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Family Office Global

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A GLOBAL PARTNERSHIP FAMILY OFFICES PUBLICATION



“If I’m honest if I wasn’t on this programme I would probably be in prison by now. I certainly wouldn’t be in a relationship with my partner and I probably wouldn’t have a relationship with my daughter.” - Father

each year when a child is taken into care, followed by further potential savings through improved life chances in adulthood (avoiding interventions by police, courts, prison, health service, mental health). Preventing an arrest, subsequent court proceedings and a prison sentence could add up to a saving of £50,162 in the first year alone, while supporting a mother or father to return to work could save up to £25,111 a year in benefits.

Yet constraints on public finances and on government capacity for taking risks mean that For Baby’s Sake would never have been created without philanthropic funding and leadership, working in partnership with the public sector. The same will be true for the roll-out of the programme.

To take forward For Baby’s Sake, the Foundation is exploring innovative funding options that combine different funding sources, including matched government and philanthropic investment. The Foundation is seeking external funders, supporters and advocates, with whom to form mutually rewarding partnerships. We would be delighted meet anyone interested in exploring any kind of involvement.

The public and voluntary sector together with philanthropy can empower families to overcome domestic abuse and give babies the best start in life. All working together, we can break the cycle.
Stelio Stefanou is chairman of the Stefanou Foundation
<http://www.stefanoufoundation.org/>

“I’ve cried out for help all through my life and nobody came, up until now, on this programme. I never want my baby to feel that no one cares.” - Father



For love or money? Secrets of investing in art

By Mark Adams

The \$450 million sale by Christie’s of Leonardo da Vinci’s portrayal of Christ, *Salvator Mundi*, to a Saudi prince has reopened the debate about art as an alternative asset class. Art, we are told, should be a part of every asset portfolio.

Art funds proliferate, offering investors the opportunity to invest in art without actually having to look at it. The Mei Moses Index, which Sotheby’s bought last year, claims to use a proprietary methodology ‘to compare the investment performance of Art against various asset classes, analyze its performance against myriad benchmarks and competitors and measure the impact

of macro-economic and societal forces on the art market’.

There are actually inconvenient aspects of art as an investment vehicle which tend to be glossed over by those who promote it: these include high transaction costs; the difficulty in obtaining impartial advice; and the costs of storage and maintenance. More fundamentally, however, we would contend that the whole concept of art investment is founded upon a false premise.

Let’s examine the nature of art as an asset class. The idea of art investment rests on the assumption that a work of art is a fungible asset, like a bond or a pork belly. In fact, though, each one is a unique and

discrete object, and furthermore one which has no intrinsic worth. One Picasso portrait is not the same as another, even if the Mei Moses index may declare them equivalent: and the value of each is entirely in the eye of the beholder. Realising the value of a work of art is not a matter of simply selling it back into the market at a publicly quoted price: it requires that another specific person should regard it highly enough to pay the owner a premium on his or her outlay.

The only way to buy great art, in whatever field and at whatever price-level, is to learn everything there is to know about it and to understand all of its complexities. And the only way to do this is to love it. The best way to gauge what a potential buyer is likely to feel for a work of art is to be able to examine and quantify one's own feelings and passion for it. It may be a paradox, but it is nonetheless true that the only way to buy a work of art that will prove a good investment is to ignore the potential for investment.

Clearly, as an art collection grows in size and value it becomes an asset and it is vital that a responsible family office incorporates its management into its planning. Building a collection and managing it are two entirely different disciplines, however.

I was speaking recently to a client of ours about this subject. His views were as follows: "You could say my children are investments, but if I regarded my outlay on them as being purely financial they'd hate me and grow up as spoilt brats and it would all be for nothing. Life's not all about money. Obviously that plays a part, but it isn't as important as love, guidance and understanding, and I hope that my kids will repay these things to me in ways that I can't predict. My pictures are like that to me: if I thought of them simply as financial assets I'd be missing the point. They give me intense pleasure, and that means that they will one day give someone else pleasure, and so provide my children or grandchildren with a decent return if they should ever let them go."

I believe that this is a wise and perceptive analysis. Profit will come of its own accord if given the chance: a collector



White Camellia by
Georgia O'Keeffe

who consciously seeks it will seldom find it.

To illustrate this point, I think that it's worth examining the case of one of our clients who in 2012 fell in love with a picture by the American painter Georgia O'Keeffe, entitled *White Camellia*. It had once belonged to Elizabeth Arden and possessed an ethereal and serene beauty, but it promised to be expensive: more than she had ever paid for a work of art, or ever dreamed of paying. But, brilliantly and bravely, she took the leap and we bought it for her for \$3.2 million, a record for a work of this type.

The sale did not go unremarked and we received many calls to tell us that our client had paid far over the odds for the picture. Even our client briefly wondered in the aftermath of the sale if she might have made a mistake, but the painting worked its startling magic and it hangs in her office so that she can see it every day. Two years later a directly comparable work by O'Keeffe, *Jimson Weed*, sold at auction for \$45 million.

Collecting art is one of those few great joys of life which have the capacity not only to pay for themselves but on occasion to

deliver startling financial returns. Profit will very often follow pleasure, but it is by no means certain that the simple pursuit of profit will deliver either one.

Cochrane Adams Fine Art Agents provides expert, impartial advice in all areas of buying and collecting art. We advise and act for our clients in cultivating their own expertise and forming collections which reflect their interests and passions, and also assist them with selling, succession and tax planning, collection management and curatorial services.

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