



Three Studies of Lucian Freud  
Francis Bacon, 1969

# Alternative Investments

Forget the stocks, these are what you should be putting your money into now.  
—by Christopher Metler

In the traditional sense, you could call an alternative investment an asset that is not one of the conventional investment types, such as stocks, bonds and cash. We would agree with that, but believe it goes a step further. While requiring great timing and strategy, these are not just common market speculations, but investments into yourself and your lifestyle. And unlike a stock or bond, they are gambles you get the opportunity to literally live with every day, which can be a good thing, assuming you have fine taste, of course. Moreover, they can make you a lot of money and are absolutely critical to the future of your investment management.

## ART

There are many factors that reflect the current setting of the global art market right now. “There is Brexit and its influences,” notes Marla Wasser, President of Pursuits Inc., a boutique advisory and curatorial firm. “The Panama papers exposé,” she adds, “auction house results taking a major turn south as a market indicator, etc.” In other words, the market is fickle. But as far as being a blue chip investment in a well-diversified portfolio, art has undeniably emerged as a new asset class. In 2013, Francis Bacon’s triptych *Three Studies of Lucian Freud* became the highest price for a work sold at auction, netting more than \$142-million at Christie’s. Sure, that’s on the excessive end, but as a long-term investment, art certainly has the potential to pay dividends. The index of fine art sales, used by art advisors to sell art funds, shows an average annual return of 10% over the past four decades.

## FASHION

Fashion as investment pieces? Believe it. Take an Hermès Birkin handbag, the world’s most exclusive purse. It’s been proven to possess greater value than gold. Over the last 35 years, the yellow precious metal averaged an annual return of 1.9%, with a real return average of -1.5%. And that presumes you don’t buy or sell within that time period. Birkin bags, on the other hand, increased in value by 14.2%. Even reselling sneakers have shown recently to be a better investment than



Hermès Birkin



ABOVE:  
Aston Martin DB4

RIGHT:  
Rolex 1019 Milgauss

BELOW:  
Romanée-Conti  
Burgundy wine

buying stock in Apple. Josh Luber — whose company Campless collects, analyzes, and publishes data and derived insight related to collectible sneakers and the industry — notably proclaimed at a TED Talk last year that if you had invested in a pair of Air Jordan III “Black/Cement” kicks in 2011, you could have earned 162% on your money. That figure is 20% more than Apple and double the S&P 500.

### CLASSIC CARS

Knight Frank’s Luxury Investment Index tracks the performance of a hypothetical range of selected collectable asset classes using existing third-party indices — think art, classic cars watches and wine. Each asset class is weighted to reflect its relative importance and value within the selection. According to the KFLII, watches, for example, offer investors a 4% return over 12 months, coins at 10%, and classic cars? A whopping 28%. In fact, the value of classic and collectable cars rose by an average of between 18% and 20% a year between 1992 and 2012. For some of the next best classic cars to invest in, keep an eye out on the Fiat 500, Porsche 993 and Aston Martin DB4. As numbers in the classic car market continue to outdo the FTSE 100 by a healthy amount, these examples are just a few sure to bring about a healthy return.

### FINE WINE

While there are risks involved — in 2011, the market dropped by between 25% and 30%, although it’s recovered — fine wine has been one of the best performing asset classes of the last 20 years. In fact, at a 2014 Sotheby’s auction in Hong Kong, 114 bottles of Romanée-

Conti Burgundy went for £1,035,000 (approx. \$1,762,020 CAD). That’s around £9,800 a bottle (approx. \$16,680 CAD). A few commonly recommended investment tips? Buy wine in its original case (wooden is best) and as a complete case, as taking one bottle out drops the value by about 20%. You should also plan to invest for a minimum of five years and make yourself aware of tax benefits. Lastly, always compare prices and only invest in what you can justify losing. Or else... drink up!



### WATCHES

Assuming you buy the right one, a wristwatch can resell at a high and stable price. We’re talking about the good old-fashioned kinds too, very rare or vintage pieces. Brands like Audemars Piguet, Vacheron Constantine and Patek Philippe have been especially known to appreciate in value. Rolex is, of course, also a great option. In fact, a Rolex 1019 Milgauss that sells for \$25,000 today once retailed in the 1960s for only \$300.

