

Company sold – what should be done with the proceeds?

by Maggy Parries on Aug 26th, 2016

Ex-entrepreneurs with an enthusiasm for music can continue to be „entrepreneurial“ by purchasing a high quality stringed instrument. They invest a portion of their sales proceeds in a way that will maintain value; at the same time, they support young musicians.

According to KfW, a German government-owned development bank based in Frankfurt, more than 600,000 medium-sized entrepreneurs intend to sell their company or hand it over to a successor by 2018.

But people who have held the reins and made all the decisions for thirty years or longer cannot let go that easily. Some want to stay in the business after selling and do some consulting.

Others try their hand at investing, attempting to put their sales proceeds to use as profitably as possible. The fewest pursue purely private interests or hobbies. But the one is not exclusive of the other.

New asset class: stringed instruments

Those who are keen on music can combine their personal passion with entrepreneurial objectives. What will make this possible is a new asset class: stringed instruments produced by old and new masters.

The fact that they are a scarce commodity and the rising demand will ensure price stability and – if you are well advised and avoid making mistakes – the prospect of a good profit as well.

Attractive average yields

In 2011 the „Lady Blunt“ made a name for itself internationally. Antonio Stradivari’s master violin was auctioned off for €11.6 million – as of today the highest price ever paid for a musical instrument.

The „Albert-Fuchs-Taxe“, the German publication relevant for the instrument market, shows annual average yields in a higher single-digit range for the years 2000 to 2008. Experts are now eagerly anticipating the release of the next edition of this acclaimed instrument price list.

From investor to patron

For those buyers who do not just want to invest their capital profitably, but also want to pursue their passion for music and do something culturally meaningful, there is a way to loan the precious instruments to gifted young musicians or already established artists.

The step from entrepreneurial investor to patron is just a small one. „Return“ then not only refers to the increase in financial value, but also to an ideological enrichment, growth in empathy and social commitment.

Violin Assets

Violin Assets, the young enterprise based at Bedburg Castle near Cologne, specialises in the business of high quality stringed instruments. Founded by Christian Reister and Jost Thöne in 2014, Violin Assets connects buyers and sellers and also buyers and musicians.

Historical premium instruments make worthwhile investments starting at about €100,000; stringed instruments produced by modern violin makers are suitable starting at about €25,000 to 30,000.