

Tough time for art funds as plans put on hold

Glimmer of hope as investor interest revives

Financial Times

Published: 00:00 March 15, 2010



A life-size painting of Indian Emperor Jahangir is displayed during The Indian Portrait exhibition at London's National Portrait Gallery. Indian and Middle Eastern art has been found to be the most successful commercially in the Gulf.

Image Credit: AFP

London: Art funds were among the biggest victims of the art market downturn. According to Randall Willette of Fine Art Wealth Management, most have put their plans on hold for now. Among the casualties was the Art Trading Fund, the world's first and so far last, art hedge fund, which went into liquidation at the end of last year.

Willette, in the March edition of his Art Fund Tracker, says: "The woes of the art fund industry are not over as the search for fresh capital continues in the fallout from the financial crisis."

He does talk, though, of a "glimmer of hope ... as investor interest begins to revive and a number of new art and collectable funds emerge."

Among these hopefuls is the Zurich-based Anthea Fund, run by former structured finance specialist Massimiliano Subba in association with the Swiss contemporary art adviser Nicolai Frahm. It is looking to raise 80 million euros (Dh404 million) to buy contemporary art for an eight-year, closed-end fund, due to launch in May.

Also entering the market is the Cayman Islands-based Artemundi Global Fund, the brainchild of Spanish collector Javier Lumbreras. This is a five-year, closed-end fund that hopes to raise up to \$225 million (Dh826 million) to buy 150 to 200 works of art across the board. Investors will get to take the works of art home with them, unlike in other funds. But these funds, like the existing Fine Art Fund, all seem to be targeting the same works of art: "Iconic pieces by established masters" (Anthea) and "universally recognised artists" (Artemundi).

In a market where supply, not demand, is the eternal problem, the danger is all the funds will chase the same works of art, along with dealers and collectors, so forcing prices beyond the point where they can turn a profit on them.

When Art Dubai was launched in 2007, the world was a very different place. Dubai reasoned art dealers was the ideal location for selling international brand name art to wealthy Middle Eastern buyers.

But it soon became clear Indian and Middle Eastern art was the most successful commercially in the region. And over the following years the international profile of artists from the region has been greatly boosted through a host of exhibitions, biennials and conferences.

Art Dubai unveils its fourth edition on Thursday. The line-up is strongly representative of the Menasa region and the fair should be a good place to discover new talents or see existing ones, such as the Iranian Sara Rahbar, being shown by the Dubai-based Carbon 12 gallery.