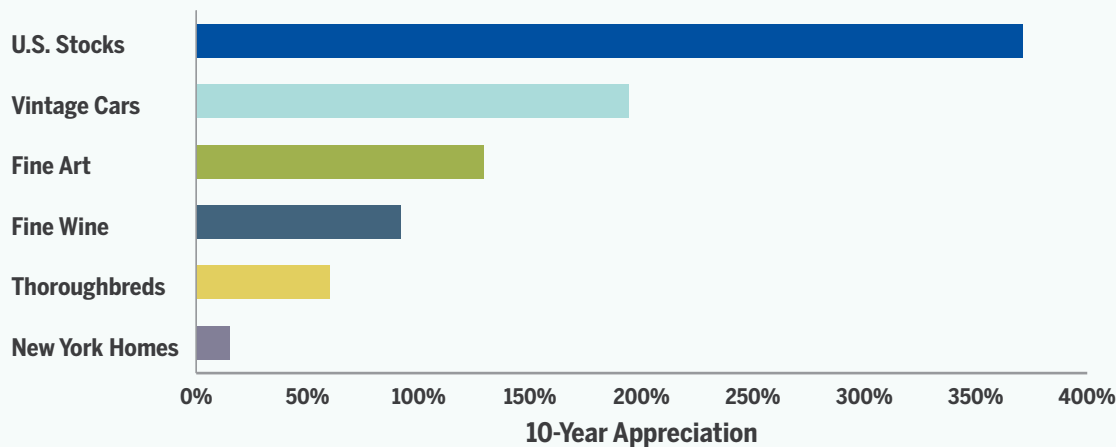


Collecting Equities Can Pay Off

Combining one's passion with one's investment strategy may get some investors excited but it hasn't turned out to be the most lucrative approach in recent years, even for the very wealthy who make up the predominant investors in collectibles. While sometimes amassing art or vintage cars, for example, can reap valuable gains, investing in equities in the U.S. during the past 10 years has proven substantially more profitable.

Equities Have Eclipsed Other Investments over the Past 10 Years



Sources: S&P 500 Index cumulative total return from 3/2/09 to 3/1/19; HAGI Top Index from March 2009 to February 2019; AMR All Art Index from March 2009 to February 2019; Liv-ex Fine Wine 100 Index from February 2009 to January 2019; Keeneland for average price of thoroughbreds sold in January 2009 and January 2019; and S&P/Case-Shiller New York Home Price Index from March 2009 to December 2018.

- Since the current U.S. bull market began, equities have outperformed several alternative investments by a wide margin. Some may perceive that these opportunities—mostly available to the very wealthy—are worthwhile but even New York real estate has not outperformed the S&P 500 in the last 10 years.
- A primary issue in buying high end alternative assets is their illiquid nature. Stocks can often be sold in a matter of seconds but unloading a car or a work of art at an attractive price can take an indefinable length of time.
- Additionally, collectibles have their own cycles with demand fluctuating over longer periods, exacerbating the difficulty of selling collectibles at a profit.
- Collectibles are not tax advantaged in the U.S. either. They frequently entail larger capital gains taxes than stocks.
- Although diversifying a portfolio with tangible assets may sound promising, it may only make sense for the extremely wealthy who can afford very long holding periods and the risk of selling at a loss. However, investing in stocks is accessible and has yielded impressive long-term results compared to other options.

The S&P 500 Index is a market capitalization-weighted index of the 500 largest U.S. public traded companies.

The HAGI TOP Index is the Historic Automobile Group International's overall market measure for exceptional historic automobiles.

The AMR All Art Index is Art Market Research's measure of market sentiment for a wide range of art, antiques and collectibles traded at auction since 1975.

The Liv-Ex Fine Wine 100 Index is Liv-Ex's representation of the price movement of 100 of the most sought after fine wines on the secondary market.

Keeneland is an internationally renowned racecourse and the thoroughbred industry's leading auction house.

The S&P/Case-Shiller New York Home Price Index measures the average change in value of residential real estate in New York given a constant level of quality.

The indices presented above serve as proxies for their related industries. Note that comparison to different indices might have materially different results than those shown.

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