

NATIONAL POST

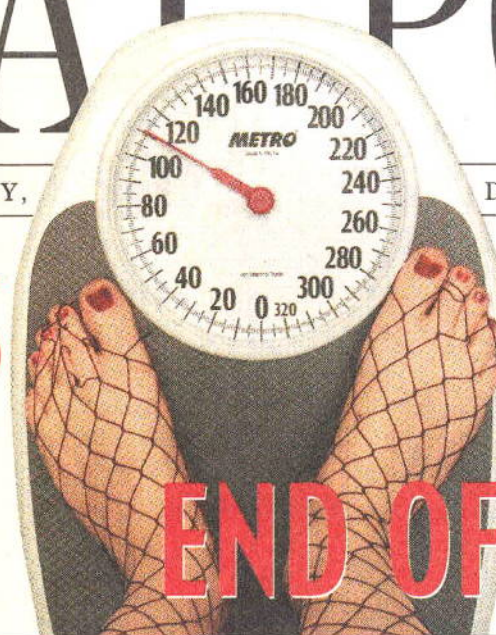
VOL.6 NO.53 SATURDAY,

DECEMBER 27, 2003



POOR MISS

Being a Canadian beauty queen is a money-losing job. *IN1*



How to lose weight and keep it off – forever. *SP1*

END OF DIETING

FP MONEY

IN1

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Revved up on toy cars

US\$70,000 for a pink Hot Wheels van gets collectibles market roaring. Page *IN2*



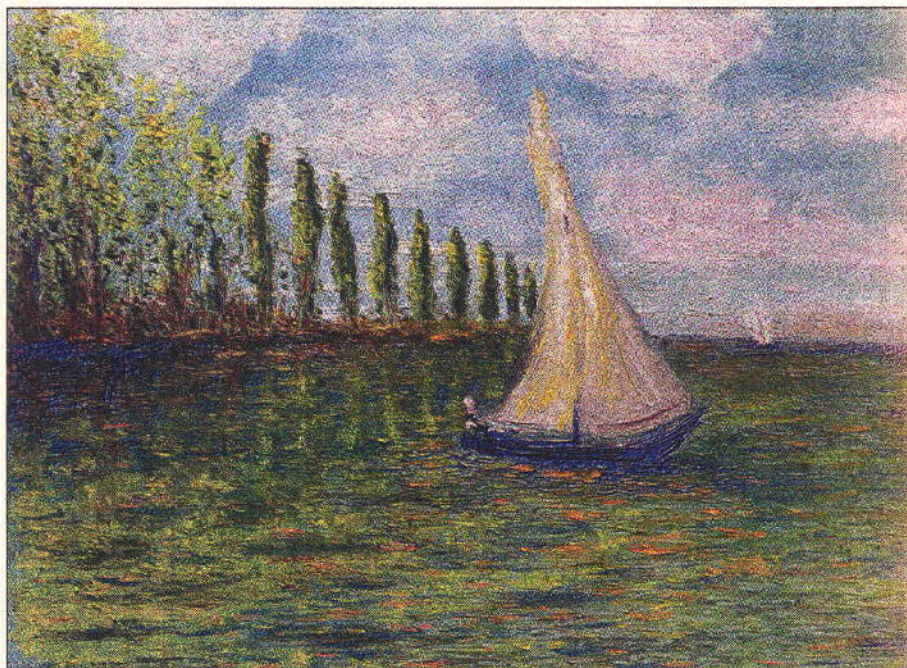
Post-holiday purge

From fasting to detox, over-fed revellers pay to get unstuffed. Page *IN3*

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INVESTING

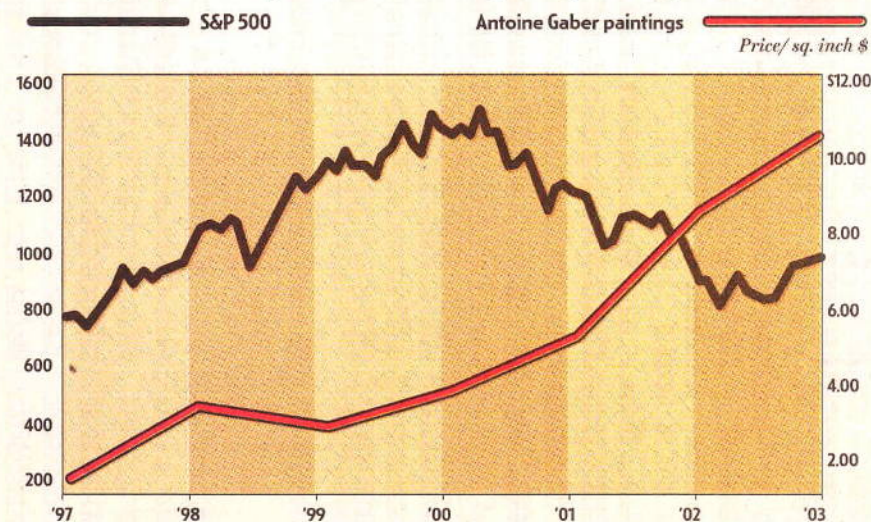
IN5



Antoine Gaber's *Afternoon Sailing* is an oil on canvas painted in 2001.

ARTIST V. S&P 500

The value per square inch of a 1997 Antoine Gaber painting has risen from \$1.62 to \$10.68.



SOURCES: ANTOINE GABER, WWW.ANTOINEGABER.COM

NATIONAL POST

His paintings are worth \$10.28 per square inch

ART AS AN INVESTMENT

Antoine Gaber can chart performance of his work vs. index

BY SCOTT ADAMS

There aren't many artists who can hand you a chart showing how their paintings have performed against the Standard & Poor's 500 stock index.

Antoine Gaber of Toronto can. When he sold his first impressionistic works in 1997, they fetched \$1.62 per square inch. His latest ones have been worth \$10.28 per square inch. That means his paintings' value has increased at an annual compound rate of 38%.

Not bad considering the S&P 500 has returned on average 7% per year over that time.

While art has its aesthetic pleasures, for many people it's an investment, too. So when an artist like Mr. Gaber presents such attractive returns, the natural question for potential investors is: What performs better in the long term, art or stocks?

One problem in answering this question is that few artists are as entrepreneurial as Mr. Gaber. A former scientist and businessman, he left the pharmaceutical industry to devote himself full time to painting. Now, he runs his art studio like he would any other business venture, with a business plan and a Web site to market his work internationally. And he has carefully tracked the value of his work over the years.

"Being a businessman, you're always trying to measure performance," he says.

He recently represented Canada at the Biennale Internazionale dell'Arte Contemporanea, an international art show in Florence, Italy, and took his chart along to show how the value of his art has increased. "I was told I am the first artist [they've seen] do that," says Mr. Gaber.

Despite his efforts, the value of Mr. Gaber's individual paintings remains hard to pin down because there is no resale market in his work. Even Mr. Gaber can't tell you how much a painting of his that you'd bought in 1997 would be worth today until someone sells an early work on the open market. While the chart tracking what he has earned selling his art over the years suggests his work has appre-

ciated, it doesn't confirm its value.

There are, however, databases that track art's investment performance by recording auction prices going back decades. For example, Jiangping Mei and Michael Moses, professors at the Stern School of Business at New York University, have indexed 6,000 works of art that have sold at least twice since 1885 and found that art and stocks have delivered about the same performance over the years. The two asset classes jockey back and forth depending on the period in question.

For instance, the annual compound return of the Mei/Moses Annual All Art Index (www.meimosesfineartindex.org) from 1960 to spring 2003 was 11.1%, based on more than 4,000 repeat sales. The S&P 500 returned 10.7% over the same time.

The big difference between art and stocks is that art is more volatile. The standard deviation (a statistical measure of the average distance from the mean) over this time for art was 18.7%, while for stocks it was 11.9%. This is not surprising since there are fewer transactions in art; thus, the sale of a single art work has a big impact on the total index.

Also interesting is the correlation between art and stocks. This measure shows whether two investments tend to move in tandem. For art and stocks, the correlation is very low, at 0.098. This means that for investors wishing to diversify their portfolios beyond stocks, buying art is a smart move. There is a still lower correlation between art and bonds, meaning that bondholders get an even greater diversification benefit from investing in art.

In their studies, Messrs. Mei and Moses have also found evidence that expensive masterpieces underperform against lower-priced works over the years.

"What is exciting to me about that is that it implies you don't have to be super wealthy to get some investment potential in art," Mr. Moses says. "[The art market] is democratic, just like the stock market."

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