

Where the wealthy are investing their money

Wine, rare coins and Guinness memorabilia: alternative investments, for the cautious or less financial solvent, are booming

Wealthy investors are once again turning to commercial property and, with economic anxiety easing, are also seeking more esoteric ways to generate returns, such as fine wine and rare coins.

Commercial property prices have plummeted 44% since their 2007 peak, but big spenders such as Gerald Ronson, the developer, are lining up to buy shops and offices, confident the only way is up for values.

For those with a little more caution or a little less cash to hand, alternative investments are proving popular. Alan Brown, chief investment officer at Schroders, the fund manager, has been buying Bordeaux wine, while Lord Iveagh has been adding to his collection of Guinness memorabilia.

Here, we look at five ways the rich are investing their money:

1 COMMERCIAL PROPERTY

2 WINE

Schroders' Alan Brown has been a collector of fine wines for many years. Recently he has been buying into red Bordeaux, which accounts for 90% of the wine investment market.

The Liv-ex 100 index, which tracks the prices of the most sought-after wines, is down 14.2% on last year. However, the latest monthly figure was up 4.6% and it is up 10% in the year to date.

To be regarded as a good investment, a wine must have an instantly recognisable label or a brand with a long track record of quality, and high to very high prices, according to the website decanter.com. It should be stored in a bonded warehouse to maintain its quality.

Alternatively, investors can get involved through a fund. The Fine Wine fund, domiciled in the West Indies and managed by Wine Asset Managers, is up 4.1% so far this year and has returned 21% since its inception in September 2006. The minimum investment is £50,000.

Most wine qualifies as a "wasting chattel", something with a maximum life of 50 years which will ultimately decline in value. As such, it is free from capital gains tax.

Remember, though, that wine investment remains a largely unregulated activity. Anyone can promote themselves as a wine dealer, and there is nothing in the way of investor protection.

3 RARE COINS

4 TRADEMARKS

5 MEMORABILIA

Full article available

<http://www.timesonline.co.uk/tol/money/investment/article6840799.ece>