

AST

ARTSECURITYTOKEN

Taking traditional art investment
to a new level of opportunity

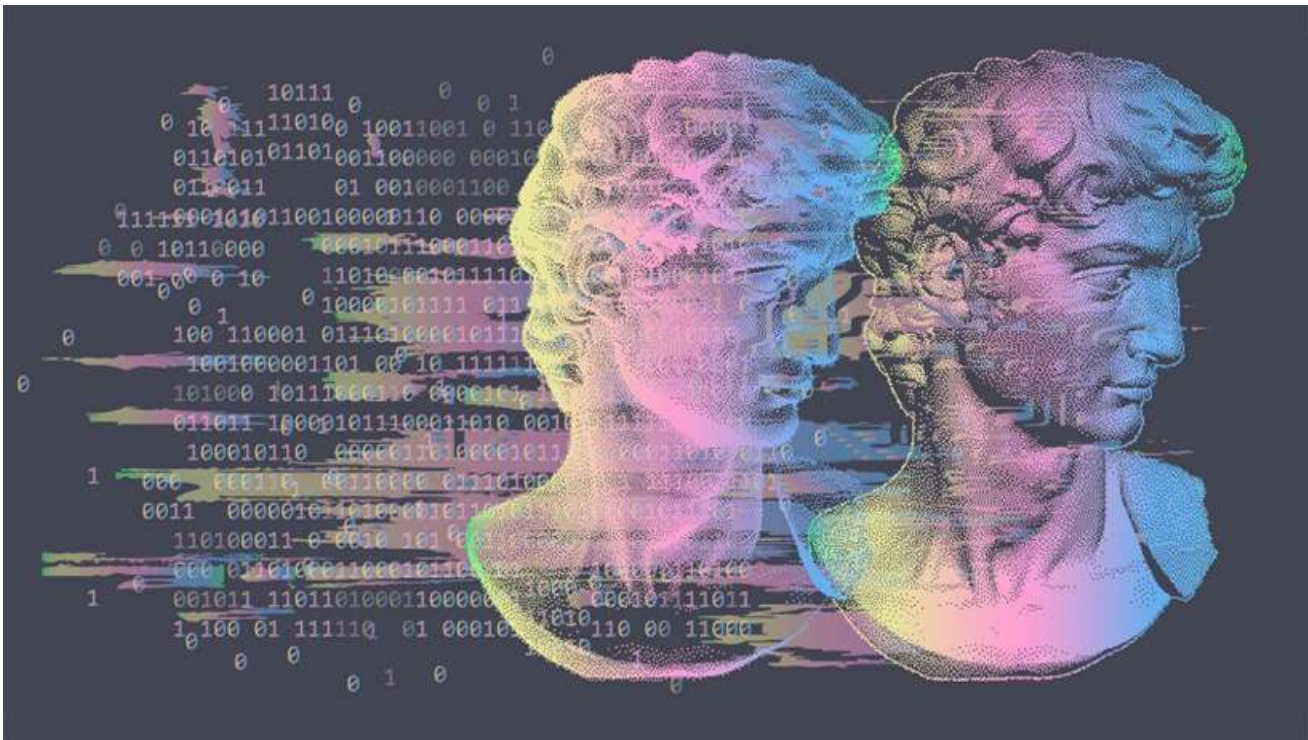


ARTEMUNDI[®] Since 1989

Tokenization is the process of recording ownership to an underlying asset on the blockchain. Artemundi together with Switzerland and Singapore based Sygnum Bank facilitates access to a digital marketplace for tokenized artworks under Swiss banking regulations. On Sygnum's blockchain-based trading platform, institutional and private investors, collectors and art enthusiasts may buy and sell fractionalized ownership of blue-chip artworks, selected for Sygnum's platform, starting from CHF 1000.00 per token.

What is an Art Security Token?

Art Security Tokens (ASTs) constitute ledger-based securities issued in accordance with the Swiss Code of Obligations. They represent a securitized co-ownership right to the underlying art asset.



THE BENEFITS



Regulatory framework & safety

Sygnum operates with both a Swiss banking license and a Singapore asset management license. The tokens will be safely stored within Sygnum's military-grade custody solution.



True ownership

Million-dollar worth artworks can be directly owned by multiple investors thanks to the blockchain and the underlying Swiss legal framework.



Reduced risk

The artwork is managed by a professional advisor who has over 30 years of experience with art as an asset class. Further, the fractional ownership allows an investor to reduce the risks that are inherent to owning a sole artwork as well as reducing management costs, which they would usually bear alone.



Higher market transparency

Adopting blockchain technology offers the art industry an opportunity to combat the drawbacks of its opacity. Investors can easily access the artwork and its relevant data such as transaction costs, artist's background, provenance, exhibition and literature records. With such increased transparency, an investor can build up more trust in valuation metrics and models for individual artworks.



Lower barriers of entry for blue-chip art investment

Art tokenization opens the doors to a newer and larger investor network. More investors can access the fine art market without spending all their capital on one piece of art. This lowers the otherwise significant barriers of entry for blue-chip art investment.



Peer-to-peer flexibility trading

On the basis of blockchain technology, buyers and sellers can trade on a peer-to-peer basis, thereby eliminating the need for intermediaries and reducing transactional costs.

MORE BENEFITS



Globalized liquidity 24/7

Tokenization digitizes the art ownership into tradable tokens, thereby improving the liquidity of artworks without lock-in periods. Sygnum's trading platform* provides an efficient secondary market where to buy, sell or exchange tokens for any listed artwork tokenized by Artemundi.



Diversification

Hedge against all odds: High art's inherent value has a proven track record for constant appreciation. It is highly uncorrelated to financial markets and macroeconomic effects, and its value is mostly invulnerable to any financial crisis, no matter their length or severity. Even in war-like scenarios, art is a perfect hedge against all odds when everything else is worthless or illiquid.

There has not been a time in history, over 500 years when a Leonardo has not increased in value. In contrast, the permanence of the likes of Enron or Lehman Brothers are not guaranteed and even countries have ceased to exist.

Positive returns: Art appreciation is supranational and art is the most valuable and coveted cultural object in existence, with steady increase over time. The rich are not only getting richer but also growing in numbers, and fascinated by art. The Artmarket index has grown 547% in the last 20 years in the painting category, compared to the 179% growth on the S&P 500 in the same period.



Currency hedge

Tokens can be bought with any currency, fiat or crypto and are traded in digital Swiss Francs, a fully regulated stablecoin pegged to the Swiss Franc backed by the Swiss government.



Ownership tracking and provenance

Information about provenance, literature and authenticity is encrypted and securely recorded in the immutable blockchain. This allows us to preserve the clear and legible history of ownership changes and events linked to any transaction carried out on an artwork in a trusted timeline.



Instant access to your account

After a one-time onboarding process, buyers gain instant access to their Sygnum Bank account and a universe of digital services underpinned with institutional-grade security.

Due Diligence

A strict due diligence process and enhanced governance methods provide a deep analysis of the artwork, in financial, academic and curatorial terms.



Safe Storage

The physical artwork is secured in a custodian's location, which may be either a museum for exhibition or a specialized secured storage facility.



Tokenization of the Artwork: Securitization

Artemundi's issuance of the ASTs ("Art Security Tokens") is performed with Sygnum, the world's first digital asset bank with a Swiss banking license and a Singaporean capital markets license for asset management services.

Certificates containing the intrinsic value and proving the authenticity of the artwork will be reflected in each of the artwork's ASTs and stored in an investor's digital asset wallet held at Sygnum Bank.



Offering

Sygnum's platform will offer the tokens to qualified investors. The offer is presented with the total price of the artwork, the partial price of each token and the number of remaining units.



Purchase of Tokens

Selected by Artemundi

The investor can purchase tokens for multiple artworks and create diverse portfolios. The tokens are denominated in Digital Swiss Franc (DCHF), which trades 1:1 to the Swiss Franc (CHF). Purchases can be made in both fiat currencies (e.g. USD, EUR, etc.) as well as cryptocurrencies (e.g. BTC, ETH).



Tradability

Tokens can be traded worldwide 24/7 on 365 days of the year directly on Sygnum's regulated marketplace for AST's. Such peer-to-peer transfers can be executed via the Tokenization Provider's platform Desygnate. Alternatively, the Token can be admitted to the organised trading facility (OTF) SygnEx allowing the Tokenization Provider's clients to purchase and sell token via its secondary market.



Sale of the Artwork

Drag along: Any time during the investment lifecycle of 5 years token holders or outside buyers alike, can purchase the artwork via an offer. Token holders must vote on the offer within 21 days, and it must be accepted by a minimum of a two-third majority.

Squeeze out: An investor holding a majority of two thirds of all tokens may call for a squeezed out price, which is calculated on the basis of the Retail Replacement Value plus a 10% premium. Otherwise, after 5 years, and within 8 years, Artemundi will sell the artwork at the best possible highest price to private collectors, museums, etc.*



Distribution of Proceeds

Once the artwork is sold in any of the aforementioned ways, Sygnum will distribute the proceeds from the sale directly into the investor's wallets in Sygnum's CHF backed stablecoin ("DCHF") among the Tokenholders in proportion to the number of Tokens held. After the proceeds have been distributed to the Tokenholders, the Tokens will be cancelled ('burned').

*Please consult the Token Offering Memorandum

AST (Art Security Token)	PIC1
Token Type	Art Security Tokens constitute ledger-based securities issued in accordance with the Swiss Code of Obligations. The Tokens qualify as transferable securities in accordance with article 2(c) of the Federal Financial Services Act and article 2(b) of the Federal Financial Market Infrastructure Act.
Underlying Asset	Each Token constitutes a securitized co-ownership right to Pablo Picasso's <i>Fillette au béret</i> , (1964), oil on canvas, 25 3/5 x 21 1/4 in. (65 x 54 cm).
Number of Tokens Issued	4000
Issuance Price	CHF 1'089.14 per Token. CHF 89.14 constitute the pro rata share of administrative and management costs per Token (8.92% of asset value) and are payable as agio on the nominal value.
Minimum investment	Purchasers must acquire a minimum of 5 Tokens of CHF 5000.00
Investment Lifecycle	The Underlying Asset has an investment horizon of five (5) years. Thereafter, the administrator pursues the sale of the underlying asset within three (3) years, resulting in a total investment lifecycle of eight (8) years.
Administrator	Spectrum Utilis S.L. Velázquez 75, 1ro. 28006 Madrid, Spain
Advisor	Artemundi LLC 3411 Silverside Rd, Ste 104. Wilmington, DE 19810 https://artemundi.com
Tokenization Provider	Sygnum Bank Ltd., a Swiss bank prudentially supervised by the Swiss Financial Market Supervisory Authority (FINMA).
Partners and service providers (list not exhaustive)	Appraisers Association: https://www.appraisersassociation.org Legal Partners, LEXR: https://www.lexr.ch/
Subscription	Buyers need to open or hold an account with Sygnum Bank AG or with one of their partner banks. The client onboarding process will be carried out by Sygnum within 5 business days.
Tradability	Tokens can be traded worldwide 24/7 on 365 days of the year directly on Sygnum's regulated marketplace for AST's.
Closing	The offering will be closed when the issuer stops offering the tokens or all tokens have been subscribed.
Custody	The artwork is safely stored in a high-security art logistic facility located in Switzerland. Artemundi may elect to loan the artwork for museum exhibitions to enhance its provenance and public accessibility for viewing and contemplation.
Reporting	Every twelve months, Artemundi will prepare a report on the art market performance with a special insight on the tokenized artwork and artist's marketplace with third-party supporting evidence and bibliography.
Distribution of Proceeds	Once the artwork is sold or bought by a majority token holder as described in the TOM ("Token Offering Memorandum"), Sygnum will distribute the proceeds from the sale directly into the investors' accounts.



PABLO PICASSO, Spanish (1881 – 1973)

Fillette au béret, 1964

Oil on canvas

25 3/5 x 21 1/4 in. (65 x 54 cm.)

Signed 'Picasso' right upper; dated and numbered '12.12.64, III' on verso.

Provenance

Galerie Louise Leiris, Paris (acquired directly from the artist stock no. 011675/61640).

Galerie Beyeler, Basel (inventory number 4775 acquired from the above on April 23rd, 1966)

Collection of Mr. and Mrs. Sydney R. Barlow (acquired from the above on June 13th, 1969)

Anon. Sale, Sotheby's, London, 2nd April 1979, Lot 17.

Collection of Bertil Neuman, Stockholm.

Anon. Sale, Uppsala Auktionskammare, Uppsala, 7th December 2016, Lot 1003.

Collection of Javier Lumberras, Artemundi.

Literature

Barr, Alfred and Roland Penrose, *Picasso Works from 1932 - 1965*. Basel, Switzerland: Galerie Beyeler, 1967, cat. No. 56. p. 140. Print.

Catalogue of Highly Important Impressionist and Modern Paintings: From the Collection of Mr. and Mrs. Sydney R. Barlow. London: Sotheby, 1979. Print. lot 17 p. 17 & 18.

Cirici, Alexandre, and Galván J. M. Moreno. *Spanische Kunst Der Gegenwart*. Nuremberg: Kunsthalle, 1967, cat. No. 76. Print.

Hedendaagse Spaanse Kunst van Picasso tot Genovés. Germany: Museum Boymans-van Beuningen, 1968, cat. No. 84. Print.

Nittve, Lars. *Pablo Picasso*. Stockholm: Moderna Museet, 1988. Print. cat. no. 90, p. 238. Print

Tuchman, Maurice, and Ebría Feinblatt. *Picassos in Southern California: A Tribute to the Artist at 90*. Los Angeles: Los Angeles County Museum of Art, 1971. cat. No. 77. Print.

Catalogues

Chipp, Herschel B, and Alan Wofsy. *Picasso's Paintings, Watercolors, Drawings and Sculpture: A Comprehensive Illustrated Catalogue 1885 – 1973*. San Francisco: Wofsy Fine Arts, 2002. no. 64-321, p. 110. Print

Mallen, Dr. Enrique, *Online-Picasso Project*. Huntsville : Sam Houston State University, 1997 – 2021, OPP.64:390

Zervos, Christian, *Pablo Picasso, Vol. XXIV, Oeuvres de 1937 à 1939*. Paris: Editions Cahiers D'Art, 1973, p. 125, no. 320. Print.

Certificates of Authenticity

A photo-certificate of authenticity is signed and dated by Louise Leiris. Paris, 15TH May, 1979.

A photo-certificate of authenticity by the Picasso Administration, authentication committee, signed by Claude Ruiz Picasso, August 8th, 2020.

Picasso Project: OPP.64:390; PP.64:321; ZXXIV:320; BS.67a*:56; BS.67a*:n/a; LA.71a*:n/a; NU.76*:n/a; PX.69*:n/a; RT.68*:n/a; ST.88*:n/a

Exhibitions

Stockholm, Sweden, Moderna Museet, *Pablo Picasso*, 15th October 1988 – 8th January 1989, no.90.

Los Angeles, California, Los Angeles County Museum of Art, *Picassos in Southern California, A Tribute to the Artist at 90*, 25TH October – 21TH November 1971, no.77.

Phoenix, Arizona, Phoenix Art Museum, *Permanent Exhibition (on loan)*, June - October 1969, no. 69

Rotterdam, Holland, Museum Boymans-van Beuningen, *Hedendaagse Spaanse Kunst van Picasso tot Genovés*, July - August 1968, no.84.

Nuremberg, Germany, Kunsthalle Nürnberg, *Spanische Kunst der Gegenwart*, 4TH November, 1967 – 4TH January 1968, no. 76.

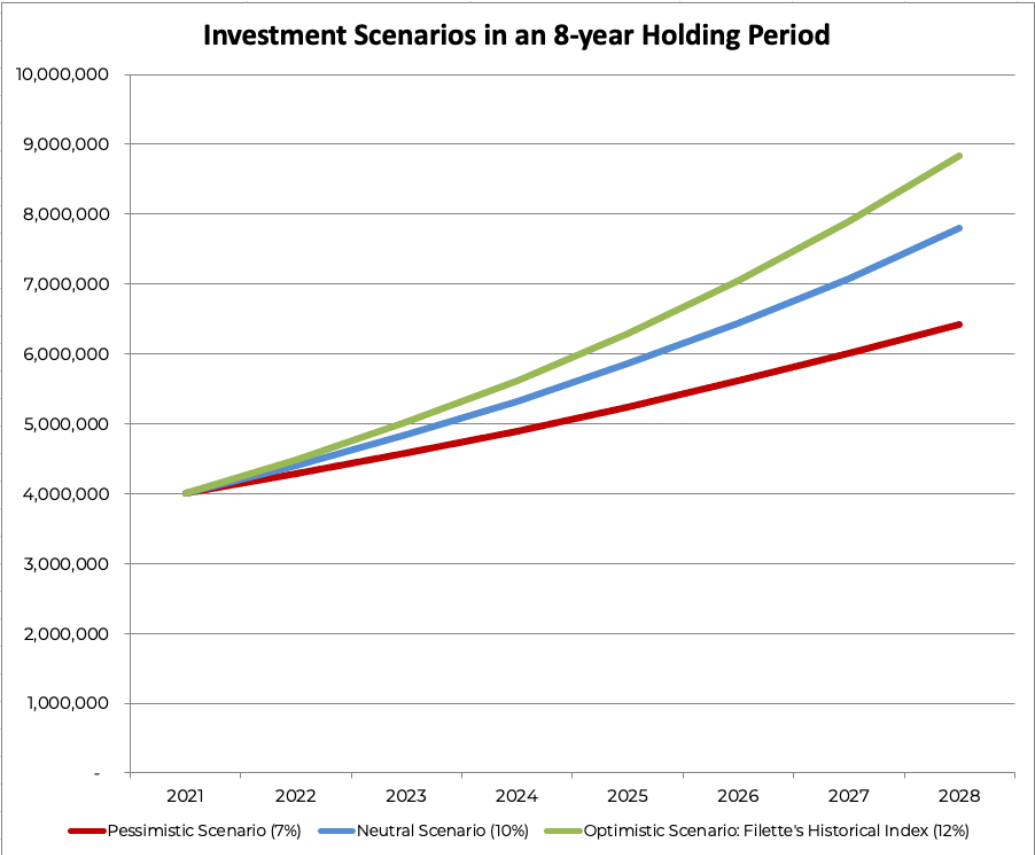
Basel, Switzerland, Galerie Beyeler, *Picasso Works from 1932 - 1965*, January - March 1967, no.56.

About the sitter

On the 12 of December of 1964, *Fillette au béret* was created when Paloma Picasso was 15 years old. The similarities between the painting and the photograph taken less than three months before the creation of the painting are remarkable. Not only do the floral arrangement in Paloma's photograph matches with the red flower tucked behind the right ear of the the girl in the painting, the hair color, the coiffure and the eyebrows are quite similar to the ones in the photograph. Finally, the special treatment of the sitter's chin – which characterized the painter's daughter iconography – is still present in *Fillette au béret* (1964).



Paloma Picasso. (September, 28th, 1964)



Optimistic Scenario (12%): The Picasso Artprice Index for paintings, from the year 2000 to date, produced an IRR average of 14.79%.

Neutral Scenario (10%): Fillette au b  ret own price index by recorded transaction since 1964 had an ROI of 12.04% annualized.

Pessimistic Scenario (7%): The lowest return achieved at any given time by Fillette au b  ret was 8.4% in the last 5 years. The Picasso Artprice All Art Index, which includes a broad spectrum of works from lithographs, etchings, multiples, ceramics, etc., produced an IRR average of 9.5% since the year 2000.

Fillette au b  ret, during the Bertil Newman Collection ownership of 37 years and seven months, grew steadily from US\$45,567 paid at Sotheby’s in 1979 to US\$3,012,991 all-in paid at auction on December 16th, 2016. This represents an 11.8% annualized ROI.

The above scenarios are based on an analysis of every painting auctioned since 1964 and every painting privately sold and publicly recorded found from 1960-1970 (79 events since 1985 and 38 private sales, respectively).

Sources: Artnet, Artprice, Foundation Beyeler, Sotheby’s, Uppsala and the Getty Provenance Index. Performance data displayed herein is historical, is not indicative of future returns and is no guarantee of future results. Information contained in this document is not intended to be used to assist the reader in determining artists or artworks to buy or sell or when to buy or sell such artists or artworks.

PABLO PICASSO PAINTING INDEX



Date	Pablo PICASSO	Painting	S&P 500
12/31/99	100	100	100
12/31/00	85.93	153.63	93.16
12/31/01	100.69	120.97	80.14
12/31/02	95.18	79.85	62.94
12/31/03	111.95	175.22	75.64
12/31/04	140.54	200.65	83.94
12/31/05	161.45	224.67	88.34
12/31/06	170.96	299.57	99.14
12/31/07	195.59	323.55	103.54
12/31/08	183.3	329.76	61.42
12/31/09	134.9	208.85	77.72
12/31/10	165.2	230.69	86.9
12/31/11	195.75	362.52	87.03
12/31/12	210.38	400.6	99.55
12/31/13	288.63	419.65	126.53
12/31/14	227.33	358.1	143.79
12/31/15	299.72	475.37	143.77
12/31/16	227.22	297.38	157.25
12/31/17	225.02	306.14	186.49
12/31/18	233.31	547.65	179.7
12/31/19	203.49	209.17	226.12

©Artprice 2021

Picasso Artprice index grew pre-pandemic from 1999 to 2019, 547.65% in the painting category, compared to the 179% growth on the S&P 500 in the same period. It is important to note, that during the pandemic, while the S&P continued to operate, Picasso ceased to trade because the shipping of artworks was restricted and very few paintings came to the market in 2020.

In the last 10 years, more than US\$4.2 billion in Picasso's art traded hands in public auctions. The highest Picasso sale point was 2018 with US\$744 million turnover. That's twice what the second biggest artist at auction, Claude Monet, was able to bring in. In the last 10 years, 435 paintings have been sold from a total of 33,000 offered lots.

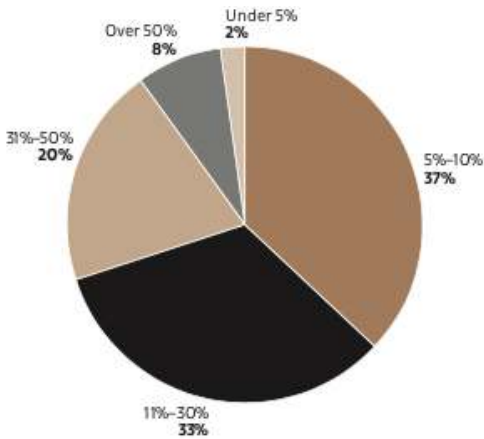
The global marketplace is international: 15% USA, 12% UK, 12% France, 11% Germany, 5% Switzerland, 17% other countries. Since 1982, 246 lots have been auctioned above 5M-dollar threshold, which represents the 62% of the total value of the auction turnover.

Blue-chip art's financial “antifragility” is mainly supported by:

	% ANNUALIZED RETURNS	% ANNUALIZED VOLATILITY (STANDARD DEVIATION)	RETURNS TO VOLATILITY RATIO
Mei Moses All Art Index (1950–2019)	8.4%	16.9%	49.7%
Contemporary Art	9.4%	35.3%	26.5%
Impressionist And Modern Art	8.9%	33.8%	26.2%
Old Master &19th Century Art	7.4%	19.1%	38.8%
American Art	6.7%	37%	18.2%
Latin American Art	12.2%	39.1%	31.2%
Global Equities	7.7%	15.1%	51%
Global Bonds	5.5%	5.3%	107%
US Govt. Long-term Bonds	8.8%	10.8%	82%
US Corporate Bonds	7.9%	6.8%	116%
Developed Market Real Estate	6.3%	19.2%	33%
Commodities	4.8%	14.9%	32%
Gold	6.1%	18.6%	33%
Hedge Funds	7.0%	6.8%	104%

Credit Suisse 2020

COLLECTOR'S ALLOCATION TO ART
IN WEALTH PORTFOLIO



UBS Art Basel Report 2021

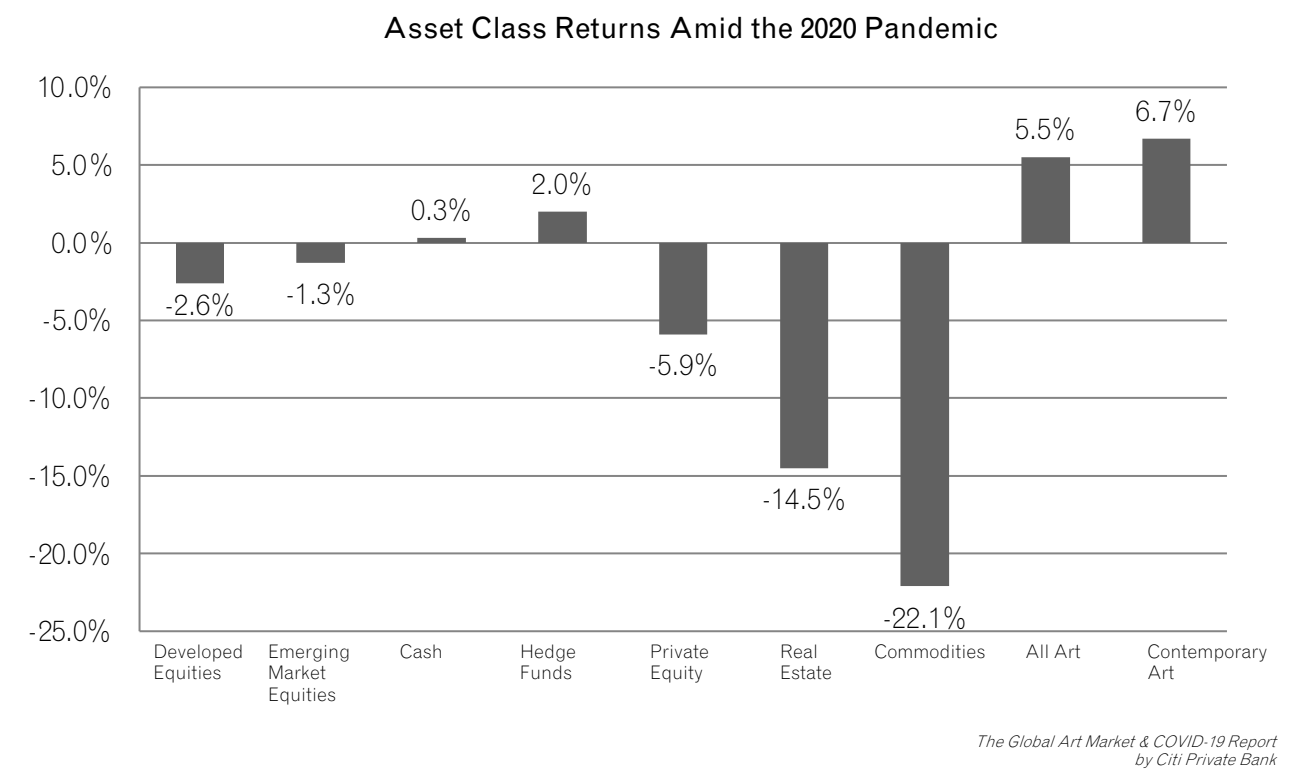
Investors flock to the safety of **tangible assets** in times of turmoil, boosting the demand for A+ artworks, and consequently, raising their prices.

The **finite production** and the **inelastic demand** of museum-quality artworks of Old Masters, Modern, and Post War art, preserved the prices in these categories.

Art’s **portability** allows it to enjoy multiple jurisdictions and currencies.

Against the backdrop of the global Coronavirus pandemic, the events of 2020 brought an **adverse effect** on the global economy, including the art market. Significant changes and uncertainties have impacted nearly every aspect of the art eco-system, from artists to museums to art fairs and galleries.

However, the top end of the art market — especially paintings purchased above US\$500,000 — further from experiencing a recess, has **remained resilient** amid turbulence, increasing 5.5% in the first seven months of 2020.



Returns during pandemic	+5.5% The Global Art Market & COVID-19 Report by Citi Private Bank, 2021
Number of transactions	-26% vs 2019 Artactic Art Market Outlook 2021
Number of bidders	+122 new bidders Artactic Art Market Outlook 2021
BI rate	34% (lower than 2019) Artprice Art Market Report 2021
Auction revenue	-83% Pi-ex Annual Standard Report
Private consignments	-22% vs 2019 UBS Art Basel Report 2021

THE WORLD'S FIRST DIGITAL ASSET BANK.

Sygnum was rooted from the start in the financial hubs of Switzerland and Singapore. From this heritage, they grew to be the first digital asset specialist with both a Swiss banking license and a Singapore asset management license. Sygnum harnesses the power of Distributed Ledger Technology (DLT) to systematically and holistically embed digital assets into regulated banking.

Sygnum's clients believe in the value of digital assets to create new business opportunities and transform the financial industry. They want the security provided by a regulated bank, and the tech-driven innovation and agility of a global digital asset specialist. Sygnum empowers institutional and private qualified investors, corporates, banks and other financial institutions to invest in the emerging digital asset economy with complete trust.

The background of the lower half of the page is an abstract graphic composed of numerous hexagons of varying sizes and shades of white and light pink. These hexagons are arranged in a way that creates a sense of depth and perspective, with some appearing to rise from the surface. In the bottom right corner, a large, solid pink hexagon is prominently displayed, serving as a backdrop for the website URL.

www.sygnum.com

LOOKING AT ART BEYOND ITS EMOTIONAL, INTELLECTUAL, AND CULTURAL VALUE.

Fueled by a **deep knowledge of art and the long experience understanding of its behavior** as an asset, Artemundi has taken traditional art collecting and investing to a completely new level.

Artemundi was born out of a rebellious idea and a principled objective: Help clients build and **diversify art portfolios** without the excessive fees associated with traditional brick-and-mortar art companies while paving the way for **transparent business practices**.

Since the foundation in 1989, Artemundi has evolved to become an industry-leading art investment company with **+1 billion USD** managed in art and thousands of art transactions. It now has over **32 years of experience** providing expert funds and other art management services.



www.artemundi.com

SELECT PRESS



Forbes

Bloomberg

artnet®

ART MARKET MONITOR



SELECT LECTURES



Deloitte.



ARTEMUNDI GLOBAL FUND

During the Great Recession starting in **November 2008**, Artemundi bought a portfolio of artworks on average **35% below fair market** value. The same portfolio **sold with a 54% profit** in 2010.

From 2010 to 2015, Artemundi Global Fund (AGF) paid an **IRR to investors of 17.41%**, net of all fees.¹



US\$211 MILLION

Accumulated Assets Under Management



US\$500 PER SHARE

Book Value (initial)



US\$983.55 PER SHARE

Book Value (final)

From 2016 to 2020, our own and related art investment portfolio produced an average **EBITDA** over sales of 18.8%.²

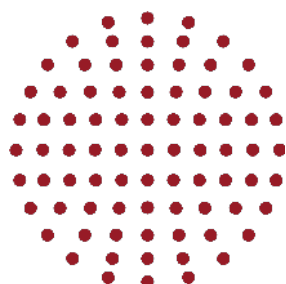


¹ For full performance disclosure and definition of terms, please visit www.artemundiglobalfund.com.
² The numbers we are furnishing you are based on the tax filings made by Artemundi, LLC.

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