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Shimoda Capital
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January 2018

Investing in Art – how to bridge the generational gap...

As a parent with grown up children I often reflect on how the next generation will create its wealth, and manage it... Too often the pundits tell us that new adults are the first generation to be less well-off than their parents – harder to enter the property ladder, educational levels less rigorous, job market less secure, even increased depression susceptibility from over-conscious social awareness and less face-to-face social interaction. These challenges seem to pervade every strata of society, independent of socio-economic status, with increasing “boomerang” or “live-at-home” kids awaiting inheritance as the only way to become economically self-sufficient.

This depressing situation weighs heavy on parents and children alike, and traditional inter-generational wealth management also is being challenged by non-traditional trends such as the need for immediate gratification, an increased sense of self-entitlement, or simply that life is now too easy with the internet providing all answers...

The increased stress of parenthood (yes you heard that right!) gives rise to many challenges, particularly where family office or inter-generational wealth management is concerned. At *Shimoda* we have looked at various aspects of estate planning/wealth transfer in this modern world, and believe one alternative strategy has merit, namely art investing.

Typically, art investing is a middle-aged pastime as successful business people or bored inheritors look for social diversification, with a socially acceptable way of investing and supporting the arts. Yet a strategy for engaging the next generation in art collecting can bear much fruit, from aspects of estate/wealth transfer to educational expansion beyond vocational studies, as well as bring possible long-term investment upside.

Consider a 25-year old, education completed, first steps into a career, with middle-aged parents of wealth. The odd painting or sculpture at the parents' house has little meaning at this stage in life to a 25-year old, who moves residence every 2 years, rents accommodation, and who has more interest in sports, travel, dating than his/her parents art collection. Yet grant the 25-year old a budget of say US\$ 100-500,000 to invest in art via a collecting specialist, and suddenly engagement is attained. Preferences are explored and defined, interest starts to develop, as well as selective responsibility to invest wisely. And suddenly the new art collector is using social media to acquire knowledge, to monitor the world of art, even diversifying interests into a cultural discipline that wins plaudits from all generations. To phrase it in modern parlance, a “cool way to build some wealth...”

Shimoda has teamed up with *Ambassade d'Art*, a Geneva/New York-based partnership that builds and curates art collections for clients, to offer a “cool” way to transfer wealth in a culturally engaging way. Please see the attached brochure for more details.

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