

When you think about alternative investments, you may imagine art or antiques, but have you considered putting savings into fashion, fine wine or even a film?

While some options could give you cash back while you hold them – a racehorse, for example – most don't generate regular income and should be viewed as medium- to long-term investments. For certain others, the only financial benefit may be in the form of tax breaks.

And any alternative investment can be risky. Even established options – such as buying art – may never show a profit. You could strike it lucky and discover a masterpiece that you're prepared to cash in, but it might be best to keep the painting on your wall and love it yourself.

Naturally, choosing an area of interest will make you a more informed investor, but you should still research the market by trawling the internet, speaking to dealers, reading books on the subject and watching auction sales.

Auction or dealer?

Auctions can be exciting and you can get real bargains, but inspect the item beforehand – or get a condition report from the auctioneer – and do your own research on the likely value of the piece.



Profit from your p

Investing in the finer things in life is not the preserve of the mega-rich. We investigate the possibilities

When buying at auction, you should set yourself cash limits. Most auctioneers will charge commission – from around 15 per cent, plus VAT, of the purchase price – so plan for fees and commission in your calculations.

If there's a particular item that you're interested in, books such as Miller's

range of buying guides give a good idea of price.

For expert advice, speak to a selection of dealers and auctioneers. They may know where to source particular pieces and can keep their eyes open for you.

The Antique Collectors' Club publishes a book with details of around 4,000 dealers

Film

Buying into the silver screen can be affordable

If you're passionate about film, what about investing in one? The Enterprise Investment Scheme (EIS) is a government project that is increasingly being used to finance certain UK films, giving investors a range of tax reliefs. However, the rules are complicated, returns are unpredictable and the market is risky, so it's essential to obtain independent, expert financial advice.

Under an EIS project, investors can invest up to £400,000 a year but the minimum is usually lower. For example, with the film

Clubbed, made by Formosa Films and set in the 1980s' club scene, the minimum investment was £5,000 for each person. The film is due for release next spring, but it's not just box office sales that investors hope for.

Formosa Films' Neil Thompson says: 'Many people are attracted by the glamour and excitement.



Our investors have had evenings at Bafta with the cast, for example.'

He adds: 'There are potentially huge returns to be made. For instance, with *Clubbed*, the company is owned by the investors and controls the rights to the film, as well as other outputs such as TV, DVD and the soundtrack.'

Added value

But it was really glamour that attracted member Val Reynolds (right) to invest this way; she has put £2,000 into an adaptation of Ernest Hemingway's book *Garden of Eden*. Starring Richard E Grant and produced by Berwick

Street Productions, the film will be released next year.

Val says she was drawn in more by the social opportunities than potential financial returns: 'I was invited to a pre-production party where we met the director, writer and cast. There was a visit to the set, the opportunity to appear as an extra and an invitation to the gala screening in London.'

Val said: 'If I get my money back and have a couple of unusual social events I'll be happy. Any more would be a bonus.'

Tax relief

Even if films don't make a profit, EIS projects can limit



losses through tax relief. If you keep an investment for three years, you can offset 20 per cent of the amount invested against income tax liability in the first year and any profit made is free of capital gains tax (CGT).

If you make a loss, you can offset it against gains you make on other assets or, under certain conditions,



assions

and auctioneers throughout the UK. Choose a member of a recognised trade body such as the British Antique Dealers' Association or LAPADA (the Association of Art & Antiques Dealers).

Cover yourself

Alternative investments aren't regulated by the Financial Services Authority or covered by the Financial Ombudsman Service.

For more protection, pay for items costing between £100 and £30,000 with

your credit card; if things go wrong, you may be able to claim against your credit card company under the Consumer Credit Act.

If the dealer has described an item in a particular way – the age, style, provenance or condition, for example – make sure this detail is on the invoice and keep the catalogue of investments bought at auction.

Not only will such details help if a dispute arises, but these, together with a valuation and photographs, will help if you need to make an insurance claim. House contents

against your income tax.

Film memorabilia

For film fans looking for smaller investments, film memorabilia can suit every pocket.

As with other types of investment, Katherine Williams of Christie's Popular Entertainment Department recommends buying an item you like.

It's difficult to predict items that will become valuable, but those from iconic stars such as Marilyn Monroe and films such as *Star Wars*, perform consistently well. Last year, the Givenchy gown worn by Audrey Hepburn in *Breakfast*

at *Tiffany's* sold for £467,200.

For the more modest budget, items are available from £400 upwards. For example, you could buy an original 1937 vintage celluloid from *Snow White* from around £2,000. Another way to start collecting is to buy autographs.

Christie's and Bonhams have London sales this month, while the Memorabilia Show is held in Birmingham three times a year.

Original posters are also an affordable way of investing. Steve Kennedy turned his hobby into a business, now running

Original Poster, a website devoted to classic film memorabilia. He has even hired out posters to production companies to create authentic atmospheres on screen.



Art

Consider contemporary art for love and lolly

Art can be an emotional investment. Nicky Wheeler of the Affordable Art Fair advises that you buy what you love. After all, an item could hang on your wall for a while – pieces should be held for at least five years for a decent profit.

Nicky suggests two routes to explore, one is the safer option of an

details a huge array of artists, auctions and galleries across the globe.

Art fairs

Art fairs are great for speaking to experts, exploring different genres and choosing from a wide selection of items.

The ArtFutures fair, run by the CAS in London, shows pieces by new and established artists priced up to £5,000. The next fair is in March.

The Affordable Art Fair (AAF) is held twice a year in London, and annually in Bristol, selling works up to £3,000. The next London sale is in March, with the next Bristol fair in May. Featured artists who have gone on to be successful include Damian Roach and Antony Micallef.



established artist. A David Hockney etching, for example, could cost around £3,000. A riskier route is to invest in emerging artists. There's no guarantee that they'll become stars, but the rewards could be greater as their items are often cheaper to buy.

Stephanie Post of the Contemporary Art Society (CAS) says it's also worth considering limited-edition prints. Matt's Gallery in London, for example, produces a set of prints by 15 different artists from £4,000. For lower-priced investments, prints with a larger print run cost from around £100, although returns are likely to be lower.

Stephanie advises potential collectors to visit fairs, graduate shows and local artists and to join a local collectors' group – to learn and make contacts. Also check out www.artnet.com, which



Member and art buff Mark Griffin (above) bought a print of Antony Micallef's *Giant Freak* for £350 in 2005, which he liked for its 'striking and arresting image – I wanted it on my wall'. It's now estimated to be worth £3,500, but he says: 'I have no intention of selling any of my pieces.'

The Glasgow Art Fair is held annually in the city's George Square.

Jewellery and fashion

You can often use and enjoy these types of investment

Antiques Roadshow expert John Benjamin (below) suggests Victorian jewellery as an area to explore. With £5,000 you could buy an early Victorian gold necklace or bracelet set with the period's popular gems topaz, aquamarine and ruby. Every jewel is highly individual, so nobody else is likely to have anything like it.

John reminds us: 'Buying jewellery, like any commodity, attracts its own risks. Condition, quality and fashion are critical, so it's vital to obtain impartial and well-informed advice.'

The jewellery market is increasingly accessible and information is freely available in

auction catalogues, books or on the internet. Of course, you should think carefully before buying online as it's impossible to check condition and authenticity.

If you have only a few hundred

pounds to spend, John suggests buying something slightly quirky that appeals to you, such as an interesting gold tiepin, antique paste jewellery or a small art deco gem ring.

An eye for fashion

Vintage fashion expert Kerry Taylor runs auctions in association with Sotheby's. She suggests buying one high-standard piece of labelled haute couture – something with the 'wow factor'. Buy the best piece you can afford – a 1950s' Dior gown, for example, might cost up to £5,000.

The fashion market has grown over the past ten years as more people want vintage items to wear and designers look for inspiration in such pieces. An Yves Saint Laurent Mondrian couture mini dress, for example, could be bought in the 1980s for £1,200 and would probably now sell for £20,000.

For those without a spare £20,000, Kerry says that a couple of hundred pounds will buy you a stunning non-couture beaded flapper dress.

Even though you may be able to wear certain items you buy, Kerry warns that you should store them properly, as they can be fragile: keep clothes in a moth-free wardrobe or trunk that's dark and cool.

You could also join the Costume Society to build up your knowledge.



insurance may cover lower-value items but for higher-value pieces check with your insurer that you're covered.

Tax matters

If you sell certain items and make a profit after deducting expenses such as auction fees, you may be liable for capital gains tax (CGT).

But you pay only if your yearly net gains reach £9,200 or more, which is the CGT annual exempt amount for 2007-08.

Some investments are not liable to CGT, including those not predicted to last more than 50 years, such as racehorses and most wines. Also, individual items, or a set of items such as matching vases, worth £6,000 or less, are exempt.

Save your cash

The old adage: 'If it seems too good to be true, it probably is' applies particularly to alternative investments. One reader contacted us with details of a horse-racing syndicate scam. In return for an investment of £1,000, he was 'guaranteed' 120 winners and was 'assured of making at least £250,000'.

But, if you take professional advice and buy from reputable sellers, you can help avoid being stung by a con like this or others. Armed with the right information, exploring the options on these pages can lead to a rewarding and potentially lucrative investment.

'Think carefully about buying online – it's impossible to check authenticity'

Other investments

Of course, we couldn't look in detail at every alternative investment in this article but there's a surprising range of options

Horseracing syndicates

Buying a racehorse is a high-risk investment and costly, but smaller investors can consider joining a racing partnership. It's not just race winnings that can provide earnings: one of

the most successful sales recently was of Petrushka – owned by a Highclere Thoroughbred Racing syndicate – for £3.5 million after buying her for around £100,000 two years earlier.

The British Horseracing Authority provides guidance on ownership.

Wine

Over the past ten years, fine wine has appreciated by more than 10 per cent a year.



ASK US ABOUT YOUR CASH

Money experts' phone-in

We'll be taking calls on 13 December to answer your questions on general money matters. We can deal with queries on issues such as bank charges, savings, insurance and problems with financial products or providers. We are not regulated to give individuals financial advice and you should seek advice from an IFA if you need help with financial planning. Call 01992 822800 or 0845 307 4000, 10am to 3pm, quoting your Which? membership number. We'd also like feedback on the money team's latest reports.



OLD-FASHIONED VALUES

As Which? turned 50 this autumn, we compared the value of items that were available in 1957 with what they're worth today



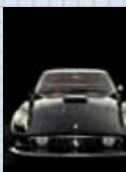
11.2% (annual growth in value)
World's second stamp: the Great Britain SG5 1840 2d blue
 1957 **£80** 2007 **£16,000**



10.8% (annual growth in value)
Beano annual 1957 (sold for 6 shillings) in a fair condition
 1957 **30p** 2007 **£50**



8.3% (annual growth in value)
Ermine coat worn by Marilyn Monroe to the premier of Conversation Piece – sold by Christie's last year for \$50,400
 1957 **\$1,000** 2006 **\$50,400**



8.7% (annual growth in value)
1957 Ferrari 410 Superamerica Coupé – sold in August this year for \$1.32m
 1957 **£20K** 2007 **\$1.32m**



7.1% (annual growth in value)
£1,000 invested in UK stocks and shares
 1956 **£1,000** 2006 **£31,000**

These figures don't account for inflation. £1 in 1957 is now worth around £17 if allowing for inflation

Contacts

Affordable Art Fair
 020 8246 4848
www.affordableartfair.co.uk

Antique Collectors' Club
 01394 389950
www.antique-acc.com

Association of Art & Antiques Dealers (LAPADA)
 020 7823 3511
www.lapada.org

Berwick Street Productions
 01279 602500
www.berwickstreetproductions.co.uk

Bonhams
 020 7447 7447
www.bonhams.co.uk

British Antique Dealers' Association
 020 7589 4128
www.bada.org

British Association of Numismatic Societies
www.coinclubs.freemove.co.uk

British Horseracing Authority
 020 7152 0000
www.britishhorseracing.com

Christie's
 020 7839 9060
www.christies.com

Contemporary Art Society
 020 7831 1243
www.contemporaryart.org.uk

Costume Society
www.costumesociety.org.uk

Enterprise Investment Scheme Association
 020 8246 6400
www.eisa.org.uk

Formosa Films
 020 8709 8700
www.formosafilms.com

Glasgow Art Fair
 0141 552 6027
www.glasgowartfair.com

Highclere Thoroughbred Racing

01488 669166
www.highclerelracing.co.uk

Kerry Taylor Auctions
 020 8676 4600
www.kerrytaylorauctions.com

Matt's Gallery
 020 8983 1771
www.matts-gallery.org

Memorabilia Show
 0870 224 8615
www.memorabilia.co.uk

Miller's Antiques Price Guides
www.mitchell-beazley.co.uk

Original Poster
 01905 620370
www.originalposter.co.uk

Sotheby's
 020 7293 5000
www.sothebys.com

World Gold Council
 020 7826 4700
www.investgold.org



Red Bordeaux has generally performed well, with a

case of Carruades de Lafite 2000 costing £950 this August, compared with £451 a year earlier.

Wine should be viewed as a medium- to long-term investment – with a minimum of around five years. If it's kept in a bonded warehouse there's no VAT or duty to pay, although you pay annual storage and insurance fees of around 0.5 per cent of your investment.

Gold

Gold is widely viewed as a safe



option in times of economic turbulence. The average price of gold in 2006 was \$590 an ounce, compared with \$388 in 1996.

However, the average price in 2001 was \$271, showing how much the market can fluctuate from year to year. The World Gold Council can advise on ways to invest.

Stamps

According to stamp dealer Stanley Gibbons, prices of rare-quality rare stamps have increased by 9.5 per cent a year for the last 50 years. Stamps are easily portable and there's a large international market for



rare items of high quality. To learn more about collecting stamps, join a local philatelic society.

Classic cars

Classic cars require expertise, storage space and enthusiasm to restore them if needed, as well as cash.

But they can make their money: for example, this 1971 Type 1 Karmann Ghia might sell for more than £12,000 if sold today.

If you are interested, read specialist



magazines and consider joining an owners' club, which can offer valuable advice and information about private sales of cars you have in mind.

Coins

As with stamps, there is a large collectors' market for coins – of all ages and types. For example, this 1817 George III sovereign might sell for around £200 if it's classified as being in a

'fine' condition. The British Association of Numismatic Societies produces a list of groups if you want to get involved in coin collecting.

