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## Antiques Can Make Your Portfolio Young Again

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By: Jessica Rao,  
Special to CNBC.com

Though things may be looking up for the stock market, the next time the **Dow Industrials** drop 500 points, you may want to consider pulling funds out of the market and putting them in your bed.



It may not be a bad idea if your resting place is part of an exceptional Louis XV-style bedroom suite by François Linke, one of the great French furniture makers of the late 19th century.

Bill Rau, owner of M.S. Rau Antiques in New Orleans, says that after the financial crisis began last September a number of clients in October, November, and December made very large purchases.

"They told us 'I'd rather have my money in this than in the market,'" says Rau.

### Gauging The Market

Though the recession has taken a toll on some antique prices and trading volume is down, rare, high-quality items have held their own.



More than a few world record prices were recorded in 2009:

- In February, several world auction records were set in Paris—including the most valuable private collection sold at auction and highest total for any auction in Europe—when the collection of Yves Saint Laurent and Pierre Bergé was offered by Christie's.
- In April, an 18th century Qianlong porcelain vase sold for \$6.1 million at Sotheby's Hong Kong.
- In July, an antique French art doll by sculptor Albert Marque, realized \$263,000 at Theriault's, the specialty auction house for antique childhood items.

Another good indicator of market strength is the Antique Collector's Club (ACC) Antique Furniture Price Index. The index is based on the retail prices of seven different furniture categories in the ACC's book, "British Antique Furniture."

In 1968, the first year the index was recorded, it was 100. Though there have been fluctuations over the past 40 years, that number has generally increased. In 2008, for example, the index dropped 1 point to 2942—a walk in the park when you compare it to other market averages and indices.

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### What The Pros Say

To illustrate the point, consider this. In 2003, Fibrebond, a family-owned concrete manufacturer in Louisiana with about 450 employees, hit a rough patch. To stay afloat, the family sold its collection of antique European paintings for an undisclosed amount.

"Even though the economy was a little rocky after September 11, we were able to liquidate those paintings at pretty good gains," says Fibrebond President and CEO Todd Walker.

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"If you invest in quality, the theory is it's exactly like a good investment, it's going to provide a return," says Walker. "We were certainly able to do that and it came at a very opportune time."

Legendary financier Red McCombs agrees that diversifying into antiques is a wise idea. McCombs, who is the founder of the Red McCombs Automotive Group, co-founder of **Clear Channel Communications**, and the former owner of the San Antonio Spurs, Denver Nuggets and Minnesota Vikings, is also an avid antiques collector.

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"I collect just about anything that is old and has a story to it, or, if it doesn't have a story, if I find it particularly attractive," says McCombs

"I don't buy to resell, but on the other hand, I have never bought anything that I thought wouldn't increase in value on a relative basis," McCombs says. "The market for really fine, old things may stay level for a while, but I don't believe that losses (on a relative basis) are going to take place."

Of the recent stock market decline, McCombs says, "I'm not saying that the same thing couldn't happen to antiques, but you also have

Rau, the dealer, says that fall 2008 notwithstanding, the great majority of the people he sees do just that — buy things they love with the understanding that, more than likely, they will be a good long-term investment.

"But," says Rau, "if it turns out only to be an OK investment, it still paid a dividend everyday because they got to enjoy it."

"I actually discourage people from buying things strictly as an investment," says Lewis Baer, owner of Newel Antiques in New York. "There has to be an emotional relationship. You have to love to live with it," Baer says.

### Getting Started

If you want to add antiques to your portfolio, where should you start? Spend some time at the museum. Visit a gallery, an auction or both.

"Find the stuff that speaks to you," says Rau.

"The type of person who wants to live with French Louis XVI formal furniture is different than someone who might be interested in 20th century modern furniture," says Baer.

He says some of the most popular antique furniture styles today are mid-century modern, Art Deco, English and American traditional like Chippendale and Georgian, Neo-Classic and Biedermeier, which is a combination of Neo Classic and Art Deco.

Rau says that Georgian silver, 18th and 19th century glass, and jewelry are also popular items to collect.

He suggests using a checklist with these five criteria — condition, beauty, rarity, maker and provenance. A piece doesn't have to register a check for every criteria, but the stronger the checks are, the better the long-term investment it is likely to be.



Courtesy MS Rau Antiques  
Victorian-era Robinson Crusoe sideboard by Garrard Robinson.

Once you have a sense of your style, there are many places you can buy antiques, including auctions, dealers, fairs, flea markets, estate sales, **eBay** [EBAY 21.30 ▼ -0.05 (-0.23%)] and other websites. You can also hire a designer or a consultant to help with the entire process.

What you spend depends on your budget, but you should buy the best example of the style that you can afford. McCombs, for example, buys items ranging from several hundred dollars to seven figures.

"The minimum somebody would have to spend would be \$1,000," adds Rau. "However, that is only for certain antique glass, porcelain, or silver. One would need to ratchet that up for furniture."

But, Baer says, because prices are off a bit, there are great opportunities to buy now.

Consider your collection an evolution. Where you are today is not where you will be five, ten, twenty years from now. Some consider their collections revolving inventory; they are always looking for better examples of period and style.

So, no matter what your taste and price point are, be sure to enjoy your portfolio from the past.

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