

173 views | Oct 15, 2018, 01:57pm

# Should Investors Be Bullish On The Authenticity Market?



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Markets



Banksy painting 'Girl with Balloon' partially shredded after sale at Sotheby's auction house in London on October 12, 2018. (Photo credit BEN STANSALL/AFP/Getty Images)

The authenticity market is looking ripe even when it's authentically “fake” art. The world saw this spectacle [firsthand](#) in the first week of October at the famed auction house, Sotheby's of London.

According to the [New York Times](#), the woman who placed the winning telephone bid at a London auction for Banksy's painting “Girl With Balloon,” which was partially shredded by remote control moments after it sold for \$1.4 million, is

continuing with the purchase at the same price, Sotheby's said in a statement Thursday.

"When the hammer came down last week and the work was shredded, I was at first shocked, but gradually I began to realize that I would end up with my own piece of art history," the buyer, who was identified only as a "European collector and a longstanding client," commented in the statement.

Imagine all the knock-off arts and antiques that individuals invest in that aren't handled at the Sotheby's level. Who can help you dodge a bullet and distinguish between fake and authentic art and antiques? Let's think local for a minute.

When was the last time you visited your local historical society? At the suggestion of a friend, I recently went on a tour of the Chester County Historical Society, a 10-minute drive from our offices. I was given a behind-the-scenes peek at the 800-plus antique furniture and artifacts, donated to and acquired by the Society over several years. What I learned was, that beyond sentimental value, the period pieces I admired may hold value not because of demand but because of the level of their authenticity. This got me thinking about the stock market: Wall Street loves analyzing "fundamentals" but it rarely acknowledges a company's "authenticity".

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On a global level, investors can leverage what they learn through their local historical society by coupling that knowledge with what they glean from listening to corporate earnings calls from companies directly in the authenticity market. If you're thinking of names like Sotheby's (NYSE: BID); etc., then you are well on your way to understanding how to best navigate through a volatile market.

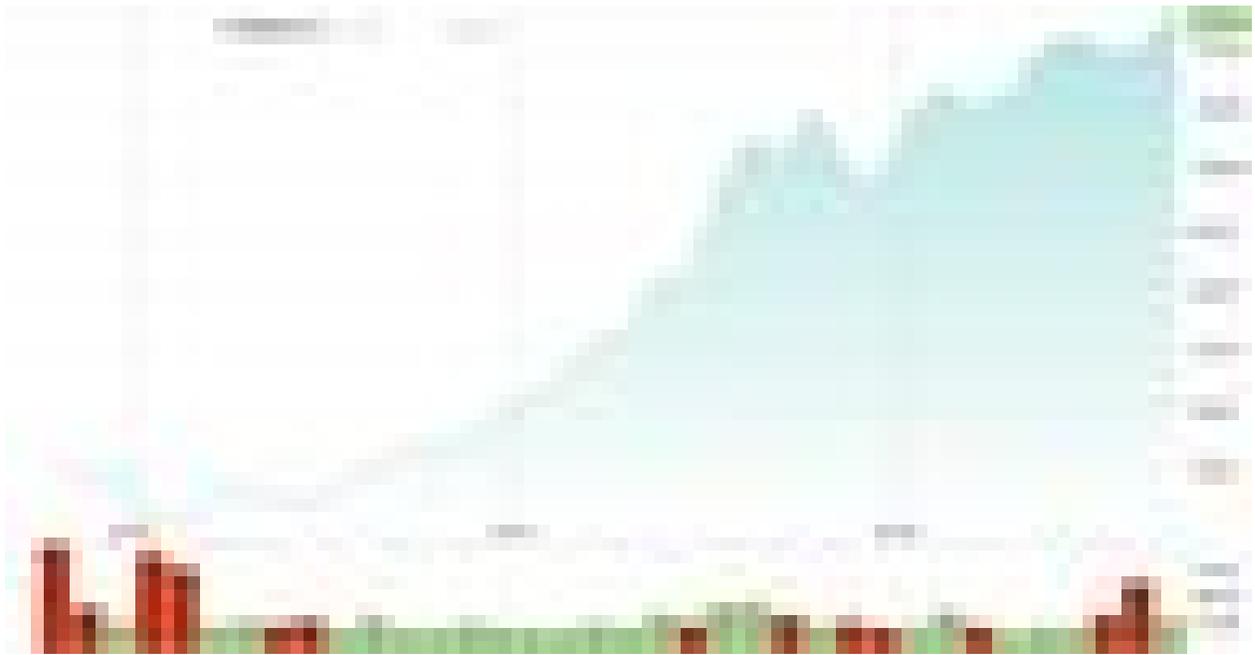
Keeping with the historical theme, let's take a look at Sotheby's stock as a proxy for the authenticity market.



Sotheby's stock chart [WWW.NASDAQ.COM](http://WWW.NASDAQ.COM)

Most savvy investors know that volatility is good. Without it, there would be no gauge of supply and demand. A flat authenticity market, for instance, doesn't drive stocks up or down, and for investors there is no point to owning a stock that doesn't move in either direction. As you can see above, Sotheby's volatility has been healthy and steady. Investing in art, antiques, artifacts and the like is known as an alternative asset, or collectables – the furniture itself doesn't trade on an exchange but companies that buy and sell such assets do trade and are seen as stock names to consider when there's a boom and bust in the stock market.

Another proxy for the collectables market can be the stock of exotic collectable cars, such as [Ferrari](#) . Since Ferrari has its own stock (NYSE: RACE), it is easy to track, as compared to other exotic collectable cars that are part of a larger holding company such as [Porsche](#) owned by [Volkswagen Group](#) .



Ferrari (RACE) stock chart [WWW.NASDAQ.COM](http://WWW.NASDAQ.COM)

So, the next time you sit in your grandmother's armchair in the living room, think about visiting your local historical society and learning something new. In the meantime, investing in collectables such as antique period pieces (Sotheby's ticker is BID) or exotic cars (Ferrari's ticker is RACE) might not be a bad idea ahead of the inflationary chatter from the Fed.

*I spent over twenty years in the financial services industry, including nine years developing sophisticated trading and portfolio modeling tools at FNX Limited for some of the world's largest financial institutions, such as Barclays and Bank of America, before I decided it w... MORE*

*Randy Warren is CEO of Warren Financial. For information on how to protect your investments from volatility visit [WarrenFinancial.com](http://WarrenFinancial.com) and make sure to investigate our Safer-Equity strategies.*