



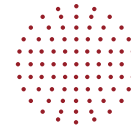
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ARTEMUNDI®  
SINCE 1989

## Annual Report 2023







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## ARTEMUNDI

*Art Investment Management Company*

Artemundi was born out of a rebellious idea and a principled objective: to help our clients build and diversify their art investments without the excessive fees associated with traditional brick-and-mortar art companies while adhering to transparent business practices. We specialize in art investments with **expertise in Impressionist, Modern, Post-War and late XX century historical artworks**, deliberately excluding contemporary emerging art for investment purposes.

Since our foundation in 1989, Artemundi has evolved into an industry-leading art investment company with **thousands of successful transactions and over a billion dollars managed in art**. We have a successful track record providing expert art fund management, and other services. In addition, we have pioneered on a global scale the adoption of technology to create new investment opportunities through blockchain and art securitization.

We know that art is a real and tangible asset that appreciates over time in addition to its priceless emotional, intellectual, and cultural value.

### PROVEN

Our first fund achieved a 96.71% annualized rate of return (2010 – 2015).



### INNOVATIVE

We discover value through innovative strategies and a deep understanding of art as an asset.



### TRUSTED

We hold an impeccable reputation in the industry by protecting the integrity of each of our artworks.

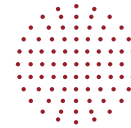


## DEDICATED EXPERTISE.

Decades of experience and our successful track record set us apart as the only art investment management company with a tested methodology.

We achieve attractive rates of return for investors looking to diversify holdings into tangible assets with performance unrelated to the capital markets.





## WHO ARE WE?

### A TEAM WITH EXPERIENCE & VISION.

Our diverse team is integrated by international professionals, art collectors, specialists, and enthusiasts from the United States, Spain, Germany, Mexico, Switzerland, and Brazil, unified by their deep artistic knowledge and their professional dedication towards delivering excellence in the art world.



JAVIER LUMBRERAS

[LINKEDIN](#)

FOUNDER AND PRINCIPAL OF THE GENERAL PARTNER AND THE INVESTMENT MANAGER AND MEMBER OF THE BOARD OF MANAGERS OF THE MASTER FUND GENERAL PARTNER.

Javier Lumbreras (USA & Spanish citizen) is an investor, developer, fund manager, philanthropist, and art collector. He is widely recognized as a pioneer in the field of art finance, namely art funds. He is the current chairman of the board of directors of The Art Fund Association in New York.

His 35 years of experience in managing art as an alternative asset, including fractional art ownership, securitization and portfolio management, as well as art collecting, museum endowments, and art related estate planning, has earned him frequent invitations to lecture at international forums, including The Alternative Investment Association (CAIA), The Authentication in Art Congress in The Hague, the Sotheby's Institute at the University of London, the Heckerling Institute on Estate Planning, the Art Investment Forum, the American Appraisers Association and Deloitte's Art & Finance conferences among others.

Mr. Lumbreras has dedicated years of service to the public as a trustee of various international art museums and other cultural institutions. He has served in leadership positions, including chairman of executive committees and art acquisition/curatorial boards. He is presently working with international cultural leaders, local government, and community authorities in the city of Arévalo, Spain, to establish COLLEGIUM, the first contemporary museum of its kind, dedicated to collection, archival, production and research.

Mr. Lumbreras' background in art and finance hails from a family lineage of art patrons and collectors traced back to 1881. He and his wife Lorena have continued that legacy with the Adrastus Collection of 21st Century Art. Lumbreras is the author of the book *The Art of Collecting Art*.



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KARLA TORRES

VP &  
OPERATIONS  
MANAGER



ALMUDENA  
MULAS

CONTROLLER



NATASCHA  
REIHL

HEAD OF  
PRIVATE SALES  
& BUSINESS  
DEVELOPMENT



ALDONES NINO

CURATOR



SOFÍA FERNÁNDEZ

HEAD OF  
COMMUNICATIONS



SANDRA P.  
KAYAL

CPA



ENRIQUE  
LIBERMAN

US LEGAL  
COUNSEL

## SELECTED PRESS.

BARRON'S  
**PENTA**

**OBSERVER**

**artnet**

**Forbes**

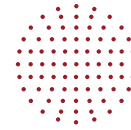
## SELECTED LECTURES.

**Deloitte**



BLOUINARTINFO



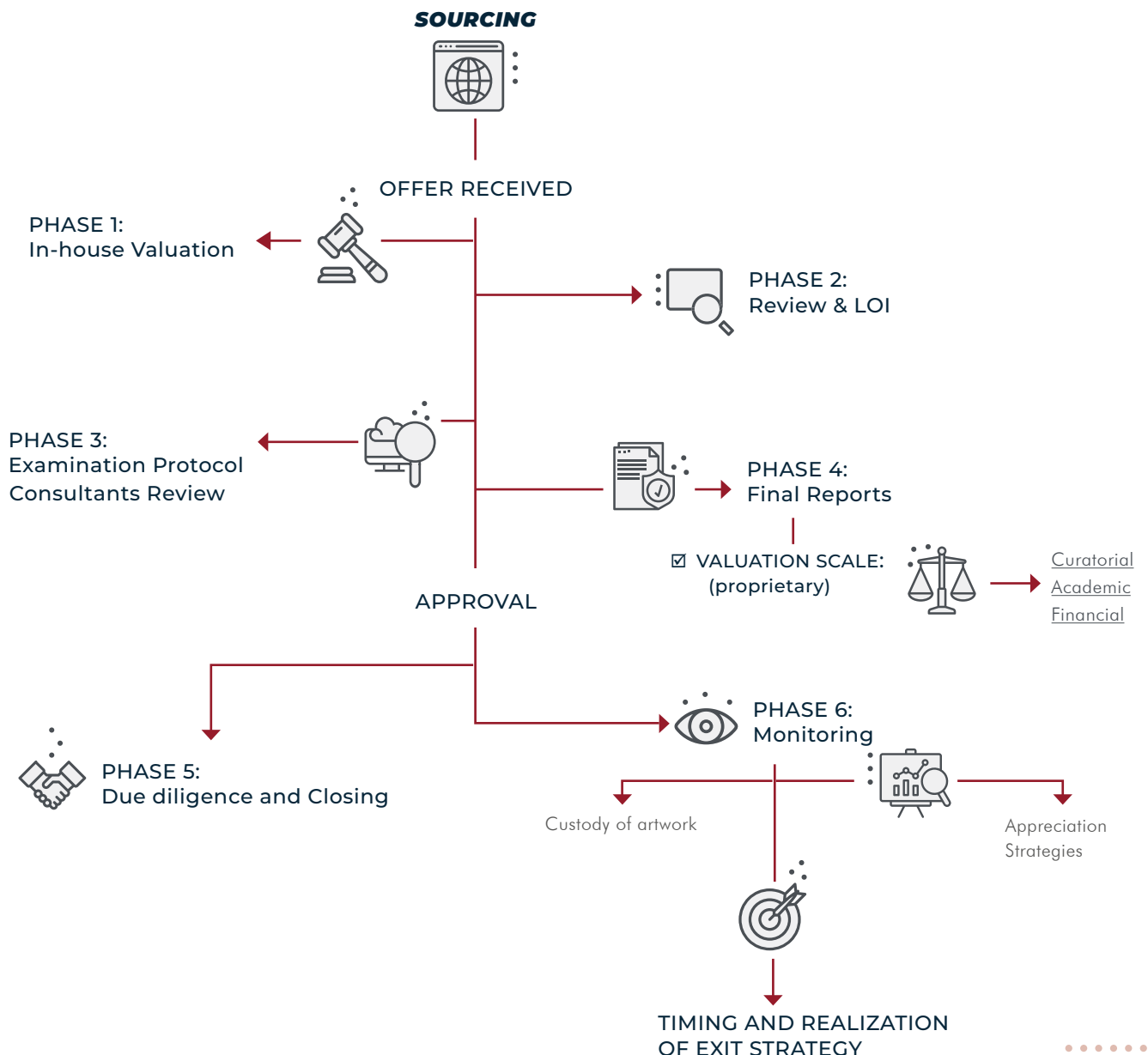


## OUR METHODOLOGY

Artemundi is the only art investment company with a tested methodology spearheaded by the core belief that transparency is the best policy. We provide accurate valuations; keep administrative, operational, and maintenance costs under control; and apply econometric indexes to our appreciation strategies in arms-length transactions.

We have developed a proprietary investment protocol for each potential artwork acquisition based on decades of experience. Quality, provenance, condition, uniqueness, demand, and timing are some of the vital factors considered during appraisals.

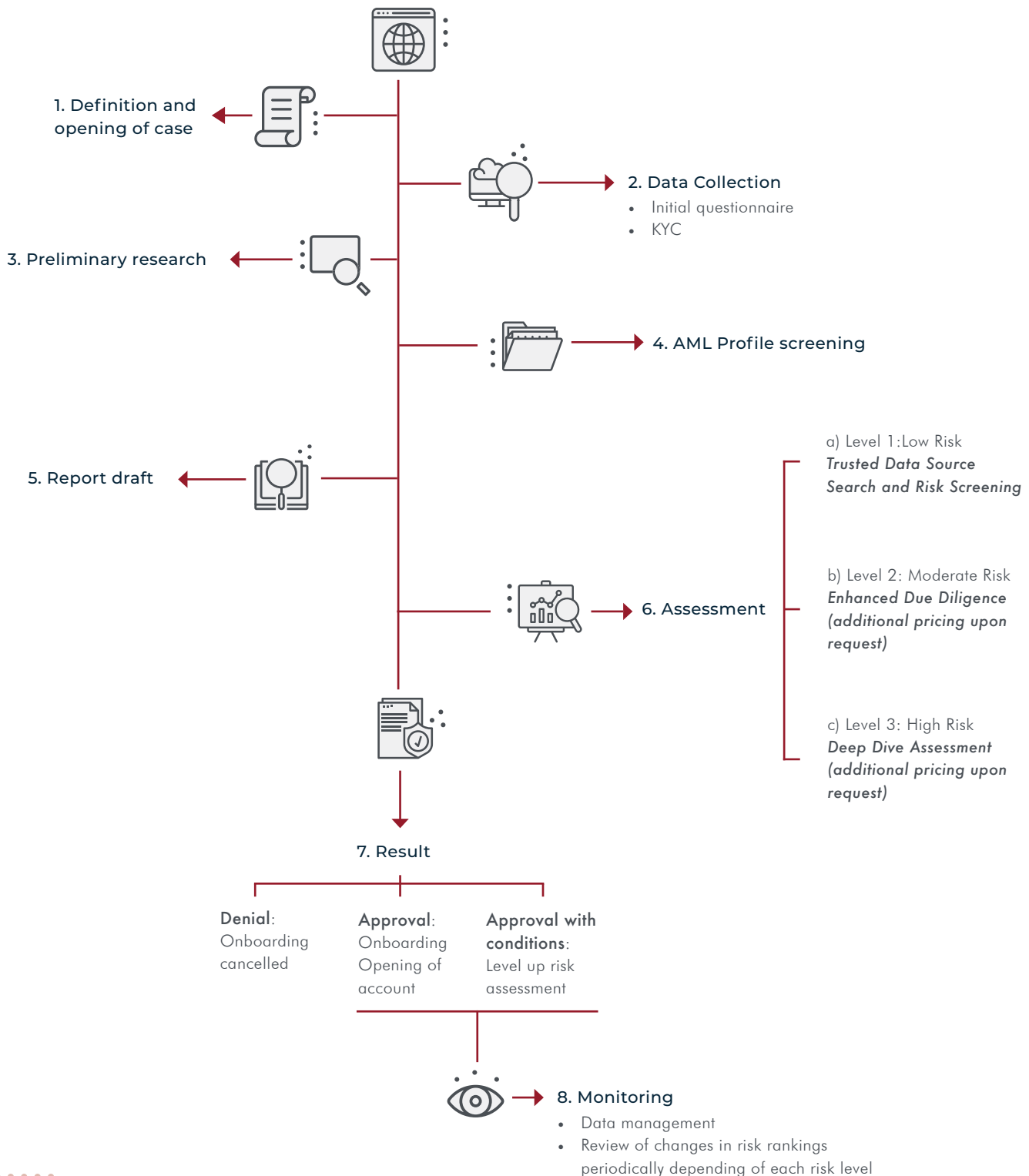
## INVESTMENT PROCESS.



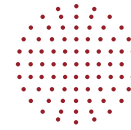
*\*For detailed information about the Investment Process, please contact the Fund's investment manager*



## DUE DILIGENCE PROCESS FOR THIRD PARTY: BUYERS AND SELLERS.



\*For detailed information about the Due Diligence Process, please contact the Fund's investment manager



## GOVERNANCE.

As early promoters of a safe and regulated art market industry, we believe transparency is the best policy. Therefore, we have applied the following measures to our daily operations:

- Compliance with Anti-Money Laundering (AML) regulations.
- Operation under Know Your Customer (KYC) guidelines.
- Verification of the Ultimate Beneficial Owner (UBO) is critical to safeguarding each of our transactions' integrity.
- Observance of the OECD Standards to fight corruption, bribery and promote integrity in the public and private sectors.
- Practice aligned with the Principles for Responsible Investment guidelines promoted by The United Nations.
  - By incorporating Environmental, Social and Governance (ESG) factors in our investment decisions, we ensure that all relevant criteria are accounted for when assessing risk and return.

## APPRECIATION STRATEGIES.

- MARKET RESEARCH
- PROFIT FROM ART-MARKET INEFFICIENCIES
- GEOGRAPHICAL ARBITRAGE
- SUCCESSFUL INVESTMENT MODEL
- ACADEMIC EXPOSURE
- SCHOLARLY CONTRIBUTIONS
- EXHIBITION LOANS
- CONSERVATION/RESTORATION

## AXIOMS & GOLDEN RULES.



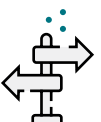
Profit is made fundamentally at purchase through accurate valuations



Acquire artworks in which we can apply appreciation strategies.



Acquire historical masterpieces of fine art with no displacement of value.



Apply econometric indexes and decision support tools.



Keep administrative, operations and maintenance costs under control (expense ratio: < 1% AUM).



Control of investment horizon and exit strategy.



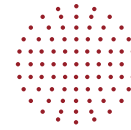
Efficiently minimize transactional costs (i.e. VAT taxes and third party commissions).



## BENEFITS TO INVESTORS.

- TRUST
- TRANSPARENCY
- COMPLIANCE
- PROFESSIONALISM
- DIVERSIFICATION
- RISK REDUCTION
- SUPERIOR RETURNS
- TAX EFFICIENT
- INFLATION HEDGE
- FIDUCIARY DUTY
- ECONOMIES OF SCALE
- GLOBAL MARKET
- LOW EXPENSE RATIO
- MINIMUM TRANSACTIONAL COMMISSIONS
- LOW CORRELATION TO CAPITAL MARKETS








## APPRECIATION STRATEGIES.

 <b>PERMANENT MARKET RESEARCH.</b>	<b>CASE STUDY.</b>
<p>Better access to data and analysis has improved as the art market increasingly looks for enhanced tools to make informed decisions. Transparency is enhanced by the use of online databases, which provide information such as average of prices, volume, index, BI among other statistics.</p>	<p>Following the 2018 take-over of David Zwirner to represent the estate of Joan Mitchell and the major Monet - Mitchell exhibition in Paris the same year, the Joan Mitchell market has seen a significant boost and keeps breaking records. In addition, in the last few years the interest in women artists is growing and museums and private collectors alike are rushing to fill the gender gap in their collections.</p> <p>Thanks to the early identification of this trend, we were able to acquire an important work by the artist below Fair Market Value, which has been increasing in value since.</p>
 <b>SKIN IN THE GAME.</b>	<b>CASE STUDY.</b>
<p>Through decades of investment in art, our experienced team has learned the best practices to mitigate risks and take advantage of the art market imperfections.</p>	<p>We believe a diversified portfolio is the best protection from trend-based value fluctuations. By keeping administrative, operations and maintenance costs under &lt; 1%, we are further able to achieve attractive returns. Finally, we keep a percentage of all of our fractional art ownership offerings and are directly affected by the performance of our investment opportunities.</p>
 <b>EXHIBITION LOANS.</b>	<b>CASE STUDY.</b>
<p>Making pieces available to museum exhibitions benefits the artworks with enhanced provenance. This practice also provides academic exposure and increases the desirability of our inventory.</p>	<p><i>Untitled</i> by Willem de Kooning, a piece held by the AGF, was loaned to MoMA (New York) in 2011 as part of the artist's retrospective. As a result of its international visibility, collectors' interest in this artwork increased considerably, ultimately achieving a return of 29% after less than 6 months holding.</p>
 <b>EXTENSIVE DUE DILIGENCE.</b>	<b>CASE STUDY.</b>
<p>Our examination and investment protocols, due diligence processes, appreciation strategies, active management procedures, financial analysis and portfolio-balancing policies have set the standards in the art investment industry.</p>	<p>Our team secured certification by the Alfredo Ramos Martínez Research Project for the work <i>Flowers of Mexico</i> (1938). The registration and certification of the work in the artist's catalogue raisonné increased the price of the piece, achieving a 28% return.</p>



## APPRECIATION STRATEGIES.

 <b>GEOGRAPHIC ARBITRAGE.</b>	<b>CASE STUDY.</b>
The art market enjoys multiple jurisdictions resulting from globalized access for both sellers and buyers. Tax arbitrage and cross exchange rate discrepancies allow us to increase our investor's return.	Our global network and over three decades of buying and selling high-profile artworks, allow us at Artemundi to profit off geographic arbitrage and to identify regions that are more beneficial than others to buy/sell artworks by certain artists
 <b>CONSERVATION/RESTORATION.</b>	<b>CASE STUDY.</b>
The inevitable decay caused by the effects of time and handling decreases a work's value. Nevertheless, a poor conservation state may offer negotiation discount leverage offering the opportunity for a professional restoration based value-add strategy.	Artemundi used restoration to increase the value of a XIX Century landscape by Velasco, which was on offer under its fair market value due to its poor conservation condition. After a simple cleaning and relining, the piece was sold in only 58 days, producing a 23% return on investment.
 <b>ECONOMIES OF SCALE.</b>	<b>CASE STUDY.</b>
Artemundi's investment fund structure offers the efficiency of economies of scale to manage large portfolios without a significant increase in the administrative expenses or affecting the fund's performance.	During AGF, the average cost of maintaining, storing and insuring US\$1 million of art investments for one year was estimated at US\$1,857 and remained directly related to the inventory size. However, management and administrative expenses remained close to constant at 0.80% of AUM, considerably lower than most alternative asset investment funds.

## ARTEMUNDI'S STRATEGIES OF MANAGING ART INVESTMENT RISKS.

### ART MARKET IMPERFECTIONS

Limited offer  
Black market  
Lack of liquidity  
Barriers to entry  
Imperfect indexes  
Asymmetric information  
Artworks are indivisible  
Principal-agent problem  
Oligopoly of the auction houses  
Market based on trust relationships  
Process of acquiring artworks is slow  
Price determination in primary markets  
Market is not robust in every price sector



### ARTEMUNDI COUNTERMEASURES

Acquirement capacity  
Due Diligence, examination protocol  
Stability  
30+ years of experience  
Total knowledge over all markets  
Accuracy in valuations  
Securitization  
Arm's length transactions  
Private closings: discretion, efficiency, velocity  
Arm's length and transparency  
Wire Fast-turn over (10 days avg.)  
Stay away from primary markets  
Identify and monitor robust sectors



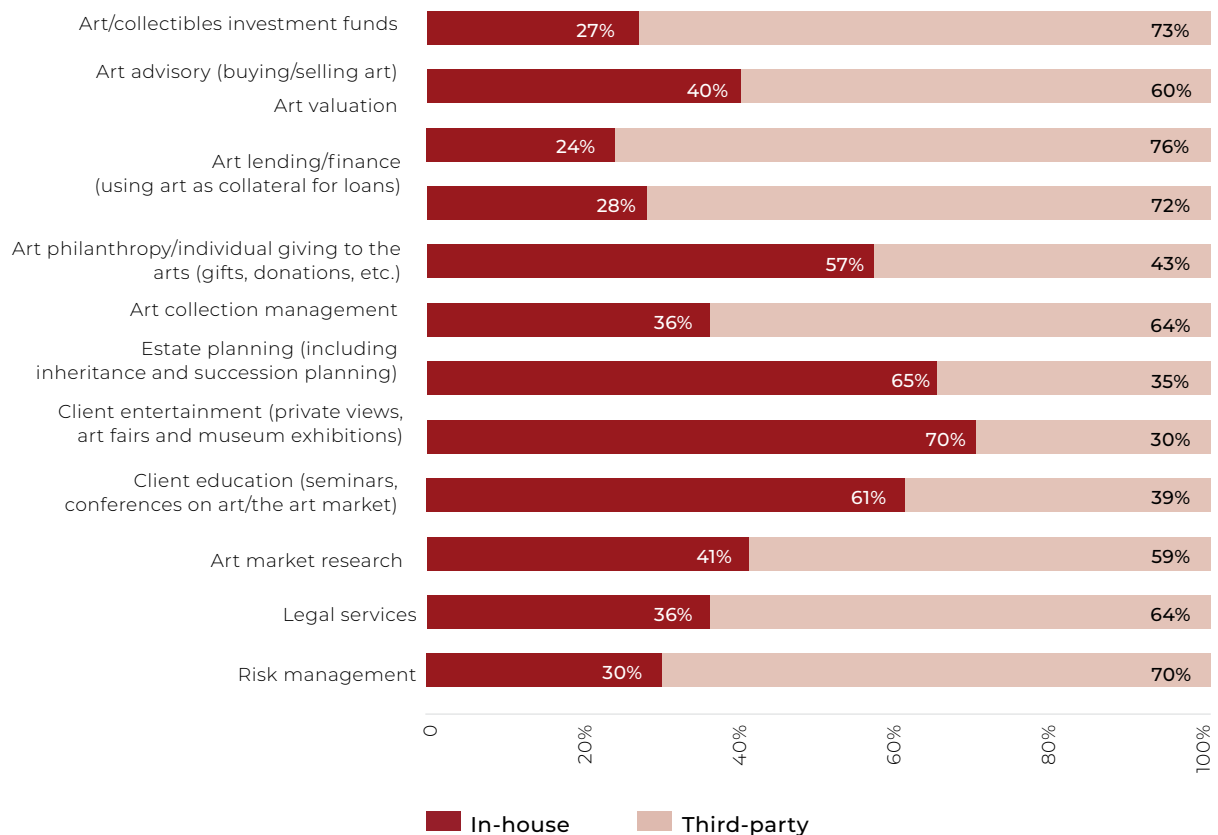
## ART MARKET IMPERFECTIONS.

ART INVESTMENT RISKS	ARTEMUNDI'S COUNTERMEASURES
AUTHENTICITY RISK	The verification of genuine art is extremely difficult due in part to the absence of generally accepted industry-wide best practices, including authentication processes and governance authorities. We have developed a strict examination protocol to verify a work's provenance. This due diligence process also includes achieving consensus amongst the artist's experts, states and foundations.
ENTITLEMENT RISK	Transparent and secure ownership is vital to any market. We use title insurance, not as a guarantee, but to strengthen the operation and consummate the sale of a work of art. The title risk is transferred to the insurance policy issuer who assumes the loss if the insured artwork is subject to a better legal claim by a third party, offering buyers another layer of security.
LACK OF LIQUIDITY	Art's lack of liquidity functions favorably for assets with value stability and low correlation with the stock market. The low volatility of art was accurately demonstrated during the 2008 recession when art indexes only dropped 4.5%, while the S&P 500 dropped approximately 37.5% Furthermore, in 2010, the All Art Index grew to 22.6% and 10.2% in 2011, compared with the stock market's 9.1%. A similar effect was observed during the global health crisis of 2020, when most markets and economies struggled in the imminent years after while the art market flourished and achieved record highs.
OLIGOPOLY OF THE AUCTION HOUSES	We mainly use private purchase and sale contacts to minimize commissions, maintain discretion and enjoy velocity in transactions. Auction houses are used for appraisal purposes and placement of artworks that require a wide database of HNWI buyers.
CAUSALITY RISK	Casualty risk remains a constant reminder of the real and tangible properties of art. It is indispensable when assessing the value of a collection to quantify the potential financial loss and its "replacement cost." Appropriate insurance coverage is mandatory, but preventive measures can diminish risk. The use of experienced personnel, professional packing, high-security warehouses and proper climate conditions minimizes insurance policy costs.
DISCRETION	Our econometric models and indexes, allow us to assure accurate valuations. In addition, our +30 years of experience have secured our relationships with other market players and authors in the field.
UNREGULATED MARKET	Over 167 laws regulate the British art market alone. Likewise, New York City has developed its own Arts and Cultural Affairs Law. While de jure rules may become necessary, reputation is, in the end, the most important de facto regulatory bastion in the art market. Reputation can be inspired by trust, but it is mostly acquired by repeated success in transactions and trustworthy assessments.

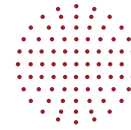


Artemundi has designed a series of investment vehicles and products based on different investment horizons and risk-return tolerance that effectively contributes to patrimonial diversification and asset preservation while producing attractive returns. These vehicles are designed with a crystal clear appreciation of art for its aesthetic, intellectual and emotional qualities, but also a deep and experienced understanding of the behavior of such a unique asset.

*Wealth managers: Which of these art-related services do you offer in-house vs. offered by a third party? (in percent)*



©Deloitte Luxembourg & ArtTactic Art & Finance Report, 2023



## FRACTIONAL ART OWNERSHIP.

Fractional art ownership opens up the opportunity to own and trade “shares” of fine art masterpieces in a regulated and transparent marketplace. With the expertise of Artemundi, this model has become an attractive alternative investment available to accredited investors and permissioned markets through various providers.

Our collaboration with the Swiss company Splint Invest, adhering to Finma regulations, enables European investors to purchase and own fractions of artworks, referred to as “splints,” starting from 50 EUR on their platform. This offering is available in permissioned markets.

In a groundbreaking move in 2021, Artemundi, in partnership with Sygnum Bank, fractionalized Picasso’s *Fillette au béret* painting. This marked the first time that ownership rights in a Picasso, or any artwork, were recorded on the public blockchain by a regulated bank. The artwork was successfully sold in May 2023.

Artemundi plays a pivotal role in facilitating access to digital marketplaces and reducing entry barriers to the art market. Operating under Swiss banking regulations, both institutional and private investors can buy, sell, or trade fractionalized ownership of blue-chip artworks.

### Why is fractional ownership possible today?

- Technology allows direct ownership.
- Technology transforms art into bank-grade securities on the blockchain.
- Technology allows fractionalization of the asset for diversification.
- Technology allows liquidity on secondary exchanges.
- Technology makes the underwriting, ownership, and tradability direct, safe, and accessible with the click of a button.
- Technology significantly reduces cost and counterparty risk by providing peer-to-peer transactions between buyers and sellers.
- Technology and smart contracts “if > then”, implement commands or instructions instantly, without the possibility of human error.

### Why Splint Invest?

- Trust.
- Expertise: Splint Invest is a pioneer in fractional ownership of different alternative investment assets.
- True democratization and accessibility to alternative investments.

### Why Sygnum Bank?

- Trust
- Expertise; Sygnum is the world’s first digital asset bank, licensed by FINMA (Swiss Financial Market Supervisory Authority).

### Why Switzerland?

- Switzerland is a pioneer and an early adopter of DLT (Distributed Ledger Technology) regulations, making it one of the few jurisdictions that recognize securities natively issued on a blockchain.



## THE BENEFITS.

### TRUE OWNERSHIP



Artworks can be directly owned by multiple investors thanks to the blockchain and the underlying Swiss legal framework.

### REDUCED RISK



The artworks are managed by Artemundi who has over 34 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.

### INSTANT ACCESS TO YOUR ACCOUNT



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

### 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

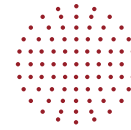


On the basis of blockchain technology, buyers and sellers can trade on a peer-to-peer basis, thereby eliminating the need for intermediaries and reducing transactional costs.

### GLOBAL LIQUIDITY 24/7



The platforms we work with provide efficient secondary markets where to buy, sell or exchange tokens for any listed artwork tokenized by Artemundi, thereby improving the liquidity of artworks without lock-in periods.



## MORE BENEFITS.

### DIVERSIFICATION

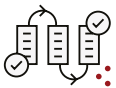


Hedge against all odds: High art's inherent value has a proven track record for constant appreciation. It is highly uncorrelated to financial markets and macroeconomic effects, and its value is mostly invulnerable to any financial crisis, no matter their length or severity. Even in war-like scenarios,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

### 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.

## SYGNUM.

Artemundi and Sygnum Bank's pioneering venture culminated in the successful sale of the tokenized artwork *Fillette au béret* by Pablo Picasso, with investors experiencing an annualized ROI of 15% (net of all fees and expenses) over a period of 1.4 years. This collaborative effort, initiated in 2021, saw over 60 investors participate in the ownership of the painting.

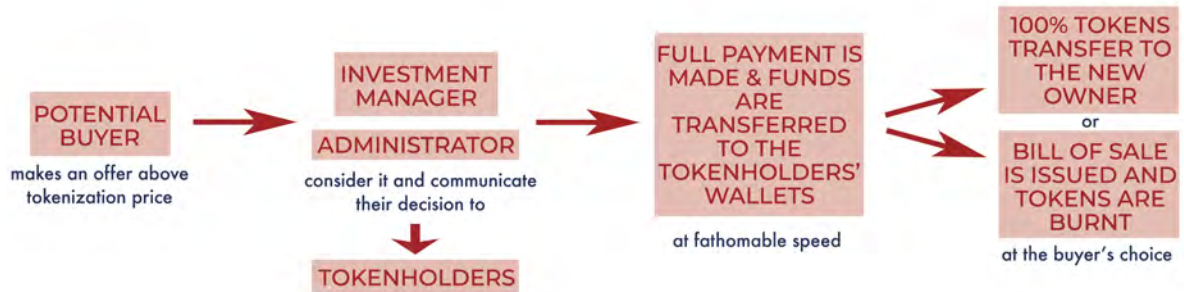
Javier Lumbreras, CEO of Artemundi, underscored the project's success in merging traditional art trade fundamentals with the efficiency of blockchain technology. Meanwhile, Fatmire Bekiri, Head of Tokenization at Sygnum, highlighted the tangible benefits for investors, including portfolio diversification and significant returns. This successful project exemplifies the potential of fractional art ownership in today's digital age.

- Date of issuance: October 2021
- Tokens issued: 100%
- Issuer: Spectrum Utilis, S.L.
- AST symbol: PIC1
- Custodian: Sygnum Bank
- ISIN number: CH8301001400
- Life cycle: 96 months
- Total investment time at exit (years): 1.4
- Annualized ROI, net of all fees and expenses\*: 15%

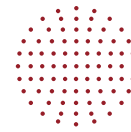
\*Results may vary between initial token holders and others purchasing their units via the bank's exchange (SygnEx) at different intervals and their respective pro-rata share of the administrative expenses.



## THE PROCESS OF SELLING A TOKENIZED ARTWORK



Pablo Picasso, *Fille au béret*, 1964



## SPLINT INVEST.



Salvador Dalí

*The Mill Tower*

1977

[Click here for more details](#)

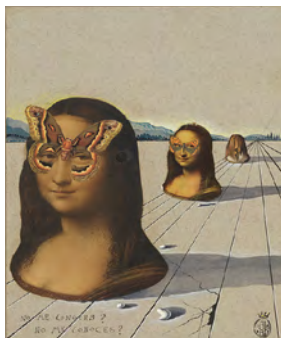


Miguel Covarrubias

*Juchitectos Dancing the Son*

1942

[Click here for more details](#)



Salvador Dalí

*Hidden Faces*

1952

[Click here for more details](#)



Marc Chagall

*The Sleep of Love*

1956 - 57

[Click here for more details](#)



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## ART FUNDS.

We specialize in providing art fund management services and investment vehicles dedicated to generating returns through strategic artwork acquisition and disposition.

## THE MUSEUM FUND.

As The Museum Fund's (TMF's) Development Manager, Artemundi is proud to support this organization. TMF is a public charity with an active management approach for the benefit of its nonprofit members, including museums and other cultural organizations. It supports their collections, endowments, and aspiring programs.

This innovative model will allow underutilized artworks to contribute to an active and diversified art portfolio to maximize its aggregate value. In turn, this will both fulfill the philanthropic intentions of each donated piece's owner and aid museums with continuous funding.

## BESPOKE FUNDS.

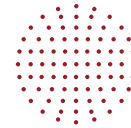
A Bespoke Art Fund is a tailor-made service in which an art fund is planned based on each client's investment objectives. While benefiting from our fund management expertise and resources, these custom-designed structures are outlined depending on the risk/return tolerance, portfolio, investment focus, timeframe, tax benefits and customized reporting.

For example, Artemundi has partnered with Ampersand to launch and manage Qualified Opportunity Funds, providing a service to economically challenged communities, whilst US investors may benefit from certain tax advantages offered under the Tax Cuts and Jobs Act of 2017 (the "TCJA").

## NFT: THE GOYA COLLECTION.

Artemundi and BridgeTower Capital, an innovator in connecting blockchain markets globally, are launching the "Masterpieces of Art" Limited Edition dynamic NFT Series featuring historically acclaimed pieces of art from Spanish master Francisco Goya.

The first five NFTs released from the Goya Caprices, available at BridgeTower Market, include: *They already have a seat*, *What a golden beak!*, *You won't escape* and *What a sacrifice*. A new NFT will be released every two weeks, including its correspondent discussion forum, podcast and more educational materials to foster contemporary discussion on the multiple meanings of these timeless artworks.



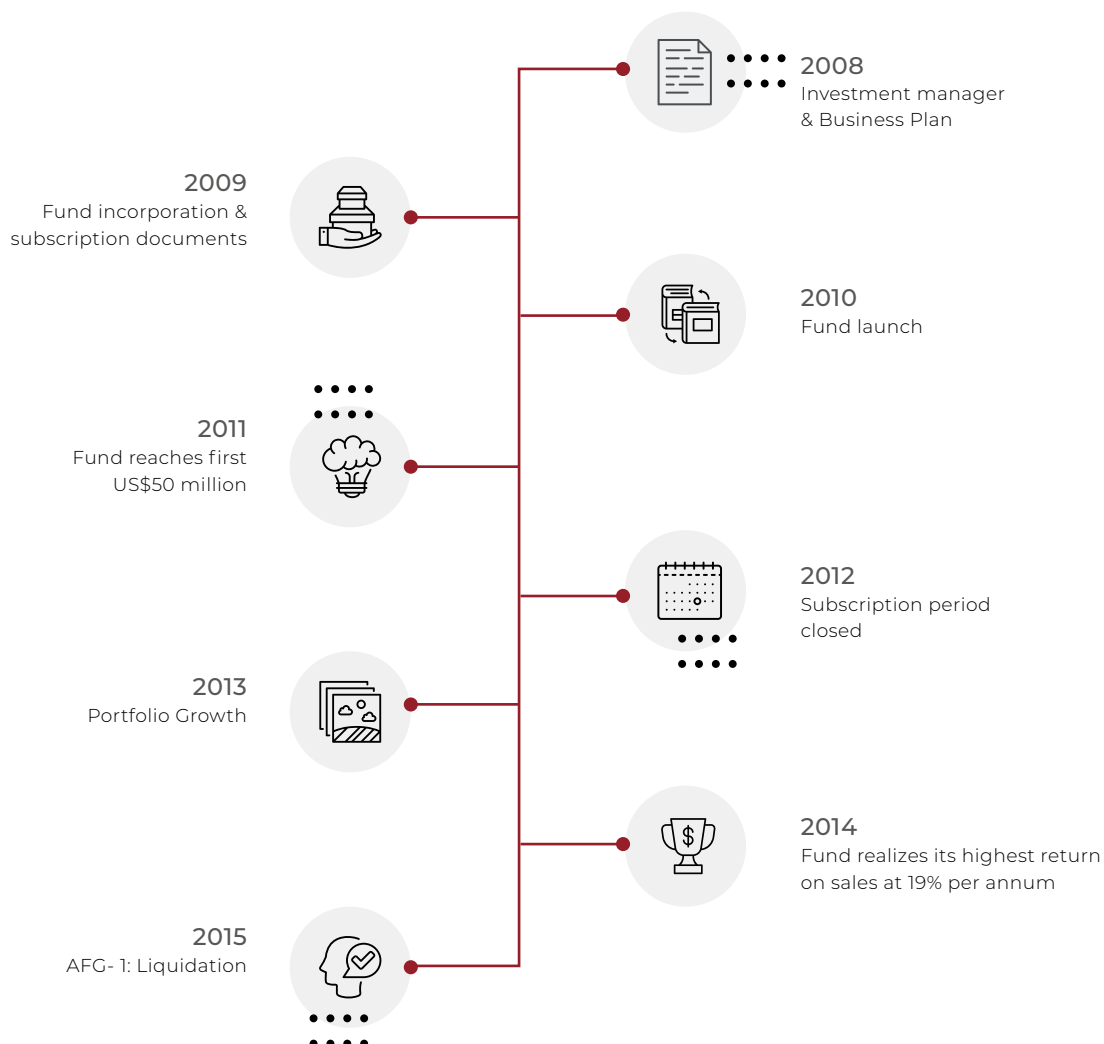
## TRACK RECORD

### ARTEMUNDI GLOBAL FUND (2010-2015).

The 2008 financial crisis and subsequent stock market volatility led many high-net worth individuals and institutional investors seeking stability and higher returns to turn to alternative investments, including real estate, private equity, venture capital and collectibles (the latter category encompassing art).

Javier Lumbreras founded the Artemundi Group in 1989, personally aware of the advantages of art as an asset and spurred by the personal understanding of art collecting as a noble effort that enriches the lives of those who pursue it. In 2008 Lumbreras created Artemundi Global Fund ("AGF"), a closed-end fund that actively managed US\$221 million, with an average annual return of 17.07% or 85.36% net, paid at exit in 2015.

#### *Timeline*





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## FUNDAMENTALS.



5 YEAR CLOSED-END FUND



GROSS RETURN (5 years): 96.71%



NET RETURN (5 years): 85.36%



IRR: 17.41%



ACCUMULATED ASSETS UNDER  
MANAGEMENT: US\$211 million.



BOOK VALUE (INITIAL): US\$500 per share



BOOK VALUE (FINAL):  
US\$983.55 per share



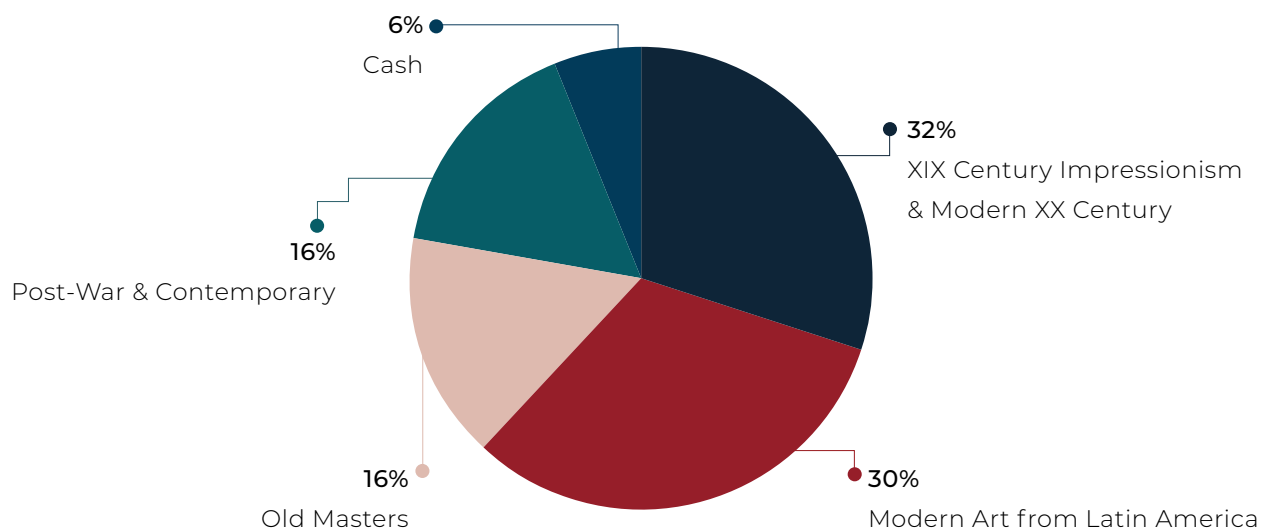
MINIMUM INVESTMENT: US\$250,000 for  
individuals and US\$1'000'000 for institutions.

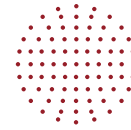
## INVENTORY FACTS.

Average date of the artworks in the portfolio: 1937

Average time work held in inventory: 455 days

Number of transactions during the fund: 170

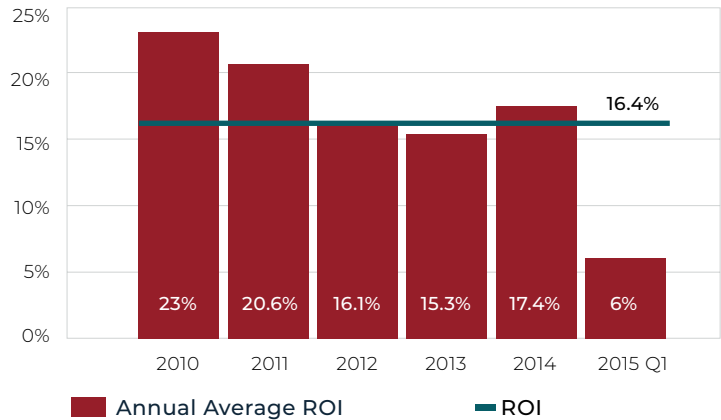




## PERFORMANCE.

### RETURN ON INVESTMENT (ROI)

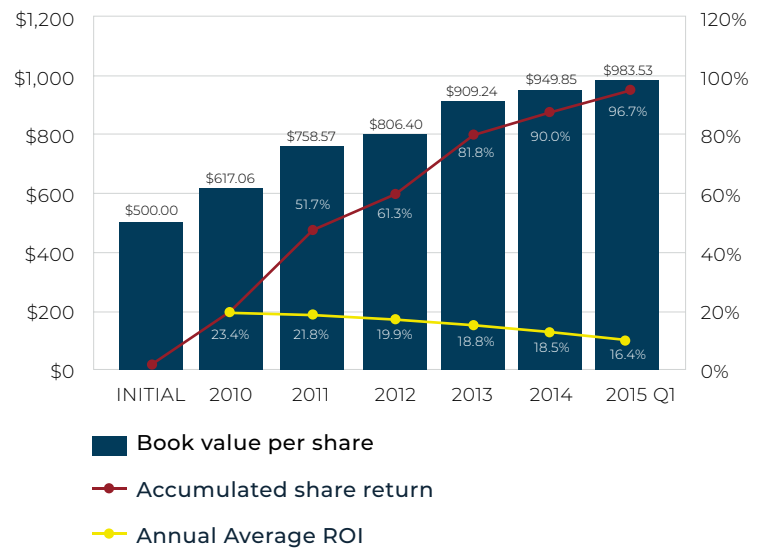
The accumulated ROI from the first four years of operations amounts to 92.5%, or an annual average of 18.5% in 2014, or 16.4% including 2015 Q1.



©Artemundi LLC, 2015

### THE BOOK VALUE PER SHARE INCREASED 96.7% THROUGH THE LIFE OF THE FUND

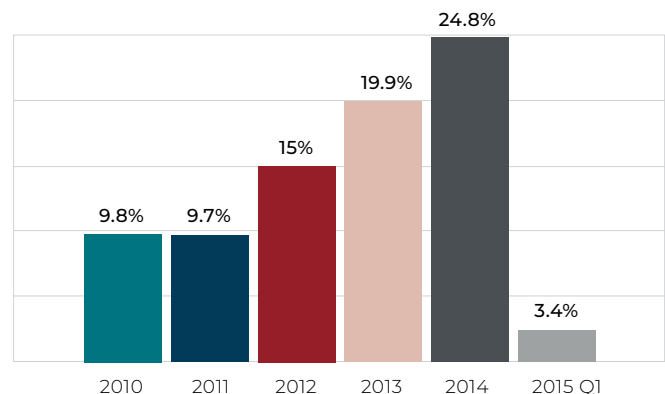
The annual rate of appreciation in value decreased year on year because of the art-to-market adjustments done in the first year, when many artworks were added to the portfolio (reflecting that works were mostly acquired at a discount and subsequently brought up to FMV for valuation purposes). A considerable share of the inventory was held for appreciation since the Fund's inception and increased in value since then, but at a decreasing rate.



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### RETURN ON ASSETS (ROA)

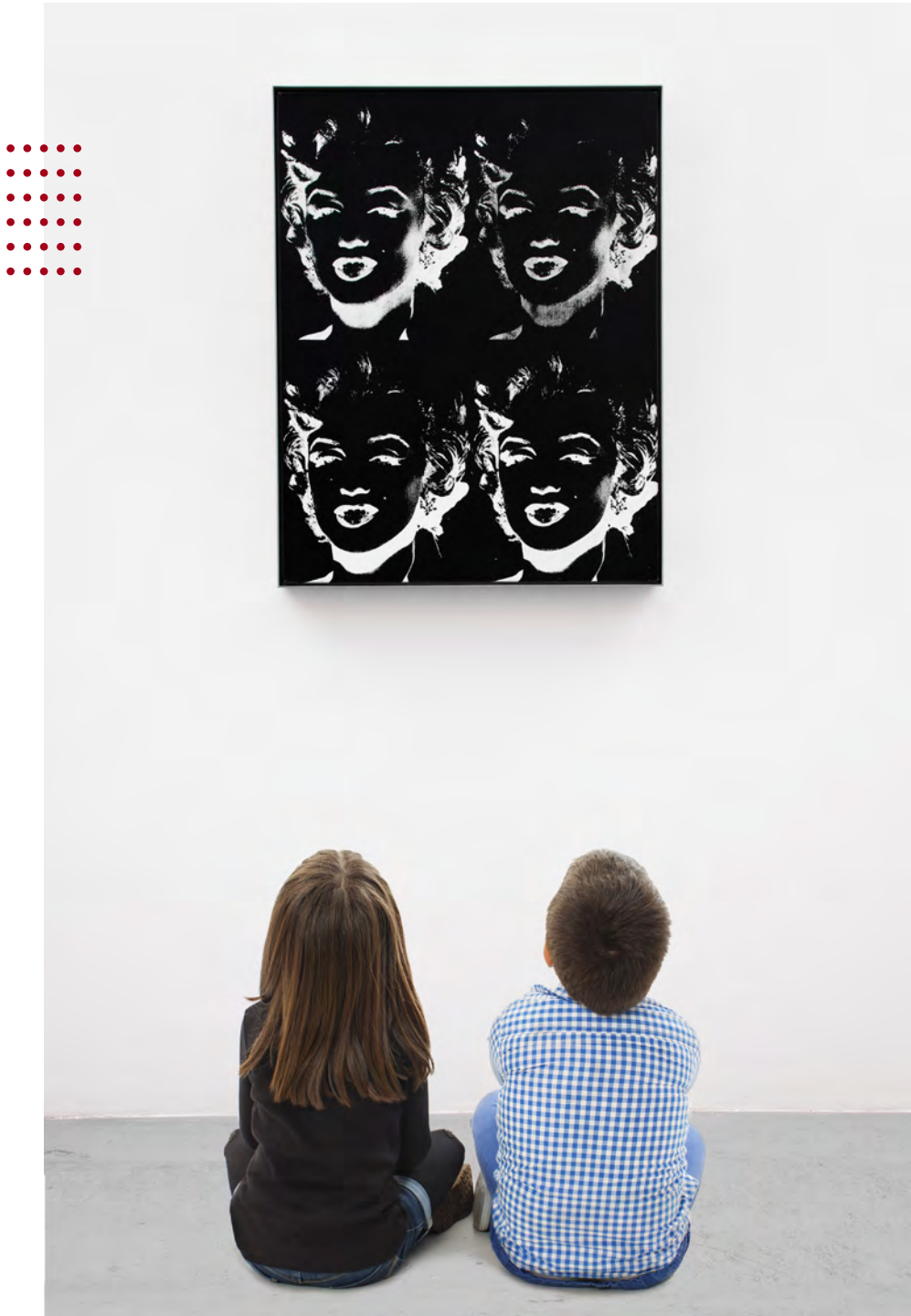
On average, the Return on Assets has been 13.7% through the Fund's term. ROA is an indicator of how profitable a company is relative to its total assets. It provides a reference on how efficient the management is at using its assets to generate earnings. It is calculated by dividing a company's annual earnings by its total assets.

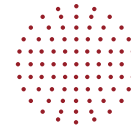


©Artemundi LLC, 2015



From 2016 to 2019, our own and related art investment portfolio was around US\$100 million AUM per annum. Artemundi produced an average EBITDA over sales of 18.8% during that same period.





## ART PROFESSIONAL SERVICES.

## MANAGED ACCOUNTS.

Our experience and resources are available to clients for the management of their wholly-owned portfolios. We guide you through a number of scenarios under which a person or an institution can look at an art investment strategy based on risk tolerance, legacy objectives, tax strategy, asset protection, social responsibility, capital preservation, diversification, and so forth.

## CO-INVESTMENTS.

As co-investors, clients acquire a co-ownership share in one or more specific artworks recommended by us. Available under both “equity” and “debt” structures.

FEATURES	EQUITY CO-INVESTMENT	DEBT CO-INVESTMENT
COMPARATIVE RISK/ RETURN PROFILE	Highest risk/return profile offered. Mitigates risk exposure versus sole purchase of a work (with or without an independent professional consultant).	Lowest risk/return profile offered. Limited upside.
AVERAGE ESTIMATED RETURNS	14-18% ROI per annum	6-10% Annual Interest Rate
DESCRIPTION	Equity contributed remains on Artemundi's books. Artemundi manages the purchase and sale transactions and acts on the co-investor's behalf. An account payable to the co-investor is recognized upon the sale of the artwork. The co-investor does not receive shares in Artemundi.	Artemundi assumes liability and interest payments in favor of the co-investor. Artemundi manages the transaction and acts on the co-investor's behalf. An account payable to the co-investor is recognized upon sale of the artwork. The co-investor does not receive shares in Artemundi.
AVERAGE INVESTMENT HORIZON	1-3 years	1-3 years
FEES	Artemundi charges co-investors consulting and transactional fees ranging from 2% to 10% of profit.	Artemundi charges co-investors consulting and transactional fees ranging from 2% to 10% of profit.



## PROFESSIONAL COLLECTION BUILDING.

Regardless of what you have in storage or hanging on your walls, we will make sure that your entire art collection is rightfully managed. Some of the services include advisory on acquisitions, sales, insurance underwriting, conservation, authenticity, exhibition loans, shipping, storage, database cataloging.

In addition to the scholarly research of each artwork among the artist's production, and the curatorial dialogue with your collection.

With years of art collection management experience, we have all the tools and knowledge you could ever need through strict confidentiality, meticulous study and due-diligence.

## CORPORATE COLLECTIONS.

Fine art is more than a decoration in an office. Starting as a statement on the company's culture, art can become a powerful asset that offers notoriety while providing financial returns, hedging possibilities, and tax benefits. Banks, companies, governmental and semi-governmental organizations are positioning themselves as the new art patrons, often overwhelmed with the time and expertise required to manage their corporate collection.

From curatorial practices to museum loans and cataloging, our experts are able to plan a business strategy to build your corporate art collection and even help with sourcing or selling artworks, script curatorial perspective, organize museum loans, and design maintenance protocols.

## PRIVATE MUSEUM SERVICES.

Our dedicated team can sensitively assist museums and institutions with services such as:

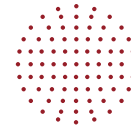
- formal independent valuations
- acquisitions and deaccessioning
- donations in-kind, grants, or bequests
- museum loans
- condition reports
- shipping and logistics
- collection assessment and analysis
- registrar and cataloging practices

Furthermore, we have designed The Museum Fund in order to take an active management approach for the benefit of non-profit organization members supporting their museum aspiring programs.

## STRATEGIC PARTNERSHIP.

Artemundi is open to entering into strategic partnerships with the aim of sharing complementary businesses. From marketing campaigns to sponsorship opportunities, our business collaborations can gain access to new markets and our sophisticated clientele.

Our value-creating alliances are based on our in-depth knowledge of the inside dynamics of the art market and can creatively improve positioning, share risks and pool resources for aligned objectives.



## HERITAGE & TAXATION.

As art collectors ourselves, we understand the intricate balance between the emotional motivations and the financial footprint of each art treasure hunt. Regardless of the size of a collection, estate planning is an essential step that empowers the collector through an active role to ensure his or her artistic vision will endure over time.

Our key to succession planning of a collection is, first and foremost, to understand the collector's vision and innermost wishes. And from there, we can craft provisions and mechanisms before disposition to ensure fairness, avoid family disputes and protects the beneficiaries from expensive taxes and art management workload.

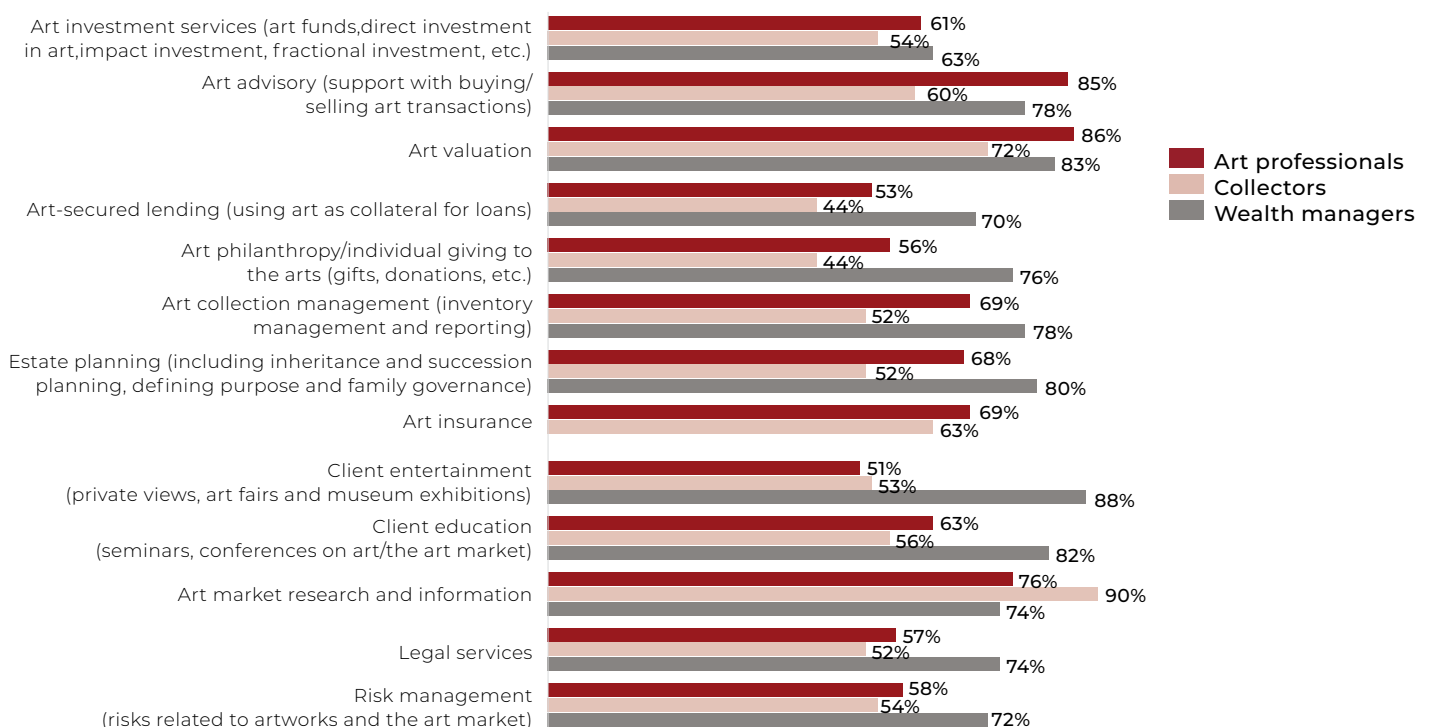
Have you given a thought to what you want to do with yours?

## ESTATES & APPRAISALS.

Our extensive network and expertise allow us to provide professional appraisals for collections, museums, fiduciaries, courts, and IRS compliant non-cash charitable contribution reports. Our field of expertise includes Old Masters, XIX Century art, Impressionism, Modern, Post War, and Contemporary art.

Adhering to the high standards of the [Appraisers Association of America](#), we are USPAP-compliant through [November 2022](#). We deliver independent, ethical, and objective valuations for insurance, estate tax, charitable donations, equitable distribution, and liquidation purposes. Fees for written appraisals are quoted on a case-by-case basis.

*Gap analysis: Which services are the most relevant to collectors and art professionals vs. what wealth managers are currently offering*



©Deloitte Luxembourg & ArtTactic Art & Finance Report, 2023



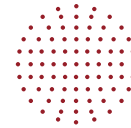
ARTEMUNDI®  
SINCE 1989

## CURATORIAL RESEARCH.

Our curatorial research service can assist you in the interpretation of your collection to inform, educate and inspire through the act of selecting, organizing, and presenting artworks for display.

Our investigation examines the cultural, artistic, historical and emotional significance of any piece in your collection. Our curatorial skills can considerably enrich the provenance, documentation and visual archive of your artwork.





## ART AS AN ASSET

### PEACE OF MIND.

High art is the perfect instrument for asset protection from frivolous lawsuits, even better than gold, certificates or real estate.

### 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 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 hasn't been a time in history, over 500 years when a Leonardo hasn't incremented its value. In contrast, the permanence of the likes of Enron or Lehman Brothers are not guaranteed. Even countries have ceased to exist.

### CAPITAL PRESERVATION.

Should bank deposits be at risk, you may want to consider allocating some resources in safe harbors. Equities and other financial instruments are in a never-ending bubble? debt instruments are not entirely risk free and the yield is zero; commodities are a gamble of nature and other unpredictable forces; real estate can potentially dig into your investment if rents don't come in. And none of the above combines asset protection and preservation like a Picasso does.

### MINIMAL EXPENSE.

Art grows tax-free and the cost of caring for an art portfolio is less than US\$1,800 per million per year. In a fund, the expense ratio is as low as < 0.8% AUM, among the lowest in the alternative investment industry.

### POSITIVE RETURNS.

Art appreciation is supranational, and art the most valuable and coveted cultural object in existence. The rich are not only getting richer but also growing in numbers, and fascinated by art. The Claude Monet Artprice index has grown 424% since 2000, compared to 174% growth of the S&P 500 in the same period.



## INTRINSIC ADVANTAGES OF ART AS AN INVESTMENT.

### FINANCIAL

- Low/ negative correlation with equity
- Low cost of maintenance
- Hedging possibilities
- Financial "antifragility"
- Global market
- High returns
- Portability
- Low volatility
- Grows tax free
- Arbitrage opportunities
- Diversification possibilities
- Does not depreciate but can be depreciated



### CULTURAL

- Estate planning legacy
- Defines cultural standards
- Patrimonial qualities
- Aesthetic qualities
- Intellectual qualities
- Unique asset
- Limited asset
- Emotional qualities
- Aesthetic awareness
- Builds historic memory
- Enriches and improves quality of life
- Individual / national identity



## GLOBAL ART MARKET BY NUMBERS.

.....

In 2020 increase of  
+1.6% in Mei Moses All  
Art Index\*

\*Sotheby's

.....

9.3% CAR USD over  
the last 50 years, art's  
Cumulative Average  
Return (compared to 9.4%  
of shares).\*

\*Mei Moses

.....

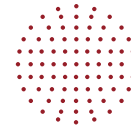
Close to 5 billion USD  
worth of the Fine Art sold  
at auction in the first half  
of 2023.\*

\*Artnet

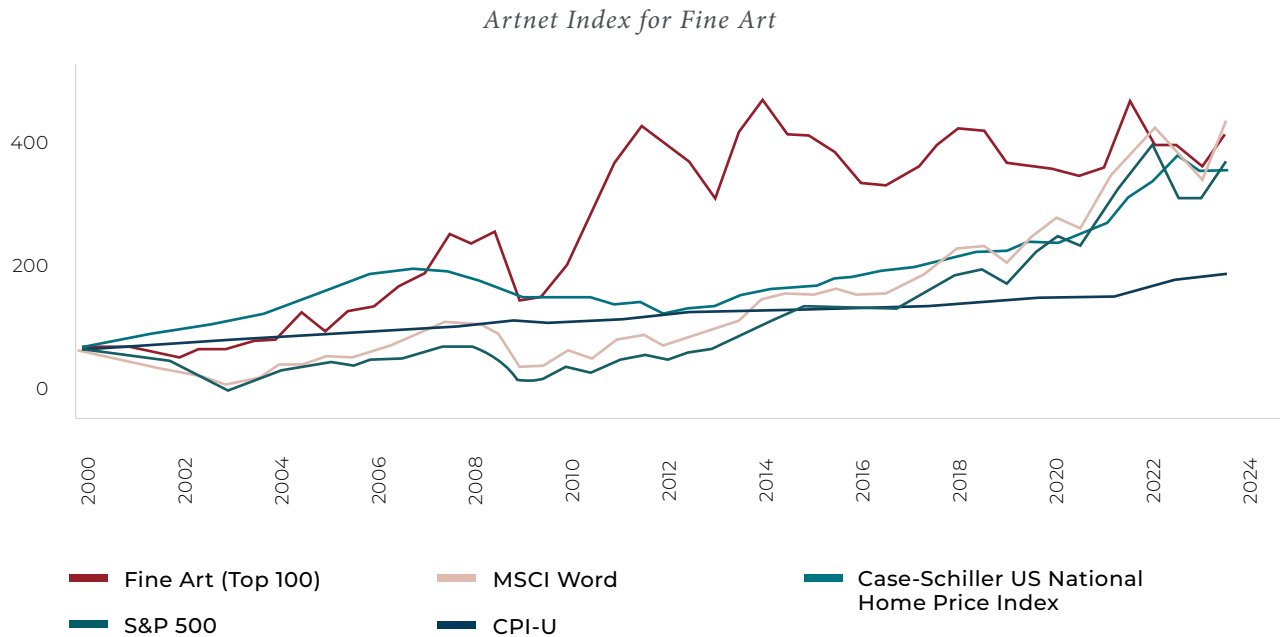
.....

USD1 MILLION+ of the  
impressionist, modern  
and contemporary auction  
market saw a 9% year-on-  
year decline in sales in the  
first six months of 2023, it  
is significantly lower than  
the 31% decline in the  
overall art market. This  
decline is largely driven by  
lower supply of top-end  
lots.\*

\*Art Tactic



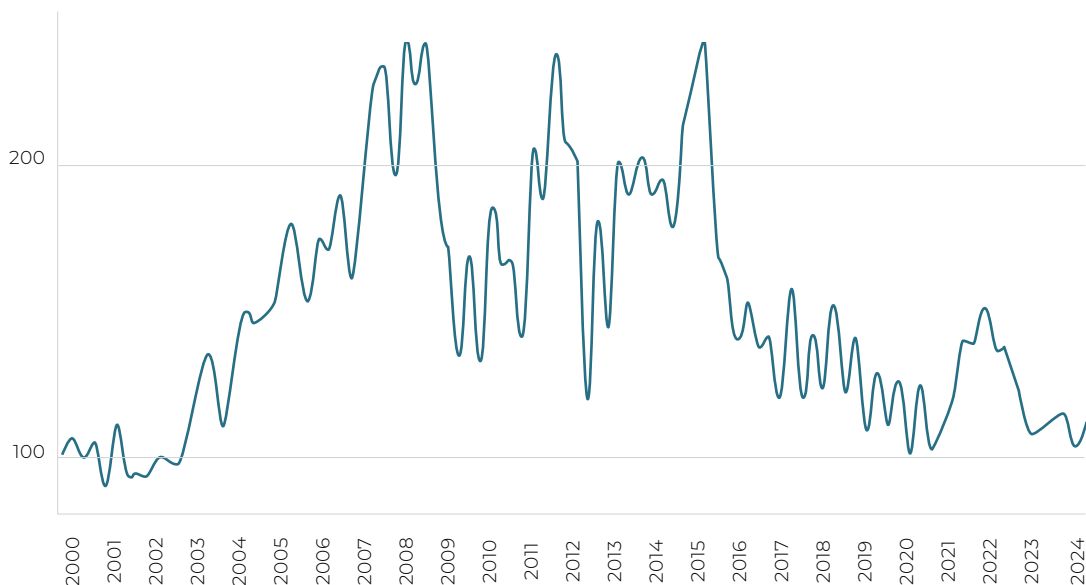
## PERFORMANCE.



©Deloitte Luxembourg & ArtTactic Art & Finance Report, 2023

Fine Art (Top 100) index, which includes the 100 top performing artists, follows a rising trend, constantly outperforming the S&P 500 index since 2000. Noteworthy, the Fine Art (Top 100) index index performs contrary to the negative trend set out by the S&P 500 index since 2021 and reached new heights in the last two years. This tendency differs from the Artprice Global index, which considers the entire art market and not only the best performing artists.

*Artprice Global Price Index - Base 100 in January 2000*



©Artprice, 2023



## THE ART MARKET IN 2023.

In 2023, the global art market saw an expected and probably necessary contraction, or adjustment as many labeled it. The built-up following the years of the COVID crisis caused record prices, appetite for and supply of masterpieces, and successful sales in 2022. By this year, however, demand has become more conservative, especially after the supply of excellent artworks drought up. Collectors are holding onto their best pieces while the world is battling various upheavals at a time. At the same time, masterpieces of perpetual value remained a safe investor haven and will continue to do so in 2024 and beyond.

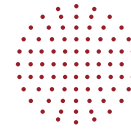
The year began in London with Christie's, Sotheby's, and Phillips initiating art sales, signaling a somber start but with notable performances by artists like Picasso and Warhol. The total sales reached £414,729,287 GBP, with Sotheby's leading in the top lots. Despite economic uncertainties, Phillips achieved a commendable 4% BI rate.

Moving to New York in May, the trend continued with Christie's and Sotheby's auctions totaling \$1,206,881,121 USD, indicating a subdued market compared to the previous year. White glove sales, including the S.I. Newhouse and Mo Ostin collections, showcased strategic moves in response to market conditions. Notably absent was a standout lot like Warhol's *Shot Sage Blue Marilyn* in 2022, impacting overall sales figures.

The mid-year auctions in London reflected a 25% reduction in total sales compared to March, with Sotheby's contributing 69%, Christie's 27%, and Phillips 3%. Gustav Klimt's *Dame mit Fächer* stole the spotlight, achieving £85,305,800 GBP, emphasizing the market's selective spending behavior. The increase in BI rates, including works by Monet and Picasso, indicated caution among investors.

Closing the year in November, the New York marquee auctions by Christie's, Sotheby's, and Phillips saw a total turnover of \$2,129,660,735 USD, despite a lower BI rate of 15%. Sotheby's *Femme à la montre*, a Picasso masterpiece, became the year's top-selling artwork at \$139,363,500 USD. Agnes Martin's *Grey Stone II* set a new auction record at \$18,718,500 USD, highlighting the rising prominence of female artists.

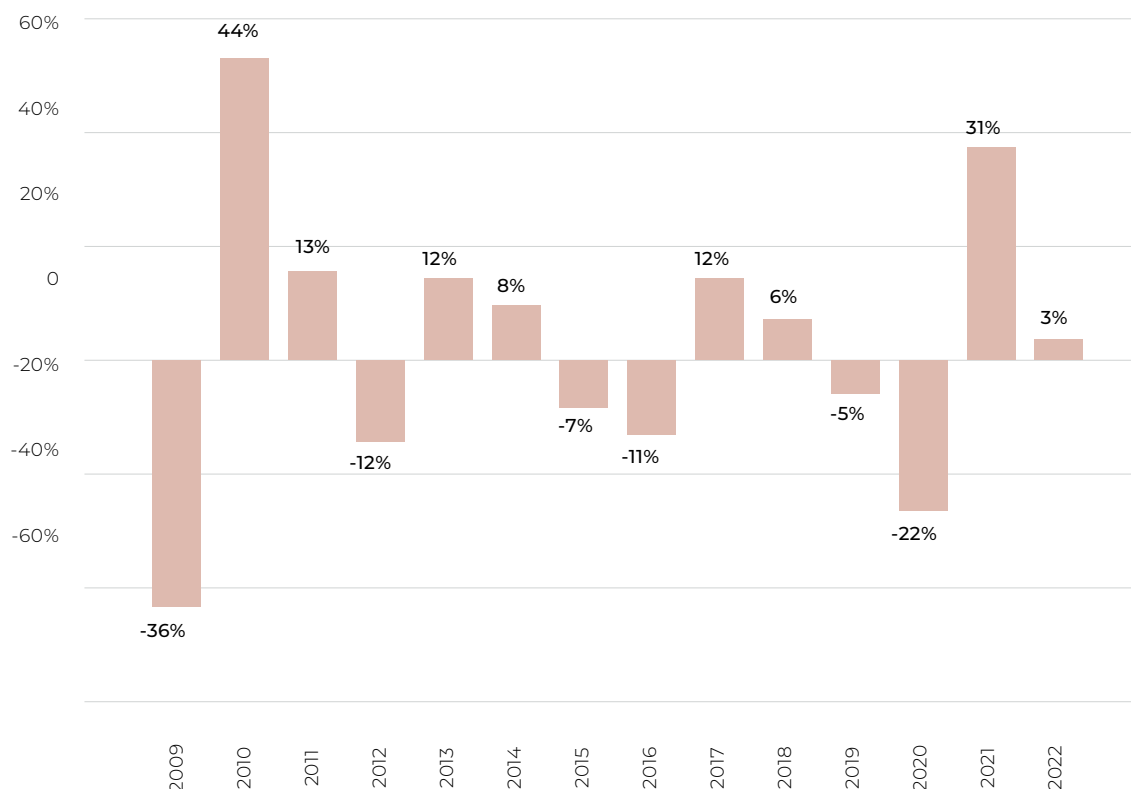
The art market in 2023 faced challenges from global uncertainties, impacting both the top and secondary tiers. While established artists continued to perform well, the absence of standout lots and increased BI rates suggested a cautious approach from investors. Real masterpieces, however, demonstrated enduring value in the face of evolving market conditions.



## VALUE VS VOLUME.

An economic recession usually leads to measures that seek to stabilize falling demand and prices, such as lowering interest rates to facilitate and increase consumer spending. In a recessionary atmosphere stock market prices naturally adjust downwards until demand is matched or output descends. The art market, conversely, reacts to a recession by diminishing availability due to potential sellers of art holding on to their possessions fearing not being able to secure fair prices. Recessions therefore lead to a contraction in the (uppermost) art market supply and thus to the preservation of values. This is particularly true in the insulated “A+” market segment, where the appetite of buyers remains constant, thus making top quality works very solid and liquid assets. A recession in the mainstream economy and traditional assets may signal a seller’s opportunity in the global art market, since there will be less competition on the sell side and undiminished interest from the affluent buy side.

*Annual Change in Sales by Value in the Global Art Market 2009-2022*



©Arts Economics, 2023



## ART HISTORIC PERFORMANCE.

### 2008 RECESSION

The low volatility of art (particularly post-war and masterpieces) was accurately demonstrated during the 2008 recession when the S&P abruptly dropped 37.5%, art indexes only dropped 4.5%.

Since then, art has increasingly been regarded as a value-preserving asset class highly attractive to investors who wish to diversify their portfolio, particularly during times of uncertainty.

### THE 'DOT COM' BUBBLE

When the 'dot com' bubble collapsed in the early 2000s, equities went into a fairly long and painful bear market. By contrast, the art market saw only a moderate decline in 2001 and gains in each of the years on either side of it, such that it delivered a positive return for the three-year stress period as a whole.

### WORLD WAR II

Between 1942 and 1945, the French auction house Drouot sold 24,500 paintings. Prices sharply increased 200% in 1941 and peaked at 552% in December 1942. Values remained almost the same until February 1943. This period was followed by a decline of 253% in November 1943 for a market correction. Art prices resumed its rising trend to end of June 1944.

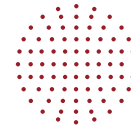
### GREAT DEPRESSION

"I just robbed everybody," Barnes once gloated. During the Great Depression of 1929, Albert Barnes timed the sale of his pharmaceutical business to start investing in art. Since 1911, he amassed a remarkable collection through timely transactions. In 1913, he acquired Picasso's *Peasants and Oxen* for US\$300, and he picked up dozens more canvasses for a dollar a piece. Through dogged persistence, Barnes put together 69 Cézannes—more than all the museums in Paris—as well as 60 Matisses, 44 Picassos, and 181 Renoirs in his own art investment fund. The 2,500 items in the collection are estimated to be worth between US\$20 and US\$30 billion today.

### ART MARKET'S RESILIENCE IN 2020

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.

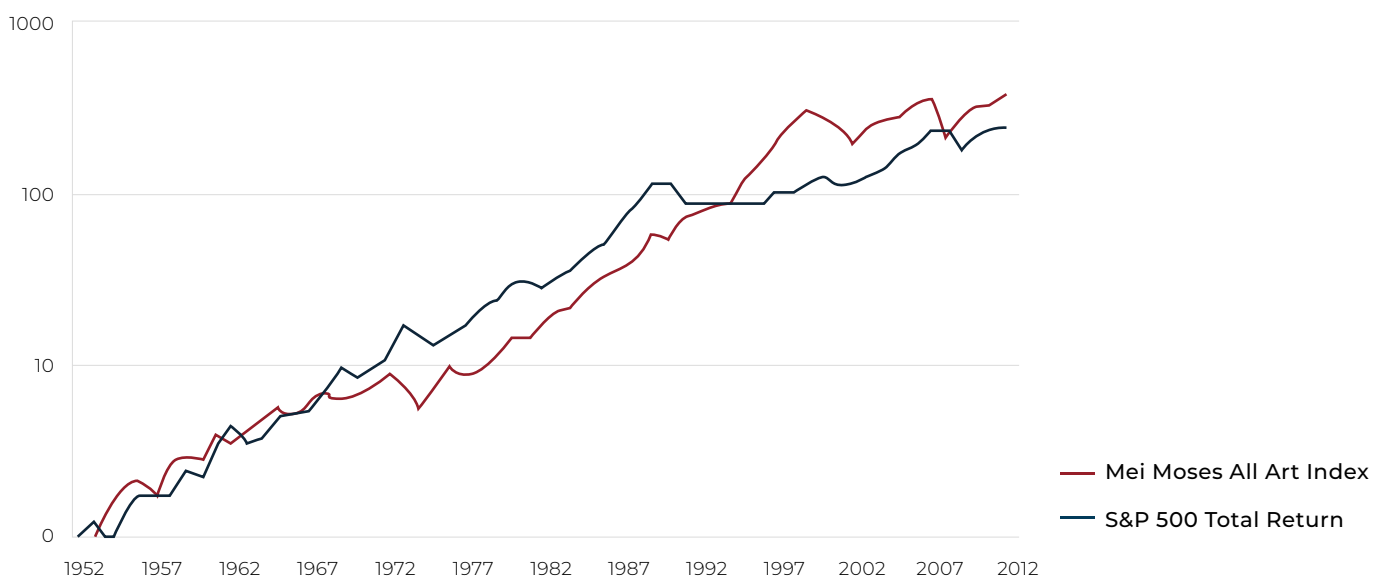
However, the top end of the art market—especially paintings purchased above US\$500,000—farther from experiencing a recess, has remained resilient amid turbulence, increasing 5.5% in the first seven months of 2020.



## RISK AND CORRELATION.

The Mei Moses Index reaches empirical conclusions about art behavior as it regards its capitalization and risk using data about art sold at auction since 1875. This index shows a close-to-zero correlation factor between the annual percentage changes in the art and stock indexes.

*Mei Moses® Annual All Art Index and S&P 500  
Total Return Index  
Since 1952©*



©The Art of Collecting Art, 2011

**In fifty years, S&P 500 returns have performed similarly to the art index, reaching a CAR (Cumulative Average Return) of 9.3% compared to 9.4% of shares.**

The low volatility of art was demonstrated during the 2008 recession, when art indexes dropped 4.5% while the S&P dropped 37.5%. Furthermore, recovery in the art market outpaced the stock market. In 2010 the All Art Index increased by 22.6%. In 2011, it grew 10.2% compared to 9.1% for equities.

While the risk-adjusted return measures are solid and correlations to income producing assets are low, the correlation between art and risk assets, like US equities is positive. This correlation rises when using semi-annual data. For example, in the past 40 years of annual returns, the correlation between the S&P 500 and art is just 0.11.



### Historical returns and volatilities

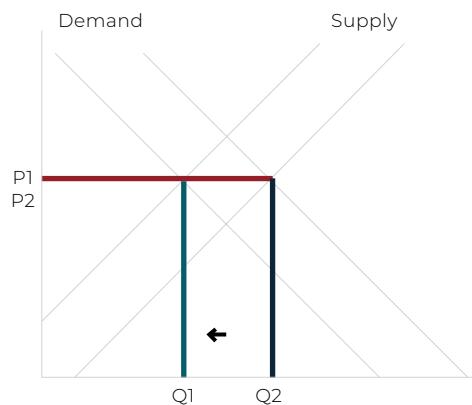
	% Annualized returns	% Annualized volatility (standard deviation)	Returns to volatility ratio
MEI MOSES ALL ART INDEX (1950 -2019)	8.4%	16.9%	49.7%
CONTEMPORARY ART	9.4%	35.3%	26.5%
IMPRESSIONIST AND MODERN ART	8.9%	33.8%	26.2%
OLD MASTER AND 19TH CENTURY ART	7.4%	19.1%	38.8%
AMERICAN ART	6.7%	37%	18.2%
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%

©Crédit Suisse, 2020

## ELASTICITY IN SUPPLY AND DEMAND.

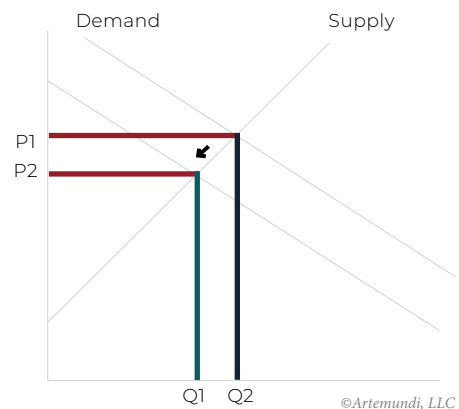
Holding a broad portfolio of artworks from a variety of artistic periods can reduce the overall risk of the art portfolio considerably. Artemundi's portfolio diversification strategy is based on supply and demand analysis:

### CONTEMPORARY ART



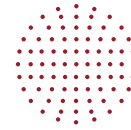
Contemporary art is the most volatile segment of the art market, it is also the most profitable when there is an appetite for risk, or a very long- term strategy combined with unparalleled vision. The continuous production of contemporary art increases supply, but if demand contracts, there will be a decrease in the artwork's pricing.

### ALL OTHER ART



The finite production of highest quality Modern, Post War, XIX Century art and Old Masters categories represents a scarce availability.

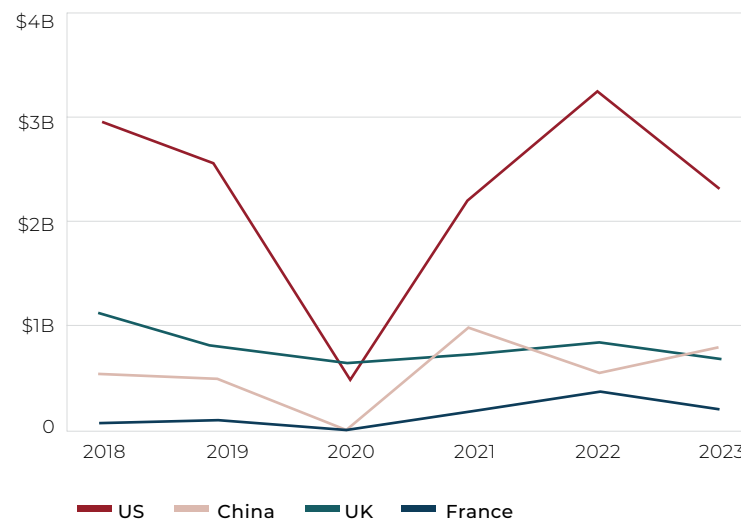
The limited artistic production and almost inelastic demand cause the increasing or stable price of artworks in these categories. This effect generates stable profits, with average prices up 13% to 40% this decade, further reducing risk.



## GLOBALIZED MARKET.

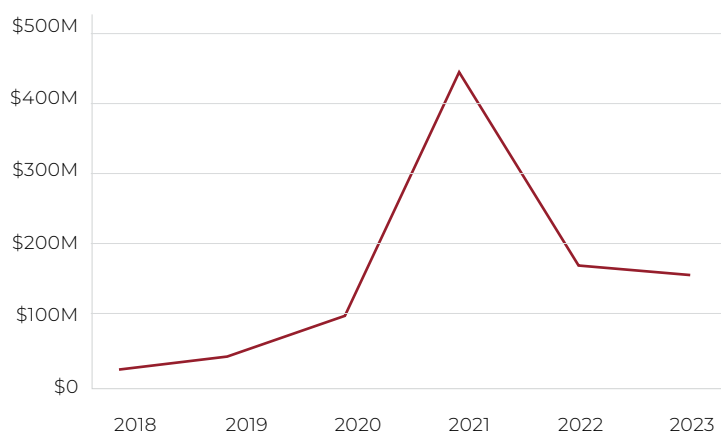
Globalization of the art market over the last decade has increased the number of collectors, bringing in eager new players who are driving up prices in their anxiety to acquire iconic pieces of art. The global increment in super-rich individuals whose appetite for art helps to keep the market healthy. Buyers are representative of an increasing geographical diversity in art markets: auction houses report an increasing trend towards a higher representation of emerging economies. Buyers from China, Russia, Qatar and the United Arab Emirates, have upended the traditional landscape of collecting, formerly dominated by the US and Europe.

*Total Fine-Art Sales (USD) by Country*



©Artnet Intelligence Report, 2023

*Total Online-Only Sales (USD) at Sotheby's, Christie's, Phillips, Bonhams, and Artnet Auctions*



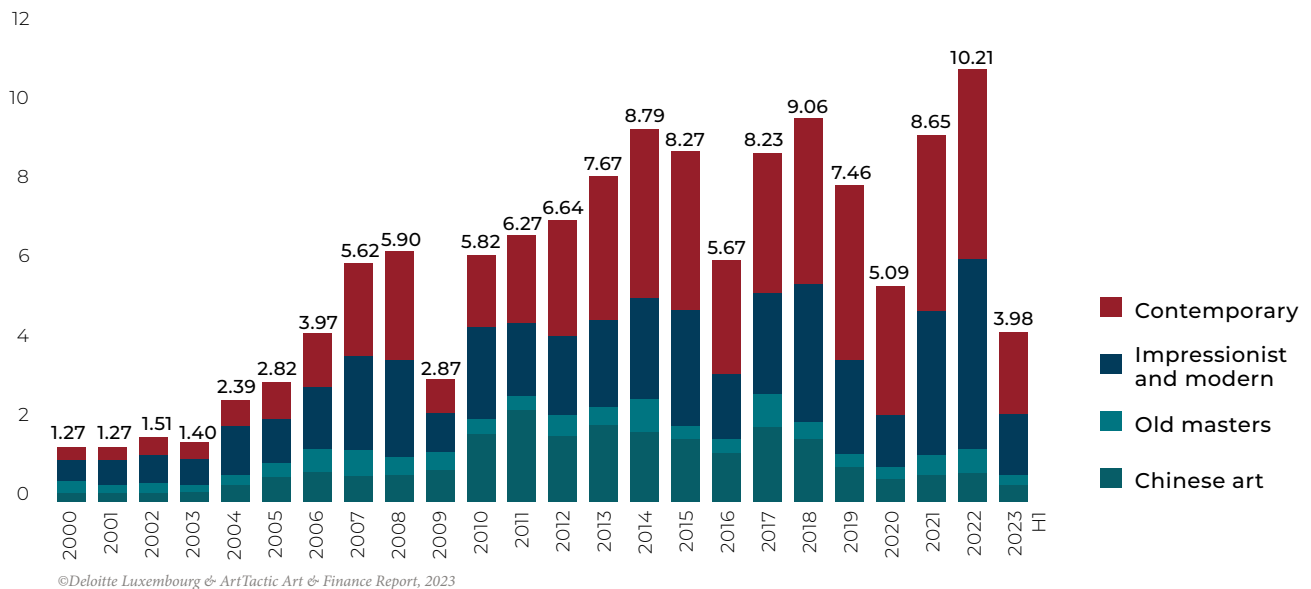
©Artnet Intelligence Report, 2023



## BEHAVIOR OF THE DIFFERENT ARTISTIC PERIODS.

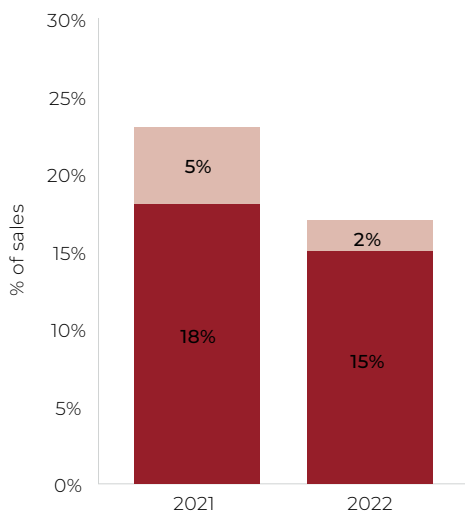
As an asset, the performance of Impressionism, Baroque, Romanticism, Neoclassicism, and Renaissance artistic movements, has been eclipsed by Contemporary art. Availability is one of the primary drivers of the contemporary art euphoria.

*Auction analysis: top collecting categories Sotheby's and Christie's 2000–H1 2023 (in US\$ billions)*  
*Source: ArtTactic. Analysis is based on public auction data from Christie's, Sotheby's and Phillips*



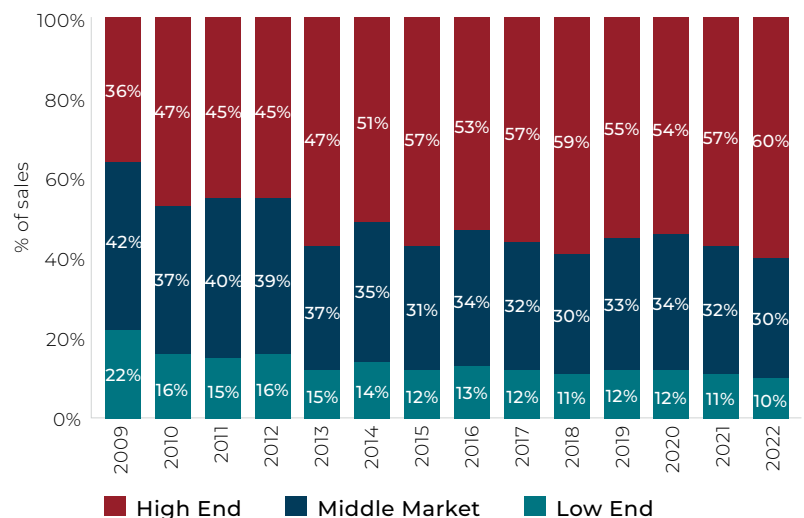
Over the last years, for every genre—Old Masters, Impressionist and Modern, as well as Post-War, Contemporary, and Ultra-Contemporary—the \$1 million-to-\$10 million price bracket was the largest and most lucrative. Since 2021 however, the price range of over \$10 million is back on the rise at the cost of the smaller price segments.

*Share of Online Sales by Mid-Tier Auction House*  
*Annual Turnover in 2022*

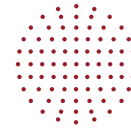


Online internal Online 3P  
©Arts Economics, 2023

*Market Share in Auction Price Segments 2009 - 2022*



©Arts Economics, 2023



## PRIVATE VS PUBLIC MARKET.

In 2019, private sales by dealers and other agents accounted for 58% of the market by value, with public auctions accounting for 42%. This trend continues since then, with the big auction houses moving more of the art through private sales, which prove successful during the pandemic and persists since.

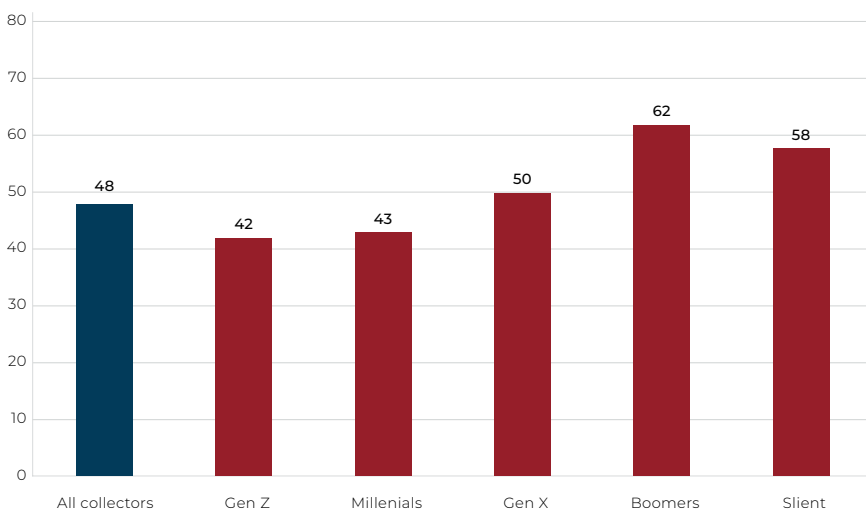
<i>Historical returns and volatilities</i>						
	Low End	Middle Market			High End	
	Less than \$50k	\$50k-\$250k	\$250k-\$1m	\$1m-\$5m	\$5m-\$10m	More than \$10m (Ultra-high end)
2012-2022	-32%	-15%	-3%	11%	20%	126%
2019-2020	-25%	-25%	-26%	-27%	-34%	-25%
2020-2022	42%	63%	58%	51%	30%	177%
2021-2022	-14%	-9%	-6%	-7%	-15%	12%

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In 2021, global art sales of dealers and auctions reached US\$65.1 billion, surpassing pre-pandemic highs and recovering from the dip in 2020. Post-War and Contemporary Art showed the biggest rise in comparison to the previous year and form the best-selling genre. In 2022, the art market continued the upward trend. Despite inflation and higher interest rates, the Artnet Index of Fine Art exceeded the S&P 500 index: fine art returns grew a nominal 4.2% compared to a 6.6% loss for the S&P 500 since early 2022. By 2023, the art market started to catch up on the global trend of contracting markets. Yet, the top end of the market, namely masterpieces by established artists with a solid track record continued to outperform estimates and remain a key driver of the art market.

## ESTATE PLANNING.

*Size of HNW Collector Collections in 2023  
Share by Generation and Number of Works*

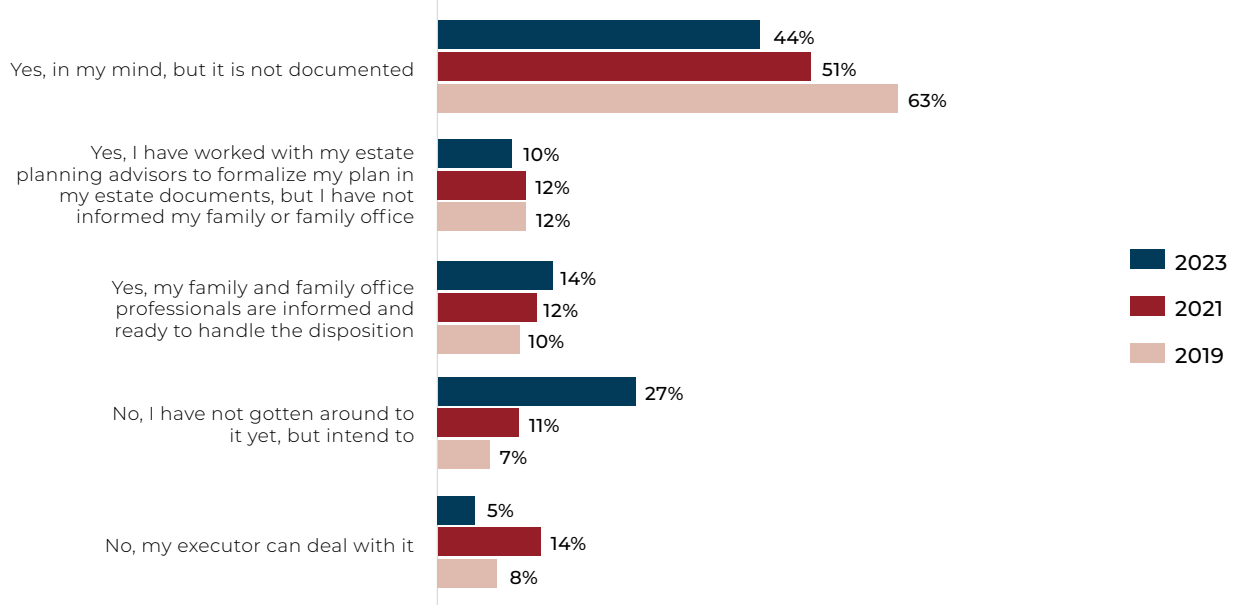


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With over US\$1.74 trillion of art and collectible wealth currently held by UHNWIs (6% of the assets held in global wealth portfolios), it is estimated that over the next decade, more than 14,000 UHNWI (defined as those with assets, excluding their main property, worth over US\$30 million) are expected to transfer their wealth to the next generation, which is likely to include art and collectible wealth. This will be the greatest transfer of wealth the world has ever seen. Usually, collectors are actively involved in numerous legal, financial, practical, tax, and administrative aspects associated with maintaining their collection. However, only 67% of these individuals have discussed an estate plan for their art-related wealth and collections.

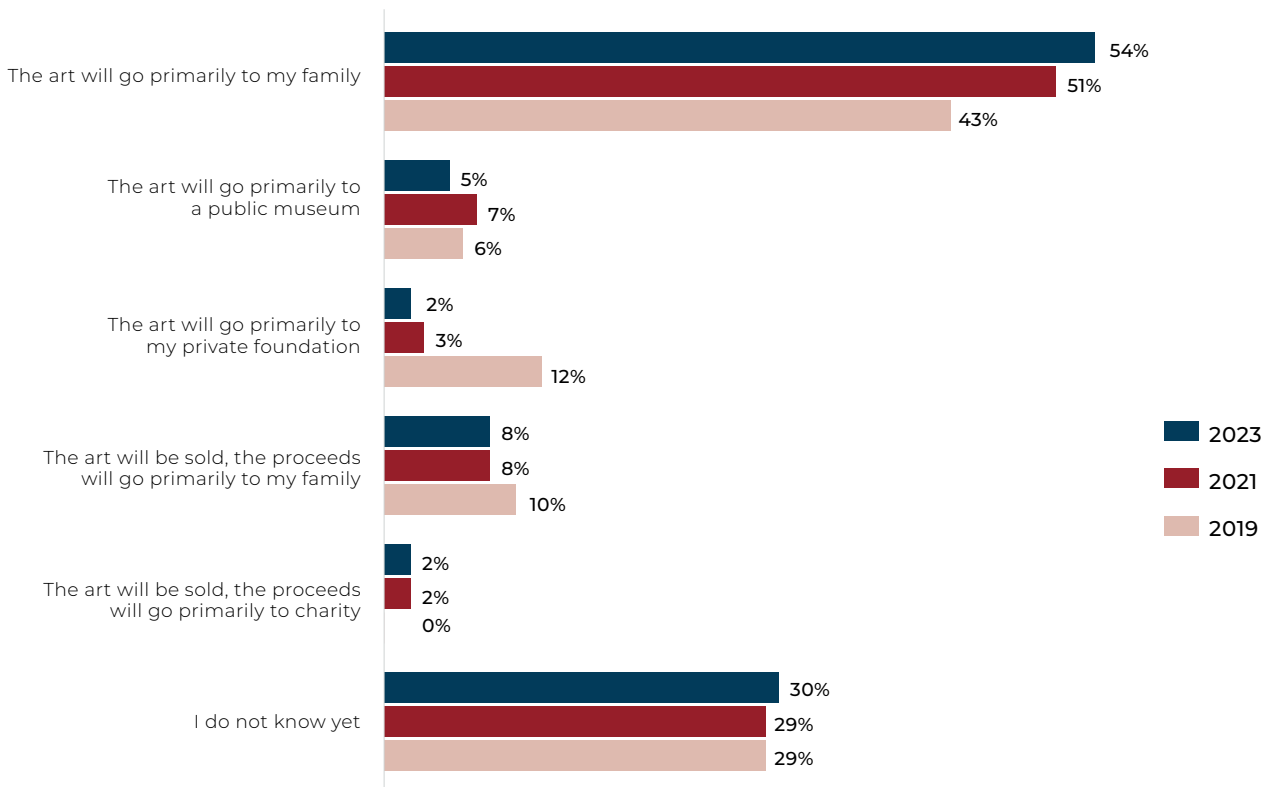


*Collectors: do you have a long-term plan for your collection?*

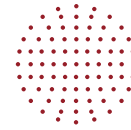


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*Collectors: what type of arrangements have you made in your estate plan for your art collection?*

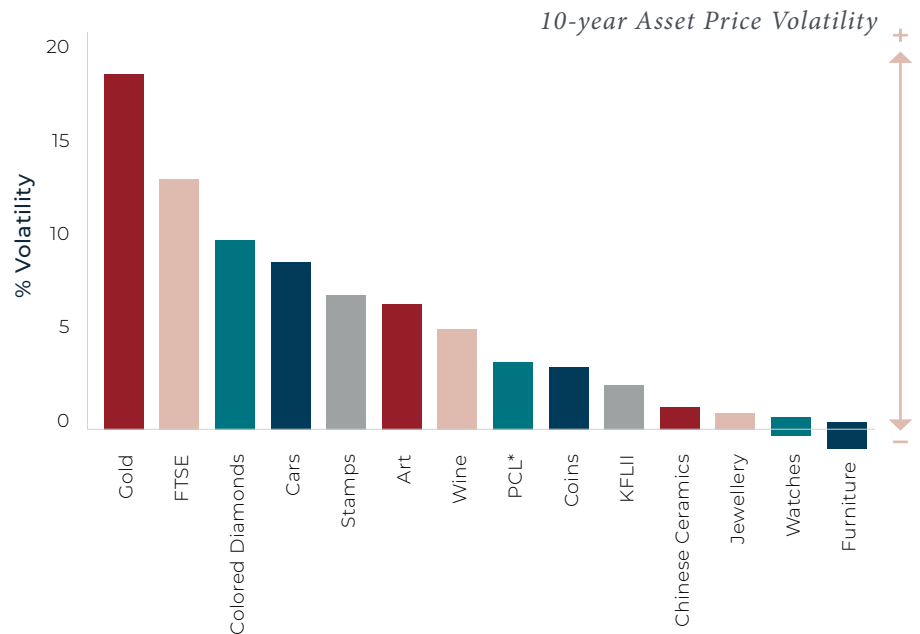


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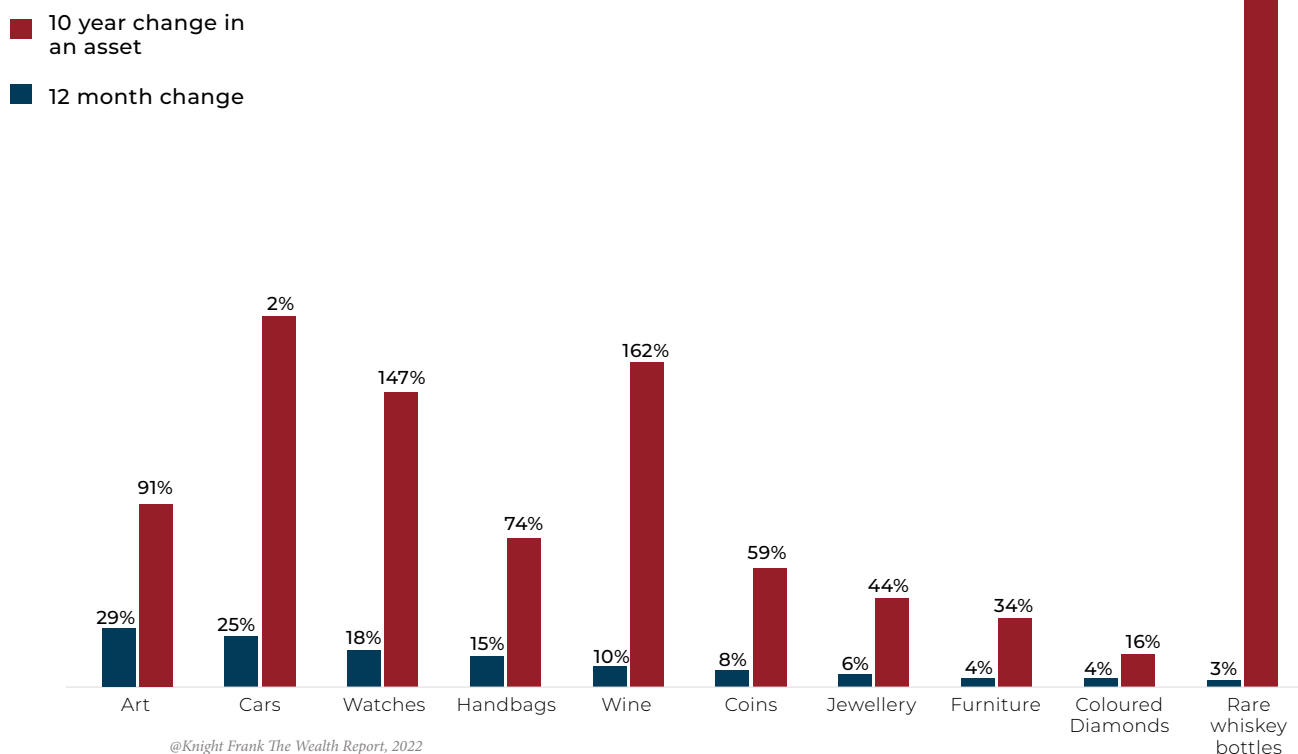
## ART AND ALTERNATIVE INVESTMENTS FOR PORTFOLIO STABILITY.

One of the most obvious benefits of investing in collectibles is a relatively low standard deviation in annual returns, i.e., stability. Minimizing risk, whilst maximizing returns, may be achieved by combining stocks and bonds with collectibles. Given the low correlation to equities, in a long-term portfolio comprised of different luxury assets and traditional investments alternative assets have the effect of reducing overall volatility and risk.



\*Based on annual price points.  
© Knight Frank Luxury Investment, 2014

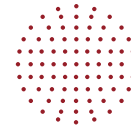
### Kinght Frank Luxury Investment Index to 2022



@Knight Frank The Wealth Report, 2022



Judd, Donald, *Untitled (80 - 19 Bernstein)*, 1980, Stainless steel, red anodized aluminum



## ARTEMUNDI VS GALLERIES & INDEPENDENT DEALERS.

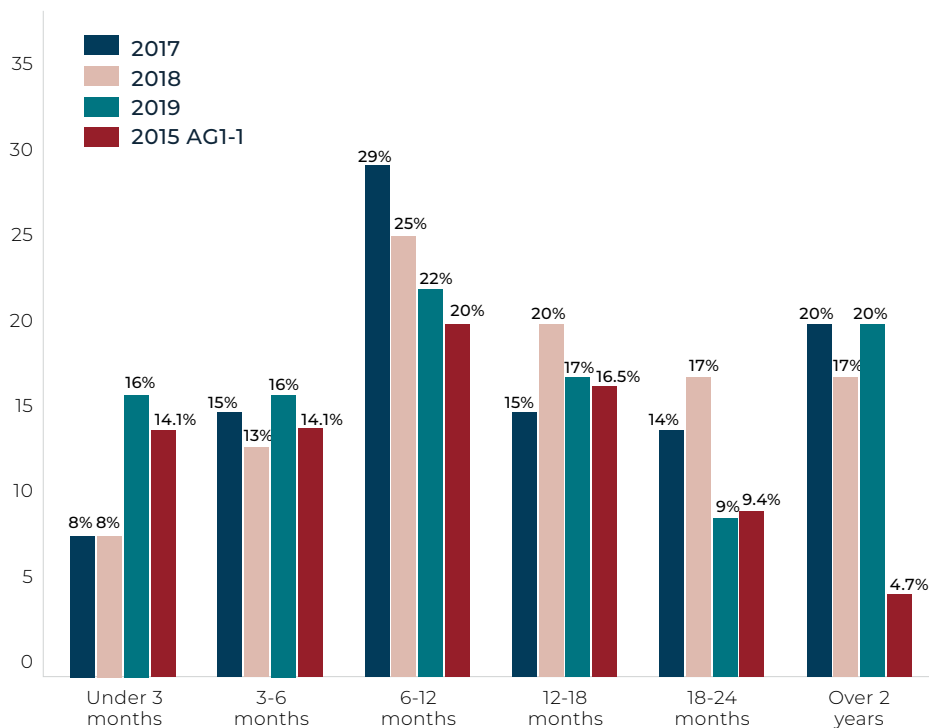
CHALLENGE	GALLERIES	DEALERS	ARTEMUNDI
FINANCING INVENTORY	The financing of Galleries is not transparent in most cases. Furthermore, studies indicate that the cost structure of galleries is reasonably fixed and does not increase in line with revenue. In practical terms, this means that galleries profit from a better use of their resources. Operational expenditure stays the same whether one or three works are sold at an opening; if costs remain stable and revenue goes up, profitability increases.	Independent dealers are constantly managing limited cash flow and have limited access to financing. The most recent TEFAF report indicates that only 3% of dealers report selling one work each month. This slow sale pace places pressure on independent intermediaries to finance new purchases to keep their pipeline full.	Artemundi is well capitalized with immediate access to liquidity allowing us to engage the best potential sellers who consider us their first choice when privately selling an artwork. Thanks to our strict confidentiality procedures and discreet transactions, we continuously receive broad offerings of high-quality artworks.
CLIENT QUALITY	The most frequent visitors to a gallery are Art Enthusiasts, who come to see the works of art, or the Opening Crowd, who attend a new exhibition for social reasons. Neither group buys.	Dealers' client-databases are being eroded by the reduction of middle-class buyers with ever-changing discretionary income. These buyers are unpredictable with unstable purchasing power and objectives.	Artemundi buyer profile targets UHNWIs and institutions with long-term investment horizons. This allows us to keep a stable database and maintain a fluctuating spectrum of collectors and investors.
COMPETITIVENESS	Vast majority of galleries engages in the sale of non-blue chip contemporary artists. While no other segment has as much competitors as contemporary art.	Most dealers fear the growing power of auction houses' interest in private sales encroaching on their business and reducing the availability of high-quality inventory. In addition, many dealers note the rise in art consultants, many of who have little or no experience in the field.	Artemundi's flexibility, low overhead, economies of scale, and liquidity is a huge advantage over dealers. Furthermore, as investors ourselves, we have "skin in the game" which differentiates us from public entities that would only take works under consignment.
SALES CHANNELS	Art fairs are vital for galleries. More than a quarter of all galleries generate 20% or more of their yearly revenue at art fairs. Hence, every second gallery participates in at least one fair a year. While art fairs make up the largest expenditure for galleries besides salaries and rent.	The considerable increase in cost to participate in art fairs and brick and mortar exhibition spaces have further increased the difficulty to make a profit in the dealer sector.	By controlling the sales channels through our strong network of buyers and sellers, we are able to manage the exit strategy, achieve substantial tax efficiencies, and keep management and transactional costs low.



CHALLENGE	GALLERIES	DEALERS	ARTEMUNDI
INVENTORY QUALITY	Most Galleries engage in Contemporary art and therefore expose themselves to significant risk when re-stocking. Furthermore, third party IT services are used for inventory management and CRM such as artBinder, artbutler or artlogic.	The most frequently cited challenge by dealers is finding new buyers and challenges in maintaining inventory flexibility and diversity due to changing tastes and the move to minimalist décor in recent years.	Artemundi's inventory of best-quality in demand works and trustworthy reputation attract the most serious worldwide buyers.
REGULATIONS	Regulations for Galleries roughly the same regulations apply as for art dealers.	81% of dealers surveyed thought that the regulatory burdens on their business have increased in recent years. A report compiled by the lawyer Pierre Valentin of Constantine Cannon LLP, at the request of the British Art Market Federation (BAMF), lists 167 laws and regulations (as of February 2015) that apply to the British art market alone.	Artemundi has always operated in compliance with regulation, including maintaining strict KYC procedures. However our international business structure benefits our clients since we are not subject to many use and sales taxes (such as VAT).



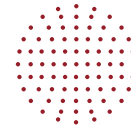
Average Inventory to Sales Cycle 2017 - 2019 vs Artemundi



Artemundi's average time taken to sell works from inventory

Under 1 month	11.4%
1-3 months	14.1%
3-6 months	14.1%
6-12 months	20%
12-24 months	16.5%
24-36 months	9.4%
36-48 months	9.4%
Over 48 months	4.7%

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©Artemundi LLC, 2015



## TRENDS



### FRACTIONAL ART OWNERSHIP IS ON THE RISE:

The trend of fractional ownership in art continues to grow, with an increasing appetite among consumers and investors. Seen as a democratization of exclusive markets, these models are gaining traction. A recent survey revealed that, while only 9% had invested in fractional ownership in the past year, a significant 61% expressed interest in doing so in the next 12 months, indicating a noteworthy shift in the art investment landscape.



### BIG NAMES, SECURE INVESTMENTS:

In 2023, Picasso's "Femme a la montre," Klimt's "Dame mit Fächer," and Monet's "Le bassin aux nymphéas" secured their positions as the year's highest-priced artworks at auction. This highlights the enduring safety and stability associated with investments in Impressionism, Modernism, and Post-War art. The good and predictable performance of Art History's giants makes them the safest bets for discerning investors, offering both aesthetic and financial value in a dynamic market.



### THE DECELERATION OF NFT ENTHUSIASM CONTINUES:

In 2023, the once-sizzling market for art-related NFTs cooled significantly. By mid-2023, Ethereum-based NFT platforms saw sales hit their lowest point since January 2021, with monthly turnovers at a mere 2% of their peak value. Unique buyers dwindled from over 40,000 to under 2,000, reflecting a broader shift towards traditional mediums like paintings in collectors' and investors' portfolios.



### WOMEN ARTISTS ARE GAINING PROMINENCE IN THE MARKET, BUT OBSTACLES PERSIST:

Research indicates a growing parity between women and men artists in gallery representation, the primary market, auctions, and prices. Despite strides, discernible differences and discriminatory practices persist within the art world.



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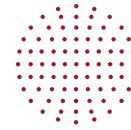


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