



# Opportunities in a Dynamic Economy

## Value 'Investing' in Chinese Art





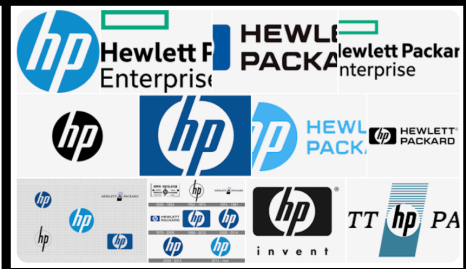
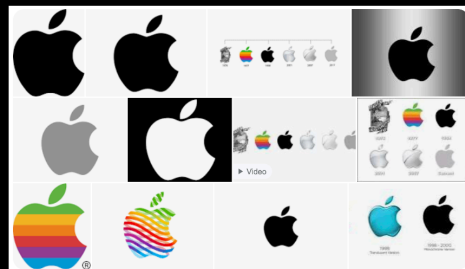
Warren Buffett, CEO of Berkshire Hathaway.

# Benjamin Graham and Warren Buffet Value Investing Principles:

- Buying stocks at less than intrinsic value.
- Buying businesses (a small quantity) they knew really well - that were within their circle of competence.
- Buying great quality at a sensible price (not average companies at great prices).
- Secret is to be patient and strike when one is certain.
- To buy and hold companies for medium to long term rather than quick speculation.
- Buffett's Berkshire Hathaway company return on investment has averaged around a 20% annual return for over 60 years.



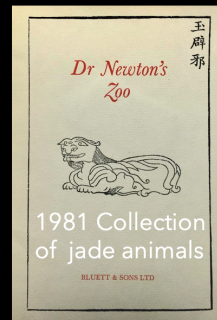
Benjamin Graham, professor of Columbia Business School.



# How does one apply these principles to collecting Chinese art?

First - Decide what area to collect in:

- **Specific Area:** Song Ceramics; Ming and or Qing imperial mark and period porcelain; Later Jades; Buddhist bronzes; archaic bronzes; cloisonné.
- **Sub categories:** Qing Monochromes; Kraak blue and white;
- **Thematic:** scholars objects; jade animals.
- **Representative:** Significant works of multi media from different eras. More wealthy collectors.
- **Wide variety of areas to collect with varied budgets.**



Qing Imperial Wares



Archaic Bronzes



Early Ming Cloisonné



Scholar Objects





## How does one decide what area to collect in?

Two most consistent performing areas since 2000:  
Qing dynasty mark and period porcelain and jades.

Why?

Prices of these two wares at the new millennium were undervalued relative to other wares and appealed to a new collecting market - mainland Chinese. Both of these wares display technical excellence in their manufacture.

The collecting trend prior to this had been focused on Ming ceramics and jadeite, which were driven by Japanese and Taiwanese buyers.

Second: Obtaining significant knowledge of your chosen area:  
Become an Expert! (which will take time)

How? (Fully Submersive)

- Personally handle pieces - auction viewings.
- Get advice from auctioneers and dealers - they love sharing their knowledge.
- Viewing pieces in museums - see genuine pieces from old collections.
- Relevant reference books.
- Collecting Societies: Oriental Ceramics Society - lectures and sharing information.
- Visiting private collections.



# Case Study: A Recession Proof Collection

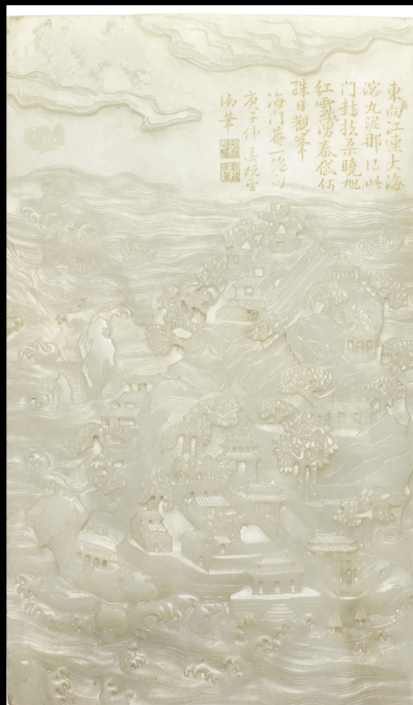
Darrell Thompson Schwab Collection of Jades:  
Sotheby's London, 9 November 2016.



## Fine Chinese Jades From The Thompson-Schwabb Collection

09 November 2016 - London

Sale Total: 5,326,875 GBP Sale Number: L16211



An inscribed white jade plaque, Qing dynasty, Qianlong period sold for £509,000 (Estimate £60,000-80,000).



Thompson-Schwab jades in situ in their cabinets in Carlisle.



A rare spinach-green jade alms bowl, Qing dynasty, Qianlong period sold for £365,000 (Estimate £60,000-80,000).



An imperial pale celadon jade 'Ziqiang Buxi' seal, Qing dynasty, Qianlong period sold for £1.45m (Estimate £500,000-700,000).



A fine and rare spinach-green brushpot, Qing dynasty, Qianlong period sold for £377,000 (Estimate £100,000-150,000).

## What Makes a Recession Proof Collection?

- Collections that are put together with genuine interest and enthusiasm over time (not with an eye to resell).
- Old collections put together when material was available and affordable.
- Quality, provenance, condition and rarity.

Time - is the key. To take a medium to long term view on the collection. (10-20 years).

What are the pay offs?

- Financial.
- Learning (Cultural) (Scholarly approach).
- Aesthetic enjoyment (to own something beautiful).



Sir Joseph Hotung's Collection of blue and white



Sir John Woolf's jade collection



Hong Kong Min Chiu Society Members, circa 1980



JM Hu with some top pieces in Hong Kong in 1960.



Sir Michael Butler

# What are the greatest potential opportunities in the current market?



Blue and white jar, Yuan dynasty Christie's London July 2005  
Sold for £15.68m



Collection of Clocks from the Nezu Museum, Christie's Hong Kong May 2008  
An imperial ormolu, enamel and paste-set striking and automaton 'jardiniere' clock, sold for HK\$39m (Estimate HK\$2.5-3.5m)



Fine Doucai 'Chicken' Cup Sotheby's Hong Kong April 2014  
Sold for HK\$281.24m



Susan Chen Collection of archaic jade at Bonhams Hong Kong 5 April 2016  
A rare pale green jade figure of a male dancer, Eastern Han dynasty, sold for HK\$31.48m



Visions of Enlightenment: The Speelman Collection of Important Early Ming Buddhist Bronzes October 2006  
A rare and large gilt-bronze figure of Shakyamuni Buddha, Yongle mark and period, sold for HK\$103m.



Important Jades from the Collection of Alan and Simone Hartman (2 Parts) November 2006 & 2007  
A pair of white jade circular screens, Qianlong period sold for HK\$18.24m (Estimate HK\$6-8m).



Two sales of Juan Jose Amezaga, Christie's Paris June and December 2007  
A pair of imperial cloisonné and champleve enamel figures Qianlong period, sold for €6.5m (Estimate €1.5-2.5m)



Robert Hatfield Ellsworth sale - Christie's New York March 2015  
One of a set of four huanghuali horseshoe-back armchairs, sold for US\$9.68m (Estimate US\$800,000-1,200,000)



A group of Yixing wares from the collection of IM Pei Christie's Hong Kong November 2018  
A Yixing basket-form cup by Chen Mingyuan, Kangxi period, sold for HK\$5.64m (Estimate HK\$200,000-300,000)

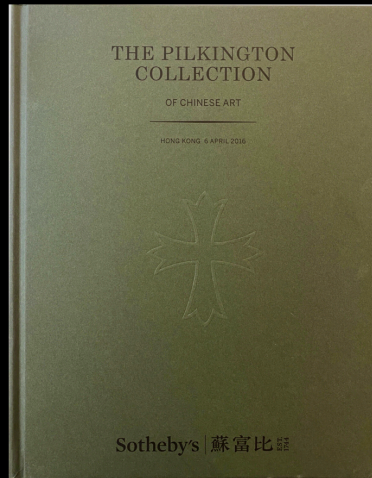
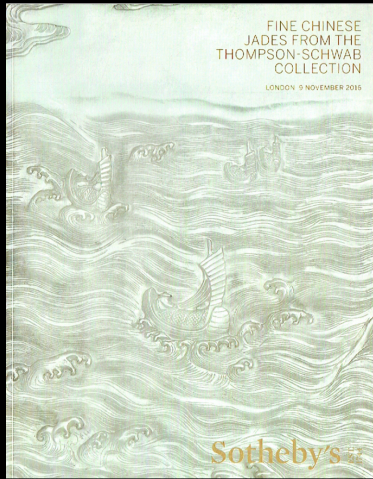


## Innate contradiction:

That genuine collectors did not buy with an eye to investment.

However – Their collections did appreciate significantly financially.

Quality single owner sales are nearly always more interesting and financially successful than various owner ones.



What is it then that buyers see as value?

- a) The human interest angle - the story (Provenance).
- b) The spark of creativity or genius of the artist (The object itself).

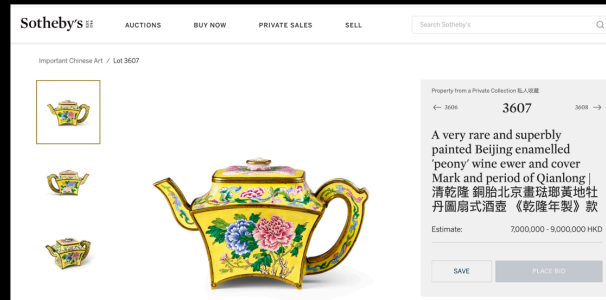


Members of the Oriental Ceramics Society handling session, including R L Hobson George Eumorphopoulos and Sir Alan Barlow.

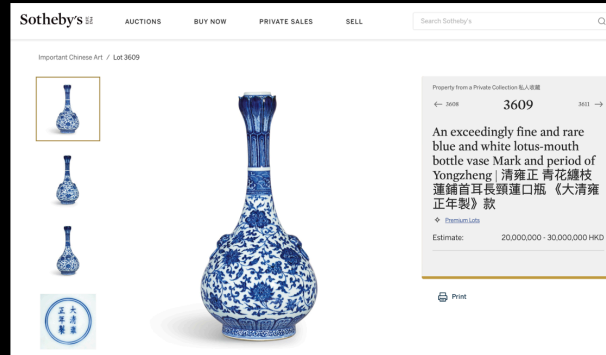


# Flipping

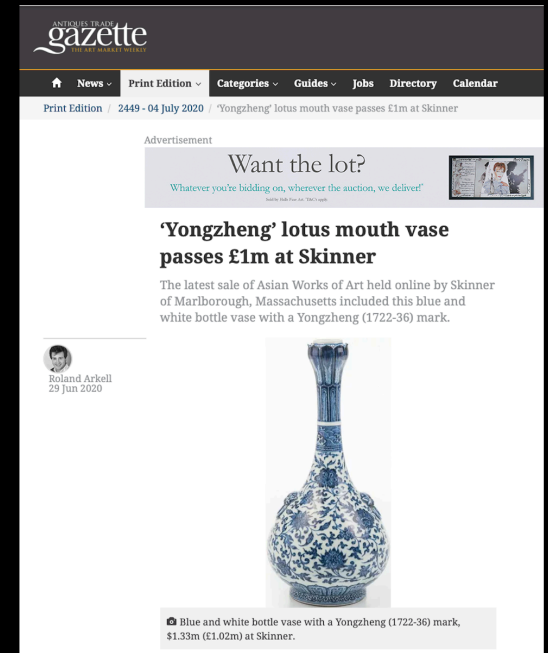
- When a piece is purchased for a short term speculative investment to turn a quick profit.
- Which is purchased in one market and sold in another as a form of arbitrage.
- In recent years this has proved unsuccessful.



Sotheby's Hong Kong  
April 2021



September 2020 - Hanson's Auctioneers Derbyshire sell Qianlong mark and period Beijing enamel ewer for £390,000



US auction house Skinner sell Yongzheng vase in online sale for \$1.6m. July 2020.

Bonhams Announces Results of Asia Week Sales, Marsh Collection 100% Sold

## So what are the real Opportunities in Value 'Investing'/Collecting Chinese Art?

### Buying and Collecting principles:

- To always look for quality over quantity - Buy the most expensive you can afford.
- To focus on rarity, condition and good provenance.
- To buy with your heart and not your head - something that you will keep wanting to look at.
- To take the time to enjoy your collection (Fun).
- To try and remember that you are a custodian rather than permanent owner (Helps to keep perspective).



Sam and Marian Marsh, 2021



