buy what you like without a thought to its future value. But for individuals who think that investing in art is a happy trail leading to a guaranteed payout of tens of millions of dollars, think again.

Art can be a rewarding investment in and of itself, but for most of us it probably is not a viable alternative to stocks, bonds and other more traditional investment vehicles. Artwork is not your best investing option, particularly if you are concerned about liquidity.

Rare works selling at phenomenal prices are certain to continue to garner headlines — like the recently reported sale of a Van Gogh at Sotheby's for $66.3 million. However, it should be understood that those same pieces often were expensive to begin with. Many of these valuable works were either displayed in a temperature — and moisture-controlled setting where a high level of security ensured their safety, or they were kept out of sight until the market was right for a sale.

Every investment plan has inherent risks. The stock market, of course, is no exception. But artists come into and go out of fashion. Woe to the investor who has spent significantly on what was once deemed a masterpiece but suddenly has gone out of style.

What if you planned to finance your children's education, but the time to cash in on your investment does not align with the best time to liquidate your art collection? How can you be sure that your need to draw on your retirement funds, or designate gifts or inheritances, will merge seamlessly with a resurgence of interest in a particular artist?

Many investors plan for a wide range of financial eventualities, and most require at least some access to investments on a timely basis. Investing in pieces of art may make sense for many reasons but not if liquidity is a primary concern.

To appropriately benefit from your investments, there has to be a ready market that allows for easy liquidation while you stay rooted to the fundamentals. You will find that dynamic in fluid financial markets; however, you will not if investing in expensive art.

Joseph Matthews is a financial adviser with the Global Wealth Management Division of Morgan Stanley Wealth Management on Post Road in Fairfield. He can be reached at 203-319-5165 or by email at joseph.matthews@morganstanley.com.