

The Art of Wealth: Pursuing Your Passions

Carly Doshi:

Hello, and welcome to season two of Women and Wealth, Doing It All. An HSBC Private Banking series by women for women. I'm Carly Doshi and I'm the US Head of Wealth Planning and Advisory.

As we know, women on average have a longer life expectancy than men, and yet we continue to earn less. This means we have to be even more mindful of our wealth and managing it over our lifetimes.

And that's why we have created this program, to inspire and empower you to take charge of your wealth and your future. This season we're diving in deeper by engaging directly with women who have started successful businesses, broken glass ceilings, are balancing motherhood and professional life, and are still staying on top of it all. Through hearing their stories of overcoming barriers and seizing opportunities, I'm confident that, like me, you'll feel inspired and encouraged to take charge of your own financial future.

Now in this new world, we're recording this program remotely, so please accept our apologies in advance for any glitches in sound or background noise.

Today I've asked my friend and colleague Irene Blumberg, US Head of Insurance for HSBC Private Banking, to host the conversation. Irene is the recipient of numerous industry awards including the Delaware Women of Excellence Award and the Women's Leadership Award. And she's been a guest on this program before. Over to you Irene.

Irene Blumberg:

Thank you, Carly. I'm glad to be moderating today's session 'Pursuing your Passions', and we're very fortunate to be joined by Elizabeth von Habsburg, Managing Director, Winston Art Group. Liz brings 30 years of experience in the art world to Winston Art Group. She was Vice President and Director of the Estates and Appraisals department of Habsburg Fine Art Auctioneers, and she started her career in charge of the appraisal department of Christie's New York. Elizabeth is a fellow of the Pierpont Morgan Library, and the Royal Institute of Chartered Surveyors. A member of Art Table, Liz is published, she's a qualified expert witness, she lectures frequently, and she's on the list of the 50 most Influential Women in Wealth Management. Hello, Liz and thank you so much for coming here today.

Elizabeth von Habsburg:

Thank you Irene. I'm delighted to be here.

Irene: Irene: If you don't mind, let's start by talking about you and your experiences as a woman in the art industry. How did you get started in this business?

Elizabeth: Well art played a significant role in my life growing up. I am the daughter and granddaughter of collectors. My grandparents started collecting in the 50s and 60s and they were buying what was at that time modern masters such as Paul Clay, Lyonel Feininger, Henry Moore and so many others. We lived in England when I was growing up and my mother collected a group of English 18th and 19th century watercolors, and also a large collection of English furniture and decorative arts. I studied international relations at Stanford. I was lucky enough in my junior year to spend the year at the Stanford villa in Florence and was able to absorb the amazing art and renaissance culture of Italy. When I finished grad school, I decided to merge my interests in international business with art. I joined Christie's and eventually ran the appraisal department as you mentioned before. After 11 years in the auction business and then 18 years at another appraisal business, I and some of my colleagues founded Winston Art Group which is now the largest independent art advisory and appraisal firm in the US. Irene: That's simply amazing. Clearly art is a passion for you. Can you give me a little more detail?

Elizabeth: Absolutely. This is, as we all know, an age of incredible conflict and misunderstanding in many aspects of life, both nationally and internationally. However, art is a universal language. It can challenge us, but it also gives us incredible pleasure and beauty. And the wonderful thing about art is that there's something for everyone. I think that many times people think just about fine art, but in fact there's furniture or stamps, there are collections of watches and wine or jewelry. And something we've seen a lot of recently, Hollywood and sports memorabilia. So, there are so many different collecting categories, and at all levels of the financial platform. So, clients can buy something in a tag sale, and it gives them enormous pleasure, or they can buy a multi-million-dollar work of art at a gallery or an auction house. There's one quick story I want to tell you about a wonderful collector who went to a tag sale, and this is the past five years, bought what turned out to be one of Fabergé missing Easter Eggs. They paid around USD 11,000 for it and ended up selling it for what was thought to be in the range of USD 25 million. So, art has all kinds of wonderful stories of discoveries and passion.

Irene: I wish that could have been me! Art is very important part of who you are, but it could not have been easy to get where you are today. Can you share with us some of the obstacles you've faced as a woman, and how you've maneuvered, very successfully I might add, in an industry that seems to still be dominated by men?

Elizabeth: Absolutely. I would say first and foremost that I grew up in what was an equal opportunity family. There were two boys and two girls. And my parents were very clear that each one of us had the same opportunity to excel as the other ones. So that was a good foundation for me. I did choose

a field that had traditionally been run by men, but at that time all industries were run by men. Still today, the major auction houses, Christie's, Sotheby's, and Phillips, have CEOs that are men. But there are an incredible generation of very strong, very talented, very successful women in the auction field as well as in major museums and galleries around the world. We just have to look at someone like Amy Cappellazzo at Sotheby's, who is a major business development specialist for them, or look at Anne Pasternak who runs the Brooklyn Museum, or even somebody like Nathalie Bondil who until recently ran the Montreal Museum. I would also say that something that really helped me and that I recommend to others, is to join groups that will support you. I belong to two groups. One is art table, which is made up of women in leading roles in the art world, and the other one is an organization that I was invited to join several years ago, which is Women President's Organization, and that is an organization of women in leadership roles in many different industries. Those two organizations have provided immense support to me when I've run into obstacles in my career.

Irene:

Liz thanks for sharing those networking and community building tips. I'm sure you get asked this question a lot, but should art be purchased as an investment or for your enjoyment?

Elizabeth:

Great question. It should be both or either. You know when I started in the art market 30 years ago, nobody talked about art as an investment class. Art was considered a very static asset, something that was illiquid and only could provide returns when it was sold. Now art is an asset class on its own, it's very clear that art is used as an investment vehicle. You know we work with about 25% of the largest collectors in the US as well as new collectors and collectors who are still building their collections, and I cannot remember a single time when a client hasn't asked me "will this go up in value?" But that's a question that I respect and admire and it's a valid question. Clients now have the option to make their art work for them by such platforms as taking a collateral loan against your art, which was something that was unheard of 20 years ago. Clients can keep the art on their walls and banks and other institutions are now loaning at low interest rates, they're loaning money against that art so that it's actually making your art work for you.

Irene:

I love that art is now considered an asset class; I think that's fantastic. And I also agree that you have to buy what you love. So now that you have the artwork, how do you value it, how do you value what an artwork is worth?

Elizabeth:

You know there's a tremendous amount of due diligence that goes into valuing art. And that consists both of factual data and also connoisseurship. And that's important to recognize because I think often when you see something like Antiques Roadshow, it makes it look so easy. The very first thing we do is look at market comparables, so we look to see if there's a similar work that is selling in the market that has the same attributes as the work that we're valuing. We look at the time period, we look at the medium. We check to see if the work is too large or too small to

fit into many collections. We also examine the artist to see who is representing that artist, are they represented by a major gallery, are they about to change to a major gallery? Is there a museum show on the horizon? Also, there are lots of external factors. We look to see whether the art market is undergoing a change, are there external factors that we have now such as COVID or financial volatility, even natural disasters or global economic factors such as Brexit or changes in the global market that are going to affect the art market. And finally, I'd say we look at how fresh is the work to the market. Was it something that's been on the market recently or is it something that's been off the market and therefore much more desirable to collectors? I would add that there are other factors such as title and provenance and authenticity that go into the mix as well.

Irene:

Thank you, that helps me understand how artwork is valued, but I've got to tell you I read an article very recently that seemed to indicate art by female artists is less valued. Is this true and if it is, why?

Elizabeth:

That's a good question. I would say traditionally yes, without question, female art has been less collected than work by male artists. But we're at an inflection point now, we're seeing an incredible price growth in the market for women artists and we're seeing collectors concentrate on works by female artists. We've seen a record-breaking price for a Georgia O'Keeffe a couple years ago, her work made USD 44 million and was bought by Crystal Bridges, the museum out in Arkansas. But we've also seen more recently, incredible increases in price for people like Helen Frankenthaler and Lee Krasner and Joan Mitchell, all contemporary artists that really are superb and en par with any of their male counterparts. We also see a great increased interest recently, and this is really exciting for us, in certain old master female artists such as Artemisia Gentileschi. And I'd say finally there is a great current interest in black artists, black female artists. You'll remember that Amy Sherald, who made the portrait of Michelle Obama, which is so incredible. There are other artists like Faith Ringgold and Kara Walker. There is an amazing artist that you see in every contemporary auction coming up now called Lynette Yiadom-Boakye.

Irene:

Pleased to hear that there's so much positive change afoot. Speaking of change, how do you and your company adapt to the changes in the art market?

Elizabeth:

When I started at Christie's many years ago, we used polaroid cameras, yellow legal pads, and pencils when we were going to visit a client. But technology over the last 20 years has changed the art world completely. We now have access to databases online that give us auction records at the touch of a button. We can use iPhones instead of Polaroids, the iPhones take images, we download them instantly and send them off to our clients for research. We see the use of QR codes mostly at art fairs, where you can point your smartphone at a QR code and instantly get information about a particular artist. And we're also seeing the use of both

AI and AR in viewing and in creating art, and also, we've seen the use of AI to help obtain data points for authenticity for works of art. So, there's a tremendous amount going on in the technology area in the art market that really has made our lives so much easier. We at Winston Art Group are on the front line of using technology in our own services. We developed two apps for our clients: one for their wine collections, and the other that will help us to update the general contents of the residents for insurance in a very easy manner. And at the same time, because we're living in an era of data security disruptions, we also use advanced security protocols to protect client data which is so important now.

Irene:

I'm going to have to see those two apps! On a very serious note, we know that women are living longer than men in the US. In fact, 80% of the women outlive their spouses. And that many women stand to be the primary recipients of the USD 68 trillion in global wealth transfer currently underway. As a woman, what should we be thinking about from a planning perspective?

Elizabeth:

I love that question because I would say that our happiest clients, whether male or female, are the ones that put together a team that includes best-in-class of financial advisors, of insurance professionals like you Irene, of attorneys and also of advisors like our team of art advisors. We want that team to all work together to achieve the same goals for our client's financial security going forward. But in terms particularly of our female collectors, we like to discuss with them that there are options to what they do with their collections going forward. They don't just have to sell them. They can do donations to institutions. They can give gifts to their families or friends. In one recent situation, we had a client who was so incredibly excited to hear about Agnes Gund selling her Lichtenstein for around \$165 million to give the money to a cause that was so important to her. And our client asked us if we could help her to sell her collection so she could do the same thing – she could donate the proceeds to various charitable institutions that were so important to her. We love that sort of proactive thinking. But also, we tell our clients, and especially our female clients, that the art market is very volatile and it's not a unique platform where every part of the market moves at the same rate. So different areas of the market are volatile at different times, and it's crucial for our clients to get and maintain up-to-date appraisals, so that they have the right information to make the informed decisions that they have to make going forward.

Irene:

Thank you. Selfishly, I'm the US Head of Insurance as you know and self-proclaimed insurance nerd. I want to spend some time talking about protection. So, would you mind sharing with our listeners the importance of titling their art properly and insuring it?

Elizabeth:

Absolutely. In terms of title, I would say that defining ownership is absolutely crucial. We tell our clients that if they're buying works as a couple, the work should be in both collectors' names so that they are

protected in case of divorce or even the death of one spouse. We had a situation not too long ago where a collector had spent his and his wife's money, a majority of the family money, on works of art, half bought in his name and half, unknown to his wife, bought in the name of his girlfriend. When the fellow died, needless to say the outcome was combustible. And we want to avoid that for our clients. In terms of insurance, art has to be insured. Because this is a client's best way to protect that financial asset, this is risk management for art. And again, I go back to appraisals. So, the first step for an accurate insurance is an appraisal which should be reviewed and updated regularly, sometimes every six months if it's contemporary art and sometimes not necessarily every year but maybe every five years if it's something like English furniture. Also, and I give kudos to you Irene, our clients need to have an insurance professional who's knowledgeable about fine art insurance so that when insurance is necessary they can place that insurance with a fine art insurance firm who in times of loss or damage will respond quickly and professionally.

Irene:

Liz I couldn't agree more with you. Let's change it up a little bit if you don't mind. What advice would you give the novice collector, how do you go about buying your very first piece of art?

Elizabeth:

We always tell our clients that the most important thing to start out doing is get educated about either the artist or the maker, depending on what they're interested in. They can do the due diligence themselves or they should hire an objective but knowledgeable advisor. But we tell our clients, find out about the artist in-depth. Where did they study? Which collectors or museums hold their works of art? Which gallery is showing them? Are they changing galleries? Are they staying at the same gallery? And what shows are coming up for that artist? We also tell our clients to use their eyes, because it's so important to get right in front of a work of art rather than looking at everything through digital images. We also tell clients in that same vein, get out and go to galleries and museum shows and auction house previews, and see what kind of art really catches their eye, what is drawing you to a particular work of art? Is it the medium in which the artist is working or perhaps the style? Are there certain subjects that they like better than others? Are they looking to collect by women artists or African American artists or is there a particular geographic area that draws them in?

Irene:

And what if you're a seasoned collector?

Elizabeth:

Sometimes collectors get stuck in a rut and they need to consider other types of art that might compliment what they have, but that really broaden the spectrum. So, we say to clients, look at other collecting categories. Maybe try a different era of a particular artist that they have, they might have works by Picasso from the 1920s. What about works by Picasso from the 1960s or in the early 70s just before he died? We also tell seasoned collectors not to forget to talk to other collectors because other collectors will give them objective and interesting advice about their path to their collections. We love to tell seasoned collectors to meet the artists

because that also gives a new perspective. If maybe they want to add in some contemporary art – go meet the artists and see what they're saying and what their inspirations are. We also say that the seasoned collector should not be afraid to prune their collection, because often as collections grow collectors realize that maybe some of the first things that they purchased don't fit into the collection anymore, maybe the quality wasn't as good as the works that they can afford to buy now. So not to be worried about pruning their collection and making that a really uniform group of works of art.

Irene: Good solid advice. But if they're like me it's so hard to get rid of anything. I'd be remiss if I didn't ask you about fakes and forgeries. There's been quite a few headlines in the recent news about bad guys and swindles. What is going on?

Elizabeth: There have been forgeries through the centuries but as prices have increased so much exponentially in the past say 20 years, forgeries have proliferated, and we do have to take a lot of caution when we're recommending works to the clients to buy. It means that clients really have to pay attention to the provenance of a work of art. Where did it come from? Who owned it before? Check those provenance details to make sure they're accurate, check on the authenticity works of art and once you're able to paint a certificate of authenticity for certain artists, keep those certificates in a safe place. There are also platforms such as Artory, which is a blockchain technology platform that you can use to register your work of art, that gives it an immutable timestamped register. This is great for clients who want a transaction record of a work of art to make sure that it is thought of as authentic when they go to sell it in the future. It's so important to rely on an objective advisor, who is actually a deep and broad specialist in the area in which you collect. It's really important to think about the stories that are in the market about forgeries and forgers and learn from those. I'll just tell you one quick story. We were asked to do an appraisal not so long ago for a couple who had collected what was USD2 5 million worth of Fabergé. Their children asked us to come and do an appraisal of it because they were worried that the parents had been buying from the same dealer and had had the appraisal done by that same dealer each year. So, our specialists went to take a look at the collection, there were 125 pieces in it and only two were actually by Fabergé. Maybe worth about USD 10,000. The remainder of that USD 25 million collection was forgeries. So again, before buying anything we recommend to our clients, get an objective view from someone who is a deep specialist in that area that you're collecting.

Irene: Clearly, it's important you have an art advisor like yourself who you can trust, I mean it's scary. It's scary what you're telling us.

Elizabeth: It is.

Irene: Liz, I have so many other questions but we're running short on time. So, let's end with, any cool stories you can share with us. You've told us quite a few already but I know you have many more that you could share.

Elizabeth: Absolutely, I could actually give you a couple of stories that affect female collectors, I think that's sort of fun in the context of what we're talking about today. A number of years ago, well it was in the past three years, we were asked by one of our clients if we could come and help her sell jewelry, and to get rid of works of art that she wasn't interested in keeping anymore. She handed my colleague a shoebox and said: "There's some costume jewelry in here, could you please just give it up to some local charity?" And our specialist luckily looked in the shoebox and saw two beautiful pearl necklaces. And she said to our client: "Maybe we should get these checked, they could be natural pearls and if they are, they're quite valuable." So, our client said: "Well, reluctantly, go ahead." We had them tested in Geneva and they turned out to be natural pearls, and they sold for over USD 3 million. The two strands of pearls. And then there's a story I'd love to tell you about another female client whose estate we were handling on behalf of her attorney. And the attorney said to us: "Could you go in there and just get a clear out bid on the entire contents, we want to get rid of it." The client had been a personal shopper at one of the major department stores in New York and had lived an extremely modest life. We went into her apartment, the lawyer had said to us, there's one piece that is of value and the rest of it is meant to be not worth anything. But look at the clock on the mantle. The clock was worth about fifty dollars on a good day. But we were walking around the apartment and I saw in a dark hallway, a beautiful old master painting. I asked him if we could do some research on it. We did and it turned out to be a long-lost painting by the artist Annibale Carracci, and it was a portrait of one of this woman's ancestors. Again, when we put up for auction that made over four million dollars at the time. The sad part of the story is that if she had had an appraisal during her lifetime, she would have found out that that painting was worth a lot of money and she could have probably lived a much more comfortable lifestyle. But in any case, we were so happy to have found that.

Irene: I love these stories! I wish I could hear more. Liz I cannot thank you enough for your time today. We've covered a lot: how to value art, art as an investment, advice for the novice collector, advice for the seasoned collector, the importance of titling, planning and insurance, and the positive changes in the art market with respect to women. Women are definitely gaining traction, women artists, and those at the senior levels in the art market. In the meantime, I need to thank you again for your time and your knowledge and sharing all of your expertise with us.

Elizabeth: Thank you so much, what a pleasure.

Carly: To our listeners, thank you for joining us. Today's program was part of a series on Women and Wealth, Doing It All by HSBC Private Banking. We sincerely hope you enjoyed our discussion today and found it inspiring,

informative, and also empowering. Let's keep the conversation going. To explore how to make the most of your financial future, take action by visiting us at [hsbcprivatebank.com](https://www.hsbcprivatebank.com), or if you have a Relationship Manager reach out directly to them. Thank you for your time today.