

# Make a mark with art

**June Shannon** writes that while stocks and shares and the property market are no longer secure bets, anyone who invests in art is likely to see a good return on their investment

**W**ith an increasingly volatile stock market and property prices in freefall, investors who are looking for an alternative place for their money might like to contemplate the finer things in life, such as art.

According to Pat Keegan of Solo Arte – a Waterford-based art gallery and dealership, which has recently launched a new Managed Art Fund for potential investors – in the current economic climate, fine art has defined itself as ‘a safe

haven’ by providing positive annual returns. Recent results from Irish auction houses suggest that this tide is not about to turn any time soon.

The three largest auction houses in Ireland are Adam’s, De Vere White’s and Whyte’s in

Dublin, all of which sold over 6,000 works of art in 2006, worth more than €35 million. One of the largest art auction houses outside the capital is Dolan’s in Galway.

“Take Adam’s, Whyte’s and de Verre White’s in Dublin and



Dolan’s in Galway – all those four in the last few weeks before Christmas did very good business, so that’s a great indication that the art market is holding up,” said Keegan.

He explained that the turnover from auctions in the larger Irish auction houses would be in excess of €1 million per auction, and they would each hold about four auctions a year.

## Investment in art

Investment in art is gaining such momentum that in October last year, professional services giant Deloitte organised an International Art and Finance Conference in Luxembourg. Speakers at the event called for art to be classified as an alternative asset, which can be physically traded or used as collateral against loans, similar to gold.

Deloitte is organising a second conference in the spring and Solo Arte has been invited to speak about investment in art from the Irish perspective.

Now in its sixth year, Solo Arte has recently established a new Managed Art Fund, which allows investors to offset as much as 46 per cent of tax against the investment. According to the Waterford-based art dealership, this ‘represents a new avenue for individuals and companies in which to invest’.

## Investor can choose

Potential investors can contact Solo Arte and it will arrange to send them images of art pieces in which they may be interested. The investor then chooses one or two pieces that Keegan will physically bring to the client, so that he/she can decide on their favourite.

Once a decision has been made to purchase a painting, Keegan will organise all the necessary advice and information in relation to tax relevance etc. However, he also advises clients to contact their own accountant or tax consultant. Solo Arte can also arrange a consultation for potential investors, if required.

Under Section 284 of the Finance Act 1997, art is covered by a Wear and Tear Allowance, which means that it can be written off over an eight-year period. However, it has to be hung in a public place like a waiting room or hotel foyer for the duration of the investment period.

According to Keegan, the Wear and Tear Allowance is relevant to ‘individuals who have offices to which the public have access, and that’s why I think the medical profession would

be ideally suited to making this kind of investment’.

“So, if an individual bought a painting for €25,000 and was paying 41 per cent tax plus five per cent PRSI, one eighth of that would be taken off at year end. After a year, we will give back a rebate to the purchaser. The rebate on an investment of €25,000 is approximately €1,500. We give them a cheque after one year, so the painting will really cost them €23,500.”

According to Solo Arte, individual investors can expect potential gross returns of up to 49.5 per cent over three years and 315 per cent over eight years. There is no obligation on the investor to dispose of the works at the end of the investment term, however the company will offer free advice on the disposal of pieces if required.

## Assist with sale

Investors are also free to dispose of their works of art through established auction houses. Solo Arte can also assist with the sale for a negotiated fee, based on profit achieved on the sale, rather than the hammer price.

Solo Arte is the sole agent for renowned Irish artist Pauline Bewick. Its stable of artists also includes famous names like Kenneth Webb, Mark O’Neill, Arthur Maderson and the up-and-coming artist Martin Fennin. It has restricted the number of artists in its Managed Art Fund to famous names above, whose work has a proven track record in the auction houses.

As a former bank manager, Keegan is realistic when it comes to discussing the potential risks involved in all types of investment.

“There’s a downside to everything and that’s why we have restricted the number of artists for our Managed Fund. We’re sticking to those with a track record...you’ll see a rise in these artists and the value of their work.”

## Most important

Keegan said the most important thing for Solo Arte was that the client was happy. “Anyone interested in finding out more can contact me at Solo Arte and I’ll be happy to talk them through the investment process.”

Happy collecting!

● Solo Arte can be contacted at [info@soloarte.ie](mailto:info@soloarte.ie), 051 355758 or 086 171 9096. Solo Arte, Coolgower, Tramore Road, Waterford City. See [www.soloarte.ie](http://www.soloarte.ie).

## SOLO ARTE



## IRISH & EUROPEAN ART DEALERS managed art fund

### INVESTMENT HIGHLIGHTS

- Tax efficient investment
- Art investment is eligible for tax relief under section 284 of the Finance Act 1997.
- Individual investors can expect potential gross returns up to 49.5% over 3 years & 315% gross over 8 years.
- Company investors can expect potential gross returns up to 49.5% over 3 years & 142% gross over 8 years.
- There is no obligation on the investor to dispose of the works of art at the end of the investment term.

### INVESTMENT FEATURES

- Access to the expertise of the fund manager & the purchasing power of the fund in acquiring the works of art at attractive prices.
- Purchase of Irish Fine Art with a proven track record in Irish auction houses.
- Artists who deliver an average growth of 10% per annum.
- Art works only considered if they are likely to deliver the returns expected.
- This investment has a high level of security.
- Investors take personal possession of the art works in question.

### EXIT STRATEGY

- SOLO ARTE Limited will offer free advice on disposal of works of art.
- Investors may dispose of their works of art through the established auction houses.
- SOLO ARTE Limited can assist with the sale of works of art for a negotiated fee, based on profit achieved on the sale rather than the ‘hammer price’.

Minimum Investment Unit €25,000

**SOLO ARTE LTD**

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