



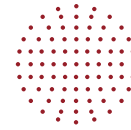
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ARTEMUNDI®  
SINCE 1989

## Annual Report 2024







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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, CEO

[LINKEDIN](#)

Javier Lumbreras is a distinguished **art collector** and **art fund veteran**, with over three decades of experience in managing art as an alternative asset. He has been a **pioneering figure** in **art finance**, particularly through his groundbreaking work in **fractional ownership** of high-value artworks using **blockchain technology**. As the **CEO of Artemundi**, a company he founded in 1989, Lumbreras has redefined art investment by **democratizing access** to art ownership, enabling a broader range of investors to participate in the art market, which was traditionally reserved for the wealthy elite.

Lumbreras's background is deeply **rooted in art**, with his family's legacy in art collecting dating back to 1883. Together with his wife, **Lorena Pérez-Jácome**, they continue this legacy through the **Adrastus Collection**, which focuses on 21st-century contemporary art. Through **Artemundi**, Lumbreras made history by being the **first** to **tokenize** an original Picasso painting, "**Fillette au béret**," allowing **fractional ownership** of this multi-million-dollar masterpiece. This collaboration with **Sygnum Bank** marked the first time an original Picasso was tokenized, allowing investors to own **digital shares** of the painting, which could be securely traded on a **blockchain platform**, significantly enhancing **transparency** and **efficiency** in the art market.

Lumbreras's innovations in **fractional ownership** of **great masters** have been praised for **reducing transaction costs** and **making art investment more accessible**, transforming what was once a niche for wealthy collectors into a more **inclusive market**. His approach leverages **blockchain technology** to create **liquid markets** for fine art, allowing investors to benefit from the appreciation of prestigious pieces without needing millions of dollars upfront.

Beyond his work in art finance, Lumbreras is also a dedicated **philanthropist** and **cultural advocate**, serving on the boards of several museums and contributing to the development of **COLLEGIUM**, a contemporary art museum in Spain. His dual commitment to both the **financial** and **cultural** value of art has positioned him as a **leader** at the evolving intersection of **art and finance**.



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ÁNGEL  
GONZÁLEZ

COO



KARLA TORRES

VP &  
OPERATIONS  
MANAGER  
ART SPECIALIST



ALMUDENA  
MULAS

CONTROLLER



NATASCHA REIHL

HEAD OF PRIVATE  
SALES  
& BUSINESS  
DEVELOPMENT  
ART SPECIALIST



ALDONES NINO,  
PHD

CURATOR  
ART SPECIALIST



SOFÍA FERNÁNDEZ

HEAD OF  
COMMUNICATIONS  
ART SPECIALIST



SANDRA P.  
KAYAL

CPA



ENRIQUE  
LIBERMAN

COUNSEL

## SELECTED PRESS.

BARRON'S  
**PENTA**

**OBSERVER**

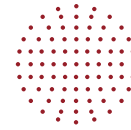
**artnet**

**Forbes**

## SELECTED LECTURES.

**Deloitte**



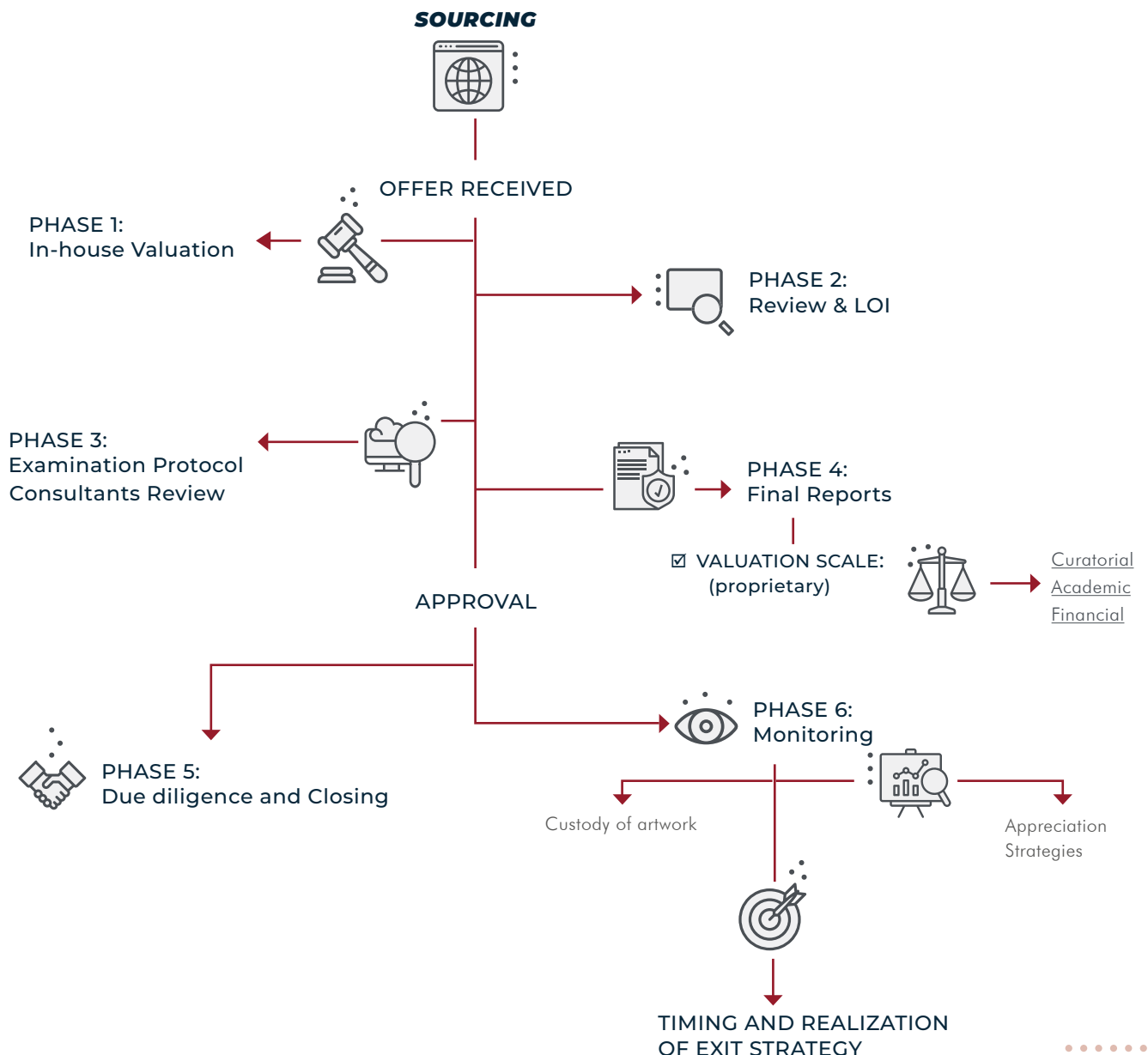


## OUR METHODOLOGY

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.

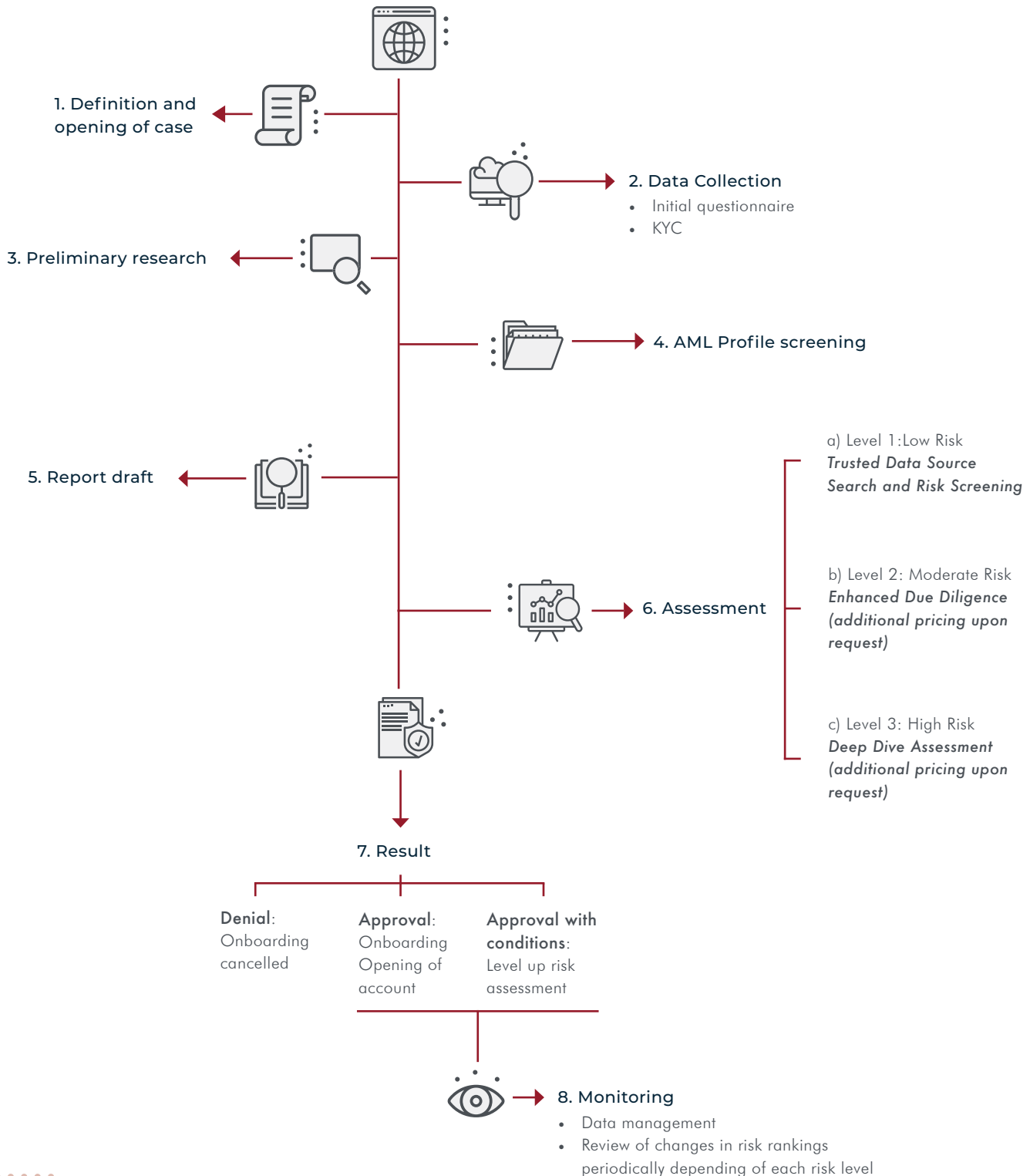
## INVESTMENT PROCESS.



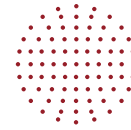
*\*For detailed information about the Investment Process, please contact the Fund's investment manager*



## 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.



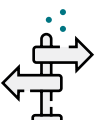
Profit is made fundamentally at purchase through accurate valuations



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).



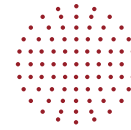
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## BENEFITS TO INVESTORS.

- 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



Chagall, Marc, *Le sommeil amoureux*, 1956 - 1957, Gouache, watercolor, ink and pencil on paper



## APPRECIATION STRATEGIES.



### PERMANENT MARKET RESEARCH.

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. At Artemundi, we complement this with our ongoing in-house data base and active market network investigation.

### CASE STUDY.

Our information management and active network engagement allowed us to acquire a private collection that has been unknown to the market, including important works by surrealist master Salvador Dalí. We have since created an individual strategy for each work to maximize future investment gains and already realized an average ROI of 14.2% for the works sold until now.



### SKIN IN THE GAME.

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. We believe in our strategy, which is why we keep a percentage of all of our offerings and are directly affected by the performance of our investment.

### CASE STUDY.

When we released our pioneer work in fractional ownership, Pablo Picasso's *Fillette au béret*, we consciously kept 12 % Artemundi (24% AM + Spectrum + Minerva) of tokens to be directly exposed to our investment decisions. This is an approach we practise in all our products.



### EXHIBITION LOANS.

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.

### CASE STUDY.

*Untitled* 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.



### EXTENSIVE DUE DILIGENCE.

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.

### CASE STUDY.

Our team secured certification by the Alfredo Ramos Martínez Research Project for the work *Flowers of Mexico* (1938). The registration and certification of the work in the artist's catalogue raisonné increased the price of the piece, achieving a 28% return.



### GEOGRAPHIC ARBITRAGE.



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.

### CASE STUDY.

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



## APPRECIATION STRATEGIES.

 CONSERVATION/RESTORATION.	CASE STUDY.
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.
 ECONOMIES OF SCALE.	CASE STUDY.
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. We believe a diversified portfolio is the best protection from trend-based value fluctuations. By keeping administrative, operations and maintenance costs under < 1%, we are further able to achieve attractive returns.	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





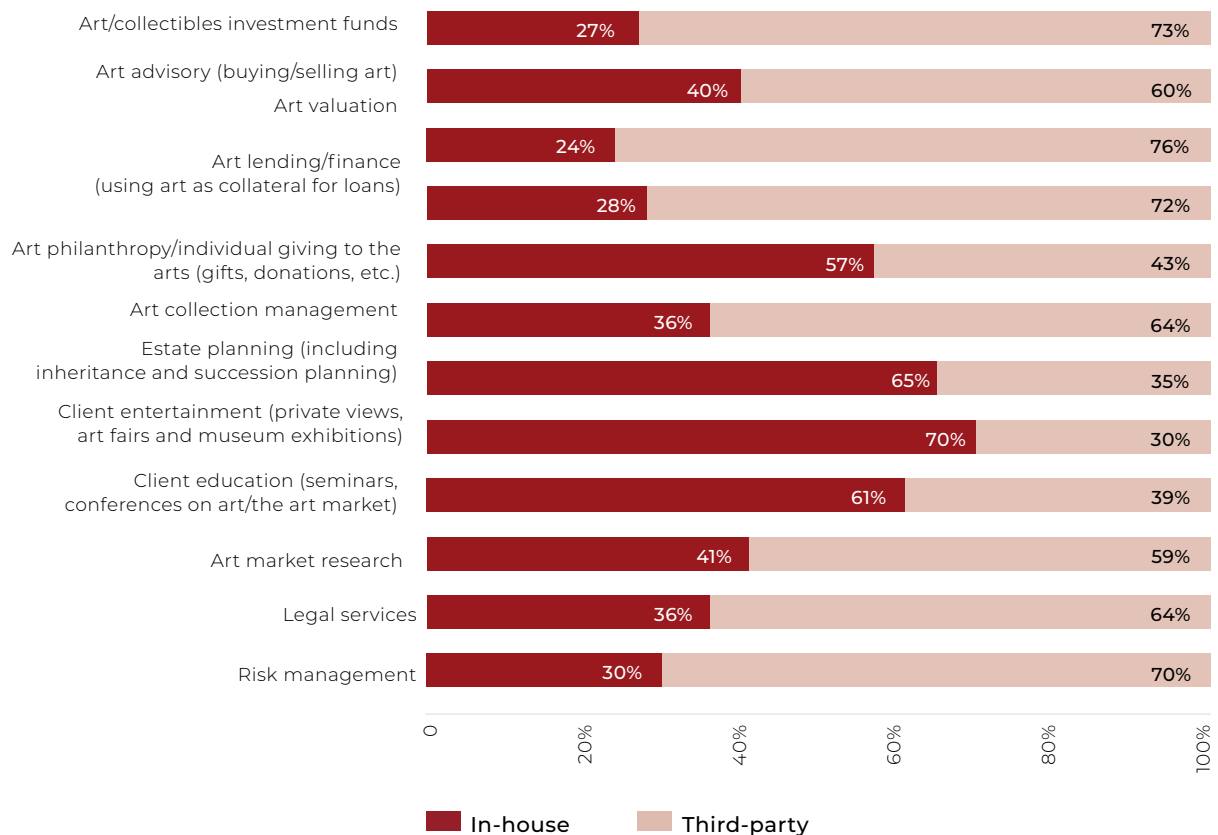
## ART MARKET IMPERFECTIONS.

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.

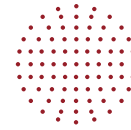


Artemundi has designed a series of investment vehicles and products based on different investment horizons and risk-return tolerance that effectively contributes to patrimonial diversification and asset preservation while producing attractive returns. These vehicles are designed with a crystal clear 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?

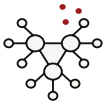
- Switzerland is a pioneer and an early adopter of DLT (Distributed Ledger Technology) regulations, making it one of the few jurisdictions that recognize securities natively issued on a blockchain.



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## 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 35 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

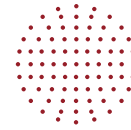


On the basis of blockchain technology, buyers and sellers can trade on a peer-to-peer basis, thereby eliminating the need for intermediaries and reducing transactional costs.

### 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

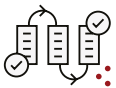


Hedge against all odds: High art's inherent value has a proven track record for constant appreciation. It is highly uncorrelated to financial markets and macroeconomic effects, and its value is mostly invulnerable to any financial crisis, no matter their length or severity. Even in war-like scenarios,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

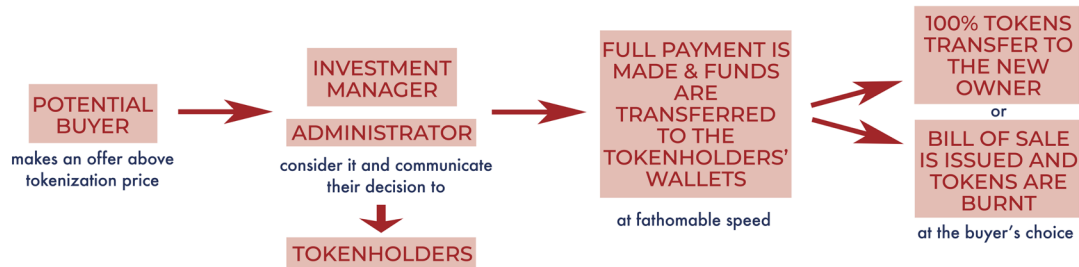
- Date of issuance: October 2021
- Tokens issued: 100%
- Issuer: Spectrum Utilis, S.L.
- AST symbol: PIC1
- Custodian: Sygnum Bank
- ISIN number: CH8301001400
- Life cycle: 96 months
- Total investment time at exit (years): 1.4
- Annualized ROI, net of all fees and expenses\*: 15%

\*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.



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## THE PROCESS OF SELLING A TOKENIZED ARTWORK



## SPLINT INVEST.

Artemundi has established itself as the best-performing art investment provider on Splint Invest, achieving an impressive 30% exit rate and delivering an average ROI of 14.6%. With a proven track record of successful exits, Artemundi offers investors reliable returns while maintaining a low-risk profile.



Pablo Picasso  
*Le peintre II*  
1970  
[Click here for more details](#)



Alberto Giacometti  
*Portrait of Soshana*  
1958  
[Click here for more details](#)



Miguel Covarrubias  
*Balinese Girl and Hen*  
1931  
[Click here for more details](#)



Pablo Picasso  
*Le Peintre III*  
1970  
[Click here for more details](#)

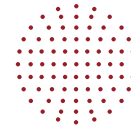


Salvador Dalí  
*FiN*  
1952  
[Click here for more details](#)



Joan Miró  
*Composition*  
1970  
[Click here for more details](#)





In 2024, Artemundi has established itself as the top-performing art investment provider on Splint Invest, achieving an impressive 30% exit rate and an average ROI of 14.6%. Under the leadership of CEO Javier Lumbreras and a team of industry experts, Artemundi has consistently delivered strong returns for investors while maintaining a low-risk profile. The firm's track record of success includes works such as Marc Chagall's *The Sleep of Love* (1956-1957), which sold within 1.5 months, generating a 15.4% realized gain for 640 investors, and Salvador Dalí's *Hidden Faces* (1952), which provided a 12.7% annualized return.

Artemundi's ability to identify undervalued art and seize market opportunities, leveraging its extensive industry network and timing acquisitions and exits with auction trends, has contributed to this consistent performance. Its portfolio, built on strategic diversification, often outperforms traditional indexes like the S&P 500 and the Artprice Global Index, ensuring stable returns even in uncertain economic environments.

At the core of Artemundi's success is a forward-thinking investment strategy, which focuses on targeting modern masterpieces with strong appreciation potential, ensuring liquidity through short holding periods, mitigating risk by prioritizing established artists, and using data-driven decisions backed by comprehensive market analysis. Additionally, the firm embraces innovation by exploring tokenization to enable fractional ownership.



Pablo Picasso, *Fille au béret*, 1964



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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.

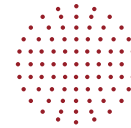
For example, Artemundi has partnered with Ampersand to launch and manage Qualified Opportunity Funds, providing a service to economically challenged communities, whilst US investors may benefit from certain tax advantages offered under the Tax Cuts and Jobs Act of 2017 (the "TCJA").

## 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.





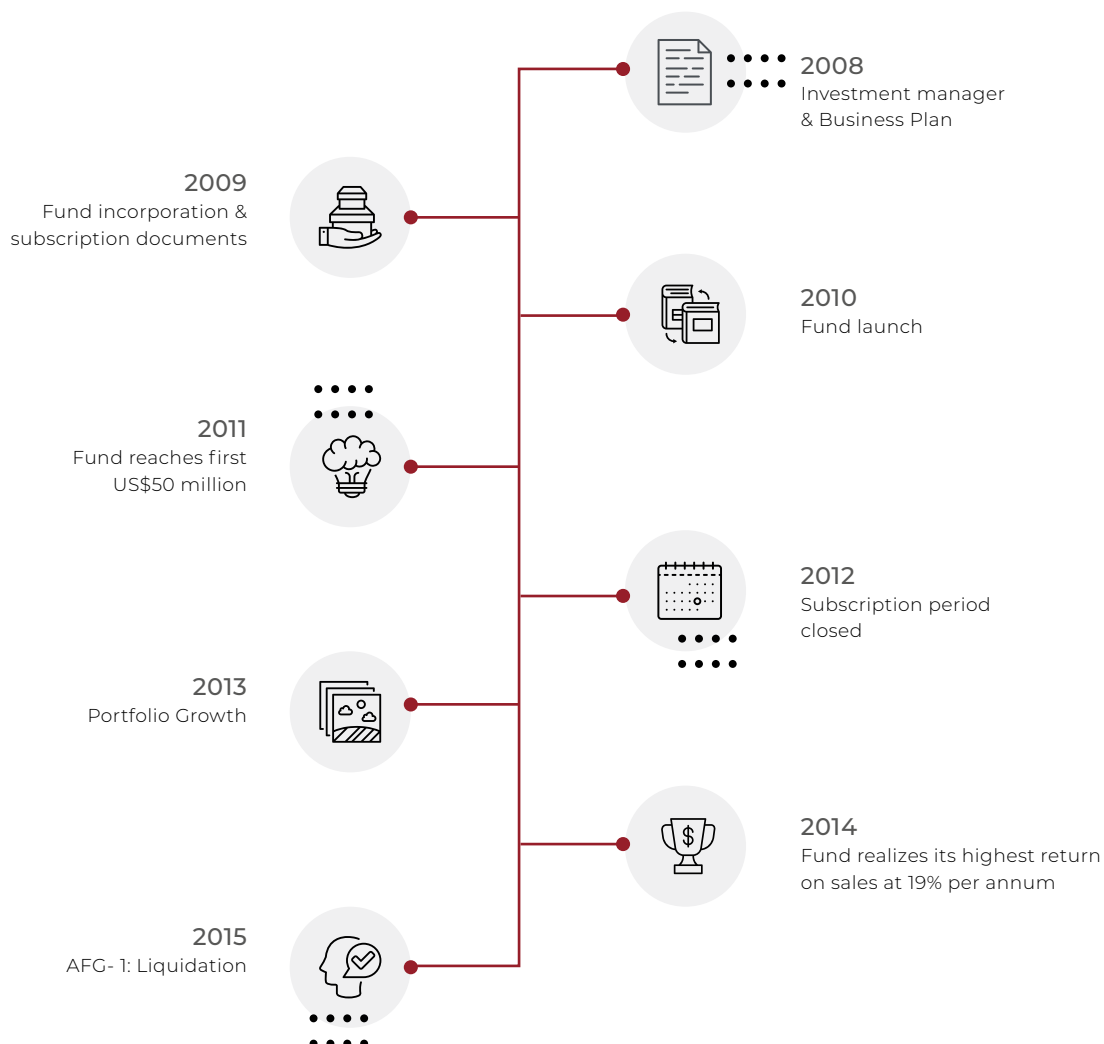
## TRACK RECORD

### 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*





ARTEMUNDI®  
SINCE 1989

## 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



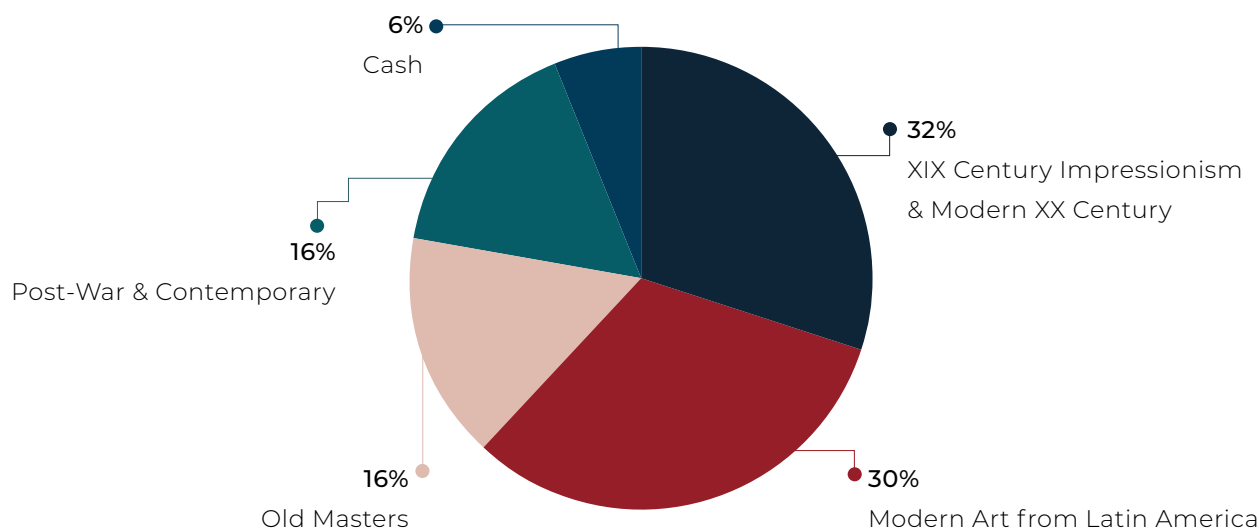
MINIMUM INVESTMENT: US\$250,000 for  
individuals and US\$1'000'000 for institutions.

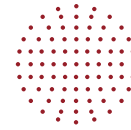
## INVENTORY FACTS.

Average date of the artworks in the portfolio: 1937

Average time work held in inventory: 455 days

Number of transactions during the fund: 170

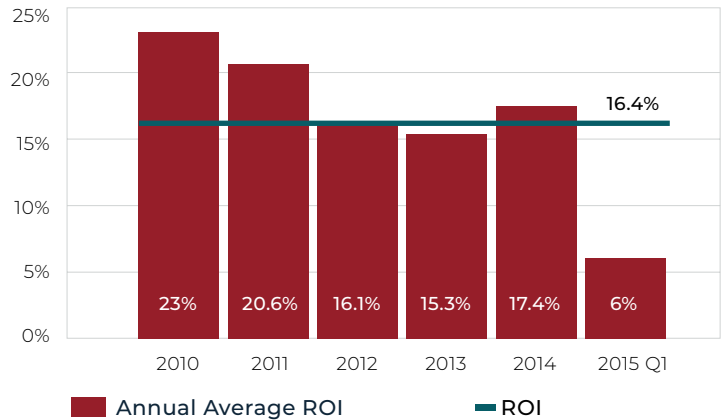




## PERFORMANCE.

### RETURN ON INVESTMENT (ROI)

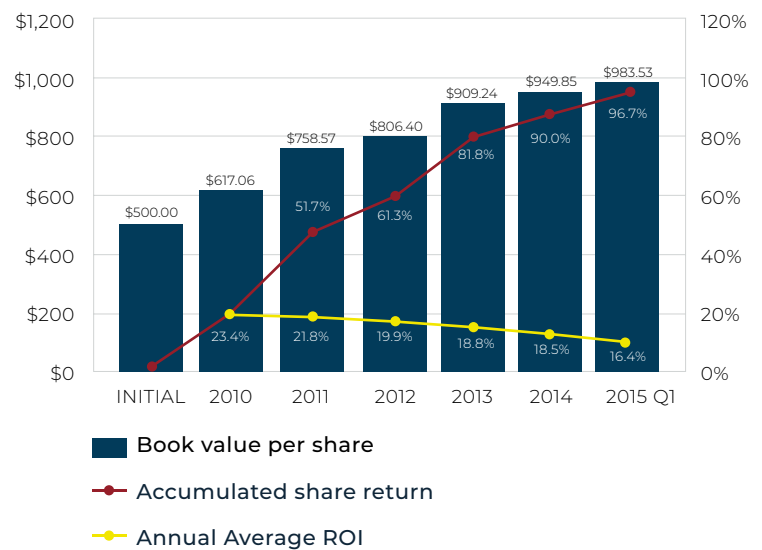
The accumulated ROI from the first four years of operations amounts to 92.5%, or an annual average of 18.5% in 2014, or 16.4% including 2015 Q1.



©Artemundi LLC, 2015

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

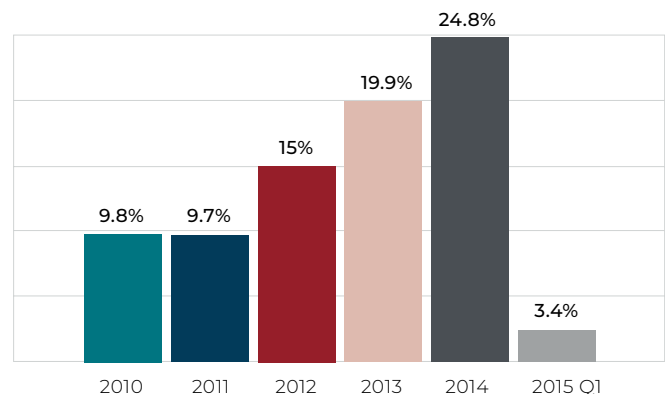
The annual rate of appreciation in value decreased year on year because of the art-to-market adjustments done in the first year, when many artworks were added to the portfolio (reflecting that works were mostly acquired at a discount and subsequently brought up to FMV for valuation purposes). A considerable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



©Artemundi LLC, 2015

### RETURN ON ASSETS (ROA)

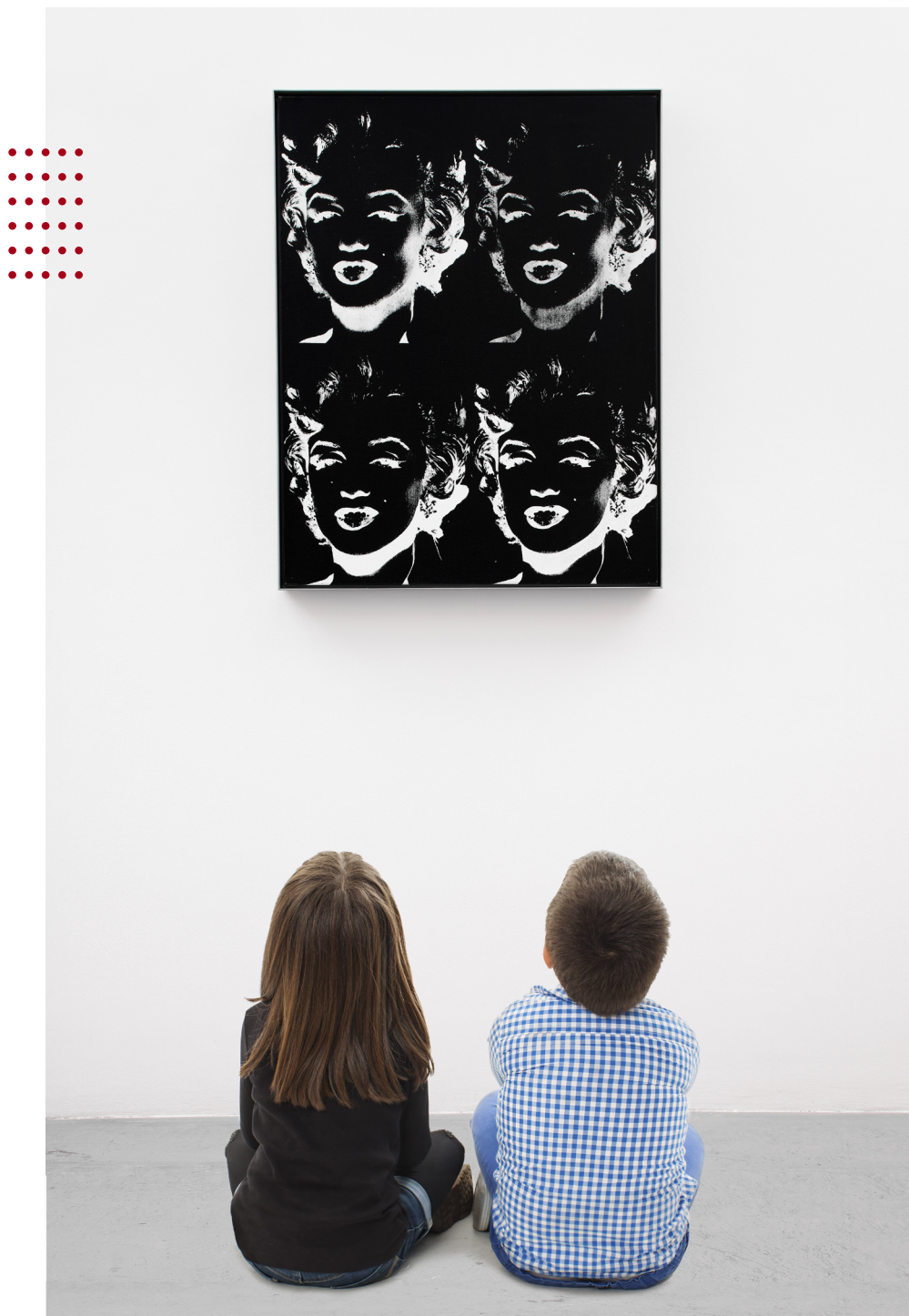
On average, the Return on Assets has been 13.7% through the Fund's term. ROA is an indicator of how profitable a company is relative to its total assets. It provides a reference on how efficient the management is at using its assets to generate earnings. It is calculated by dividing a company's annual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



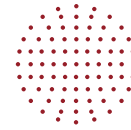
©Artemundi LLC, 2015



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.



Warhol, Andy, *Four Marilyns (Reversal)*, 1979 - 1986, Acrylic on canvas



## ART PROFESSIONAL SERVICES.

## 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.

## 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.



## 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:

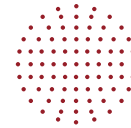
- formal independent valuations
- acquisitions and deaccessioning
- donations in-kind, grants, or bequests
- museum loans
- condition reports
- shipping and logistics
- collection assessment and analysis
- registrar and cataloging practices

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.

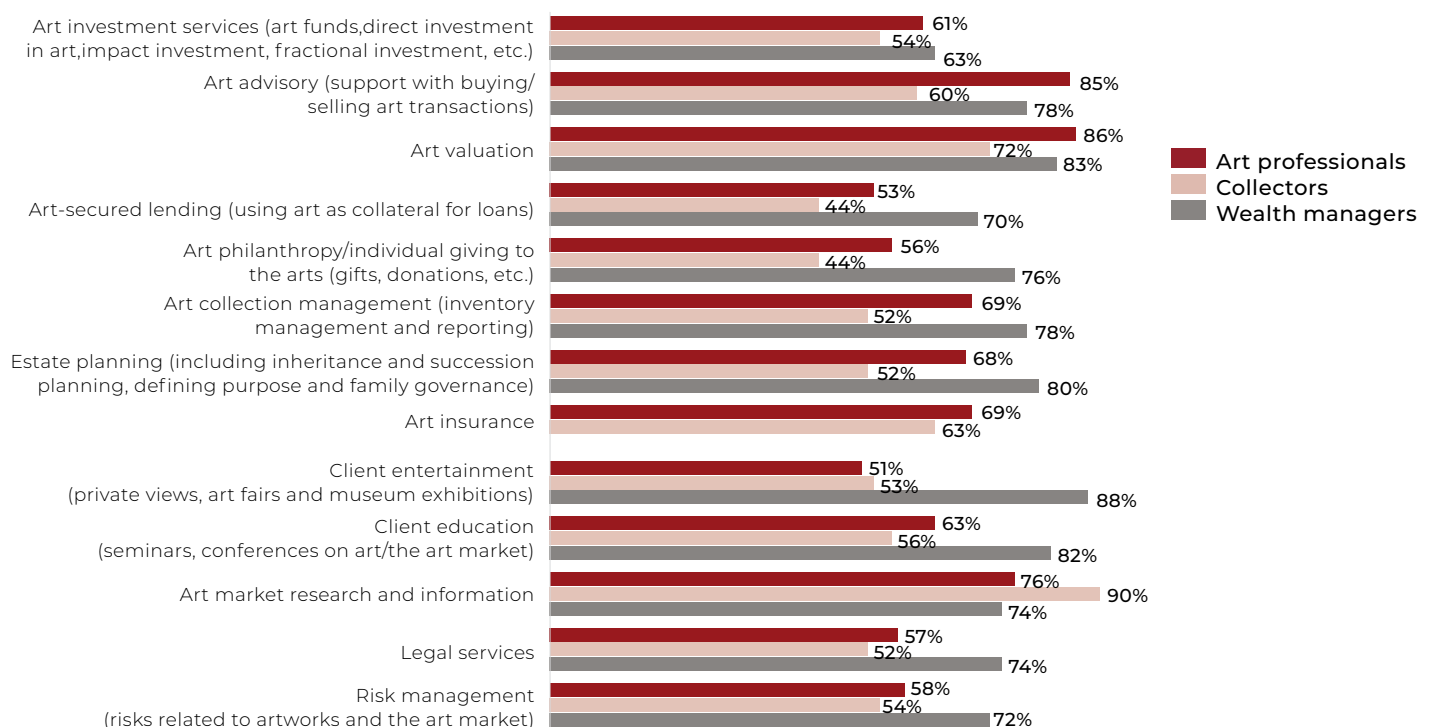
Have you given a thought to what you want to do with yours?

## 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





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SINCE 1989

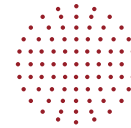
## CURATORIAL RESEARCH.

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 Mark Rothko Artprice Index has grown 1294% since 2000, compared to 452% 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

.....

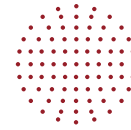
In 2024, 57.5 billion USD  
worth of Fine Art sold\*

\*ArtBasel UBS

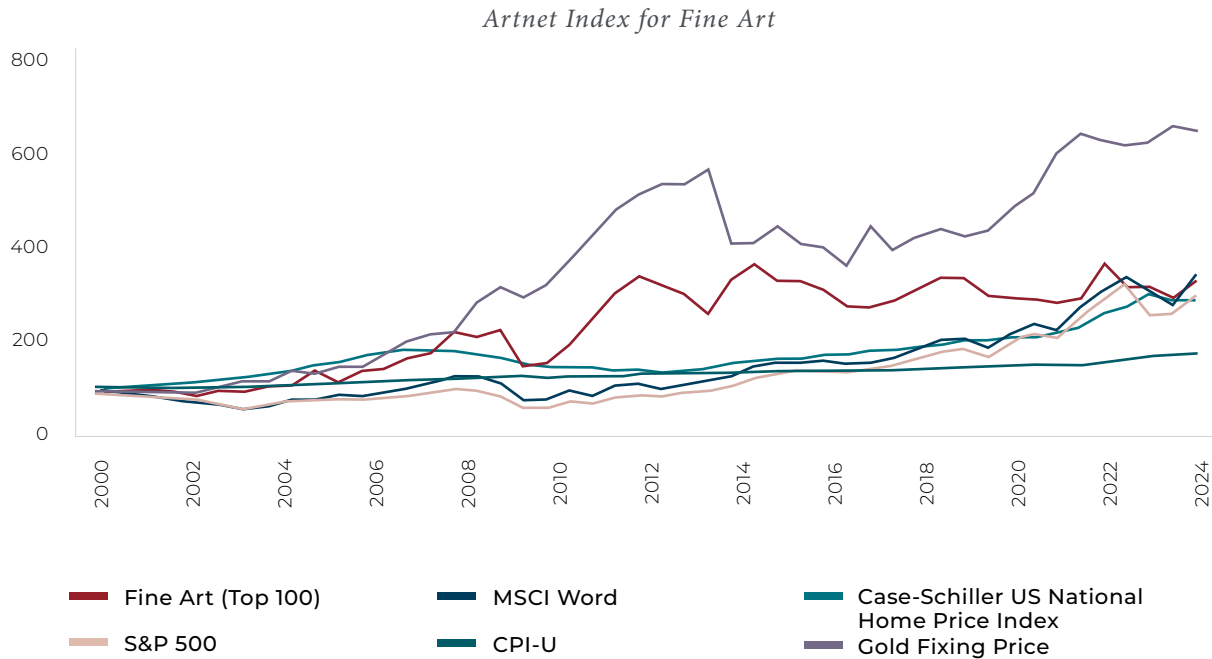
.....

Impressionist, Post-  
Impressionist, Modern and  
Post-War art jointly made  
up 75% of the art market  
in 2024\*

\*ArtBasel UBS



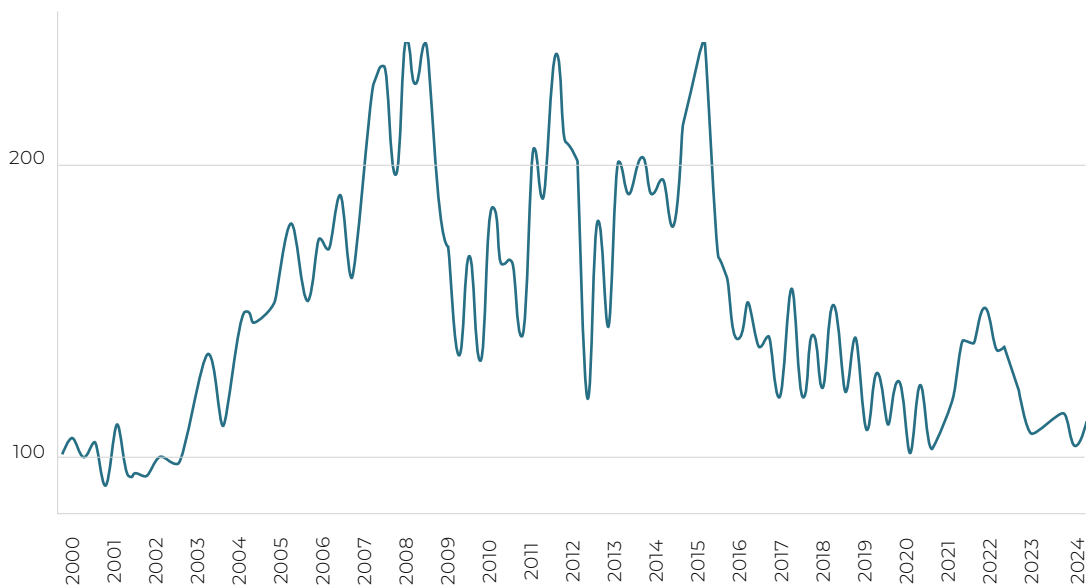
## PERFORMANCE.



©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 reached new heights in the last two years and, after a contraction in 2023, is picking up again. 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 2024.

The 2024 auction year reflected a market in transition, balancing caution with signs of resilience.

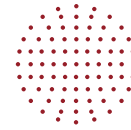
London's March and June sales underperformed, reinforcing its ongoing lag behind New York due to Brexit's lasting impact and a contracting global market. Collectors remained reluctant to part with top-tier works, preferring to hold onto safe investments. However, standout results for artists like Magritte, Bacon, and Hockney demonstrated that demand for blue-chip names persisted.

May's New York auctions faced unexpected disruption when Christie's suffered a cyberattack just days before the marquee week. Despite operational setbacks, the results, though subdued, confirmed a buyer's market favoring 20th-century masters. Meanwhile, Sotheby's decision to change its fee structure in February failed to yield the expected results, leading the house to revert to its previous model in December.

In June, the world's leading art fair, Art Basel, took place, once again serving as a critical barometer of the global market health. Sales of established 20th-century masters remained strong, but a decline in participating galleries and a quieter VIP preview raised concerns about shifting collector behaviors. The reduced presence of American buyers further highlighted an uncertain market.

In October, London's Frieze-week auctions marked a slight shift, with lower BI-rates and stabilized estimates hinting at a cautious rebound. This optimism carried into November, when New York's sales closed the year on a strong note, with 80% of nearly 1,600 lots sold. While economic and geopolitical uncertainty remain, 2024 concluded with renewed confidence heading into 2025.

Overall in 2024, 57.5 billion USD worth of Fine Art sold, which marked a decrease in value year-to-year. Still, the number of transactions grew by 4% following a trend set out since 2021. The persistent growth of volume is owed to the increasing lower-priced segment, which continues to expand while the upper and top-priced segment contract. (Art Basel UBS)



## 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.

*Sales in the Global Art Market 2009-2024*



©Arts Economics, 2025



## 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.

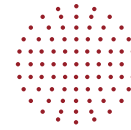
### GREAT DEPRESSION

"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.

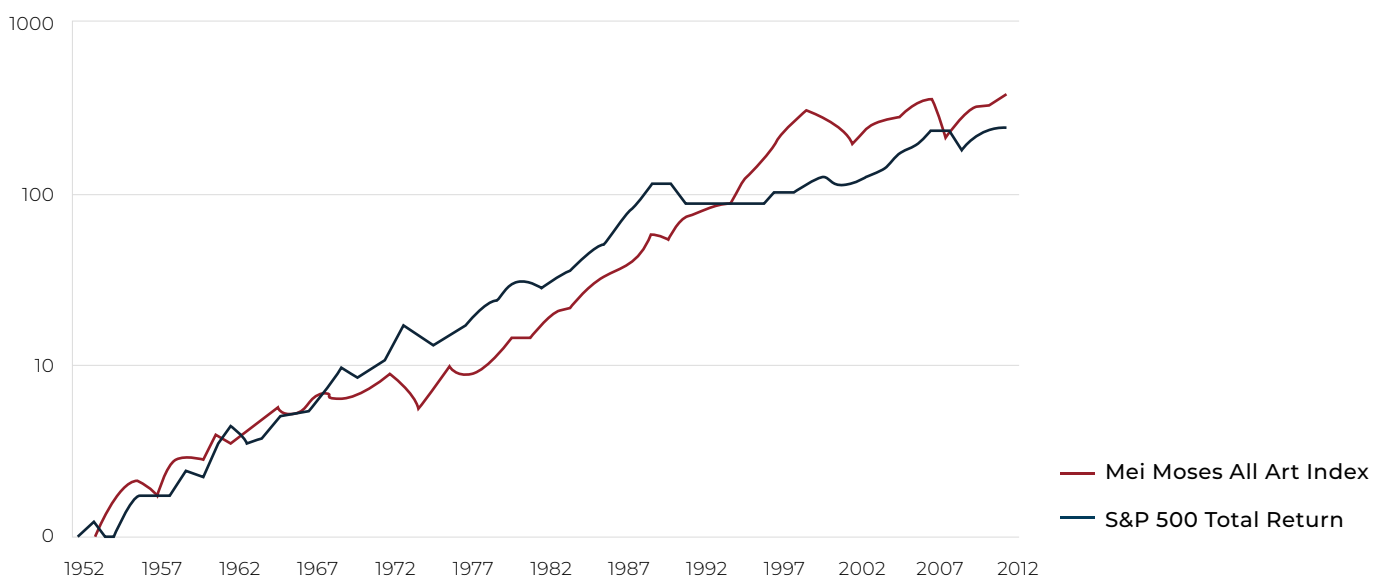
However, the top end of the art market—especially paintings purchased above US\$500,000—farther from experiencing a recess, has remained resilient amid turbulence, increasing 5.5% in the first seven months of 2020.



## 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

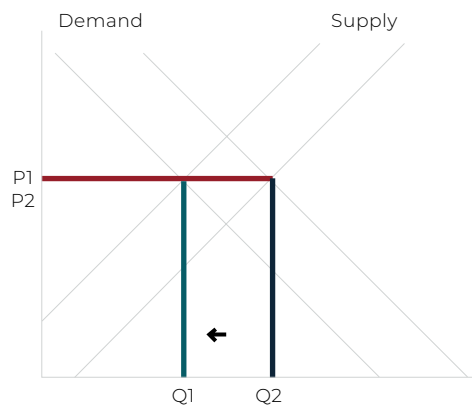
	% Annualized returns	% Annualized volatility (standard deviation)	Returns to volatility ratio
MEI MOSES ALL ART INDEX (1950 -2019)	8.4%	16.9%	49.7%
CONTEMPORARY ART	9.4%	35.3%	26.5%
IMPRESSIONIST AND MODERN ART	8.9%	33.8%	26.2%
OLD MASTER AND 19TH CENTURY ART	7.4%	19.1%	38.8%
AMERICAN ART	6.7%	37%	18.2%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

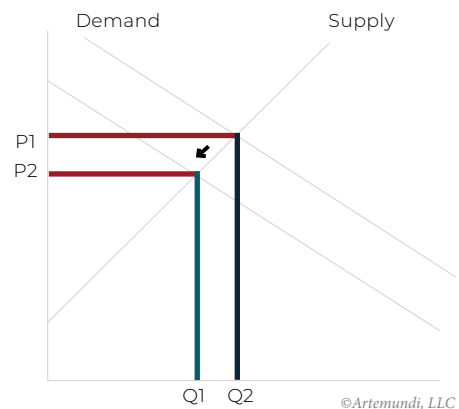
Holding a broad portfolio of artworks from a variety of artistic periods can reduce the overall risk of the art portfolio considerably. Artemundi's portfolio diversification strategy is based on supply and demand analysis:

### 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.

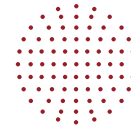
### ALL OTHER ART



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.

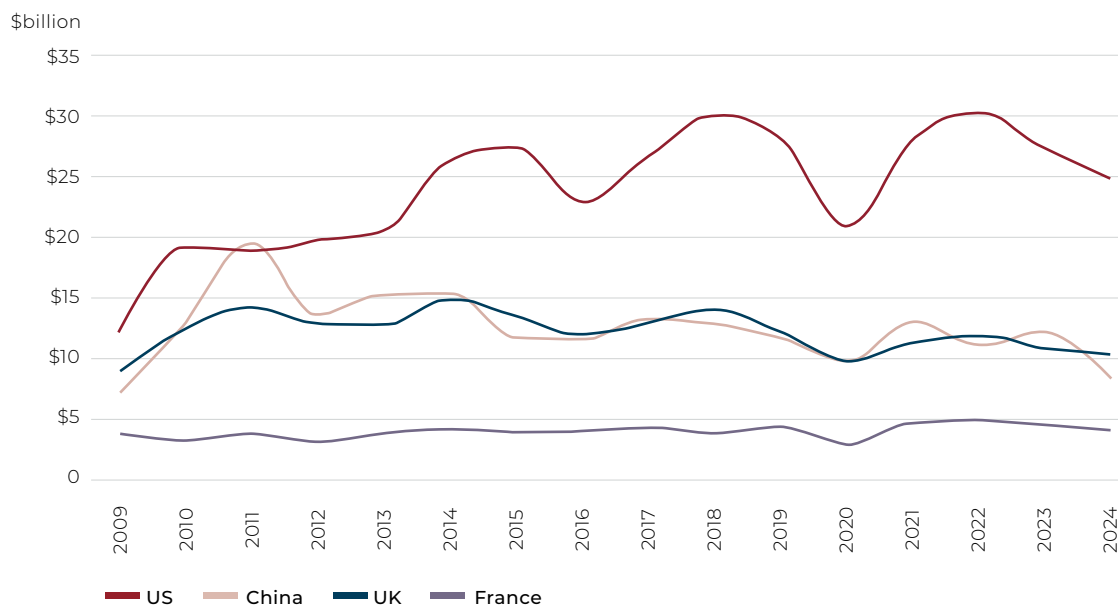




## GLOBALIZED MARKET.

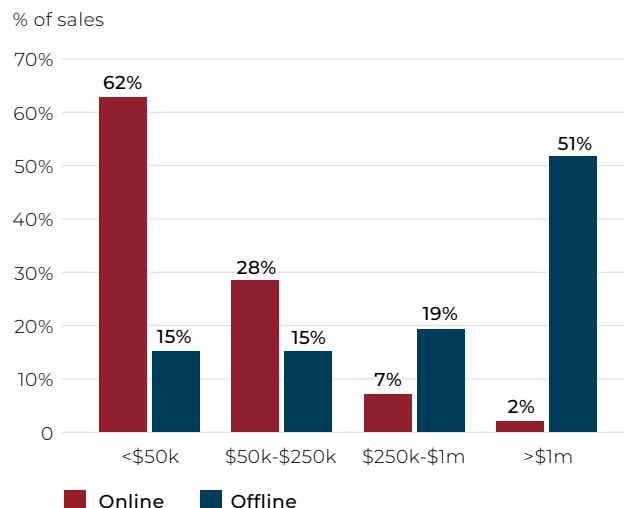
Globalization of the art market over the last decade has increased the number of collectors, bringing in eager new players who are driving up prices in their anxiety to acquire iconic pieces of art. The global increment in super-rich individuals whose appetite for art helps to keep the market healthy. 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.

*Sales in the Major Global Art Market 2009-2024*



©Arts Economics, 2025

*Share of the Value of Online Versus Offline Sales in Fine Art Auctions by Price Segment 2024*



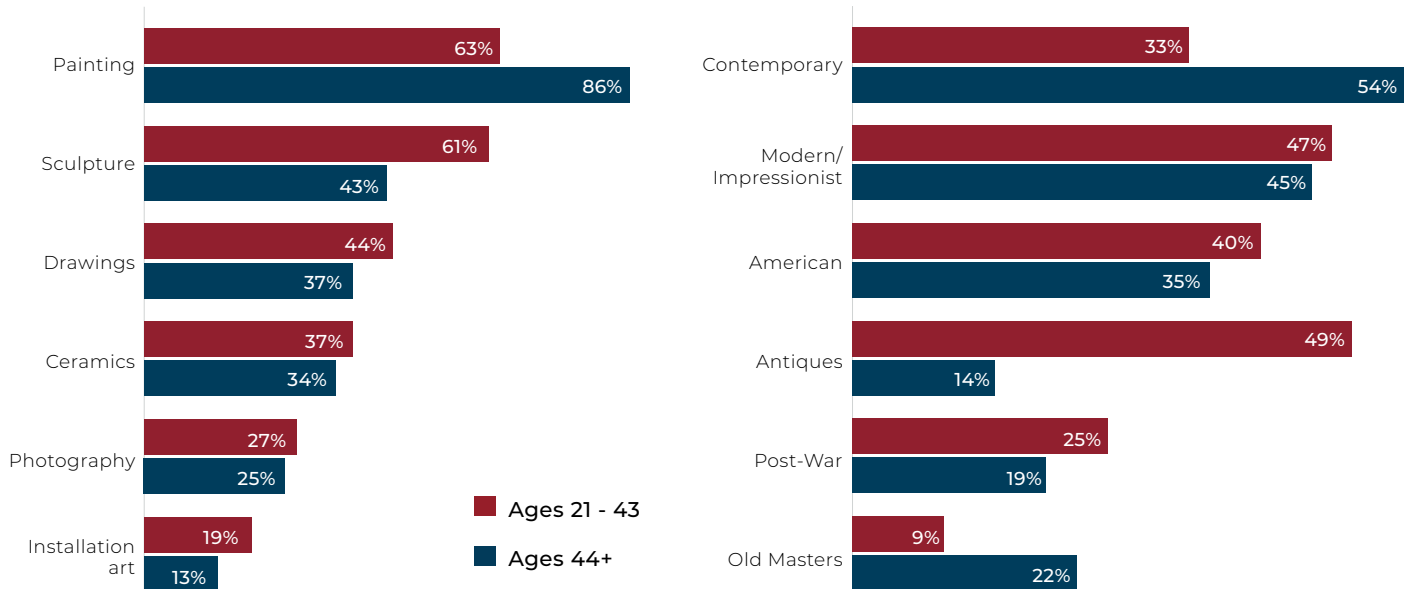
©Arts Economics, 2025 with data from Artory



## 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.

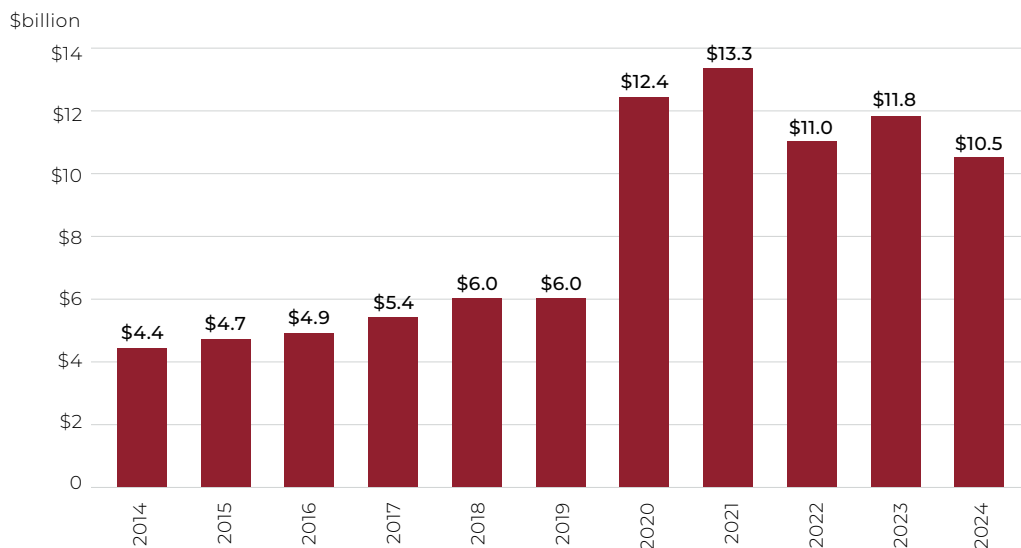
*Among those with art >\$100K, art forms currently collected*



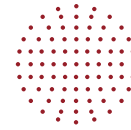
©Bank of America Private Bank Study of Wealthy Americans, 2024

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.

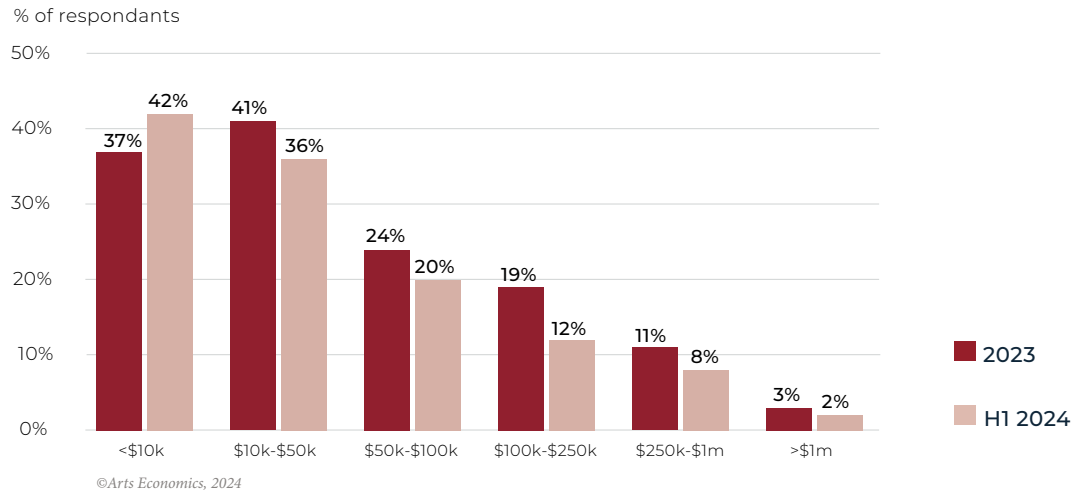
*Sales in the Online Art and Antiques Market 2014-2024*



©Arts Economics, 2025



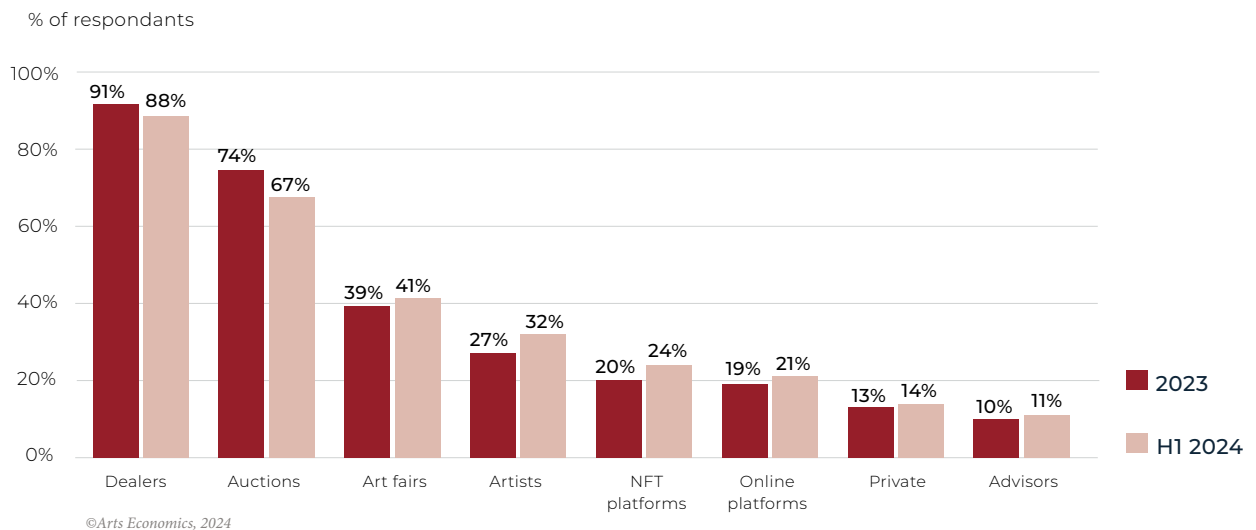
*Share of Collectors Purchasing in Different Price Ranges 2023 and 2024*



## 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.

*Share of HNWI's Using Sales Channels for Purchasing 2023 and H1 2024*

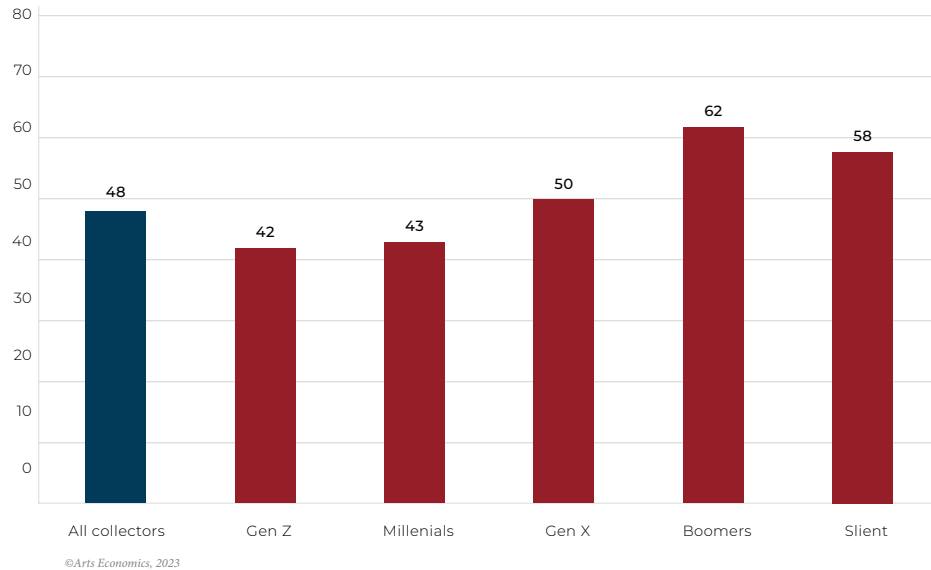


In 2021, global art sales of dealers and auctions reached US\$65.1 billion, surpassing pre-pandemic highs and recovering from the dip in 2020. Post-War and Contemporary Art showed the biggest rise in comparison to the previous year and form the best-selling genre. In 2022, the art market continued the 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.



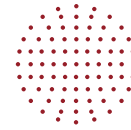
## ESTATE PLANNING.

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

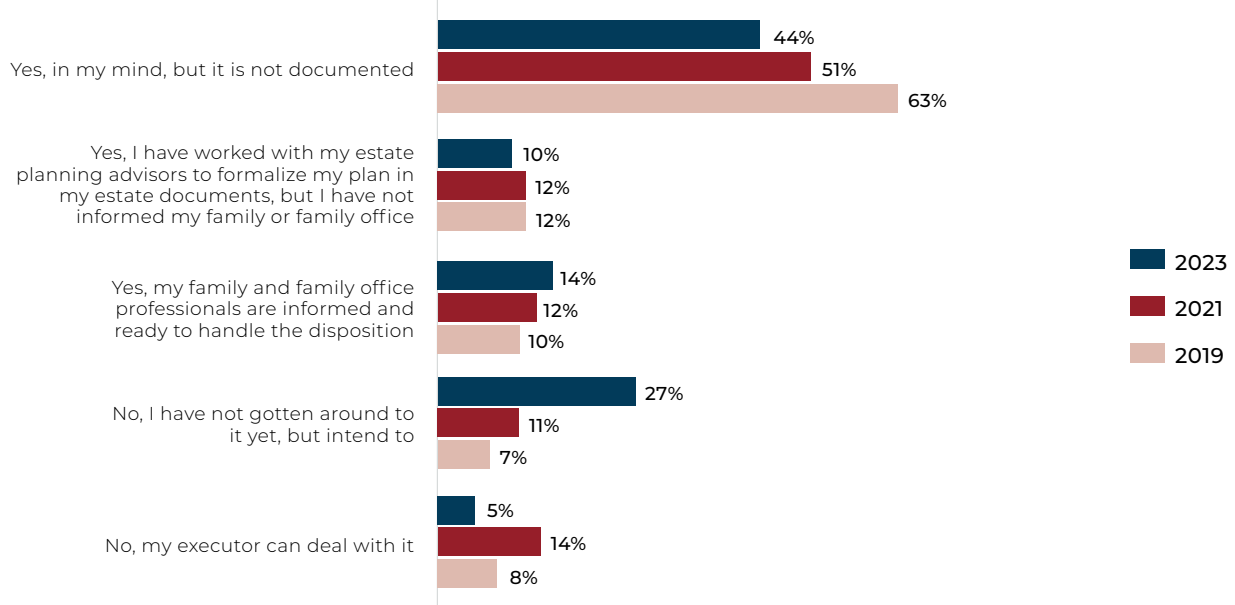


With over US\$1.74 trillion of art and collectible wealth currently held by UHNWIs (6% of the assets held in global wealth portfolios), it is estimated that over the next decade, more than 14,000 UHNWI (defined as those with assets, excluding their main property, worth over US\$30 million) are expected 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.

According to the 2024 Bank of America Private Bank Study of Wealthy Americans, 32% of younger wealthy Americans (age 21-43) want to donate part of their inherited art collection to museums and 26% want to donate it to non-profit organizations. Only 15% plan on selling inherited art. This marks an increase compared to the older generation of wealthy Americans (age 44 and older), where only 19% intent to donate part of their inherited art collections to museums. Estate planning considerations and changing intentions for current or foreseeable inheritance have to include art collections and the possibilities to transfer them one generation to the next.

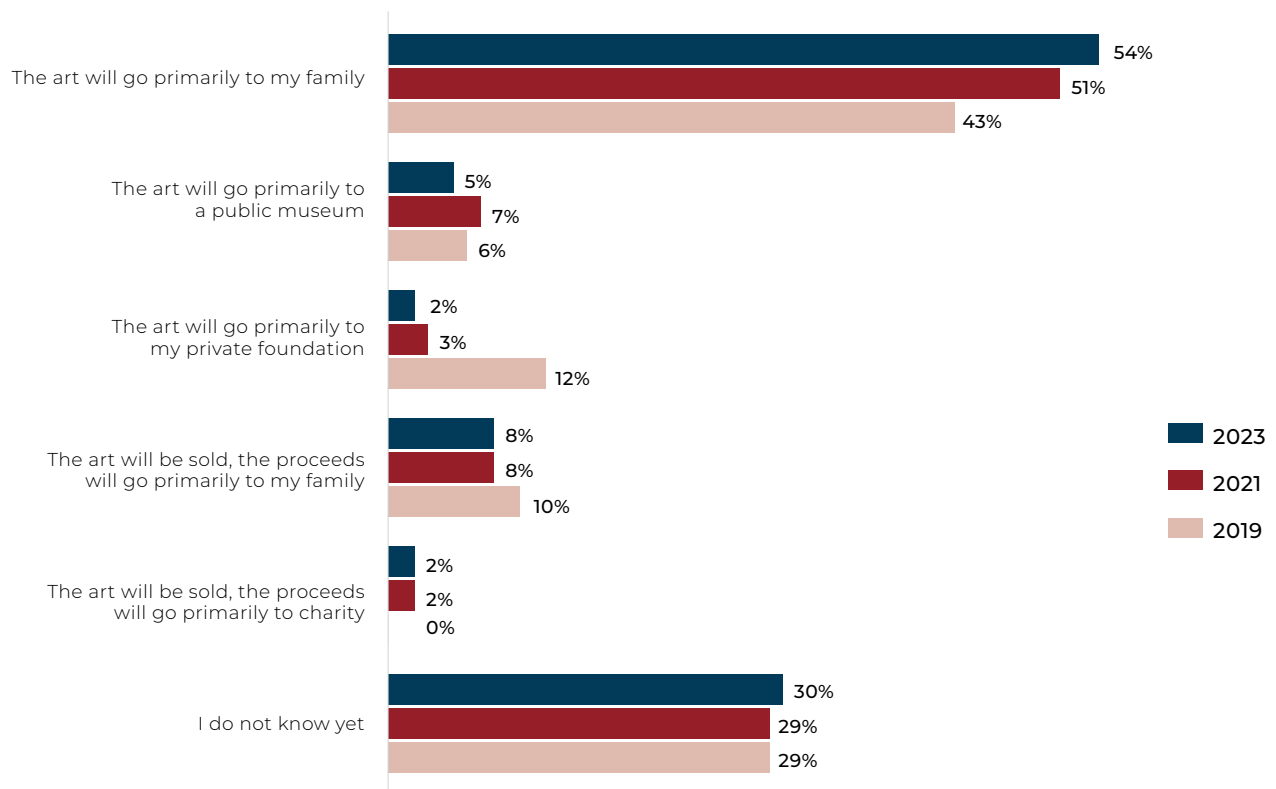


*Collectors: do you have a long-term plan for your collection?*



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

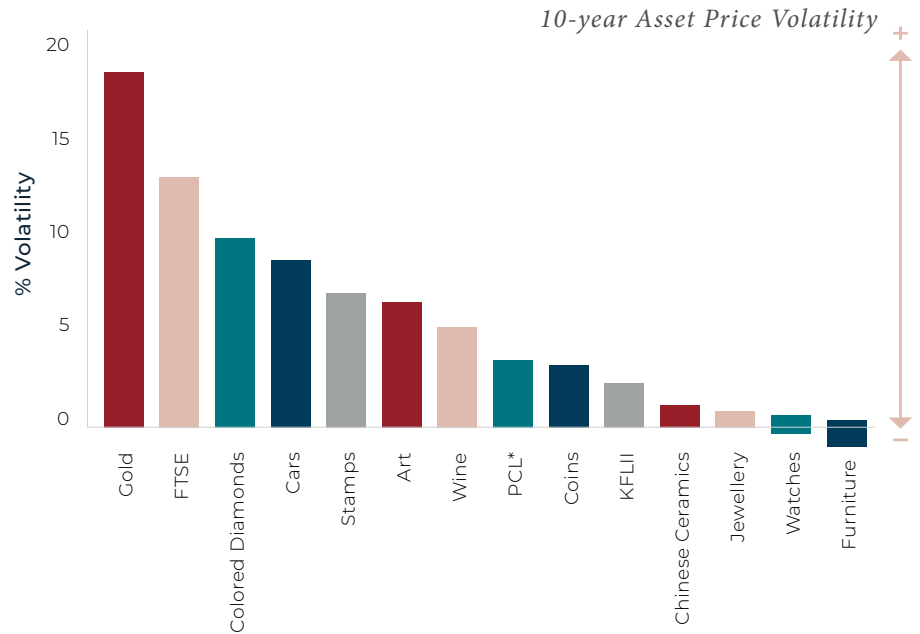


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## ART AND ALTERNATIVE INVESTMENTS FOR PORTFOLIO STABILITY.

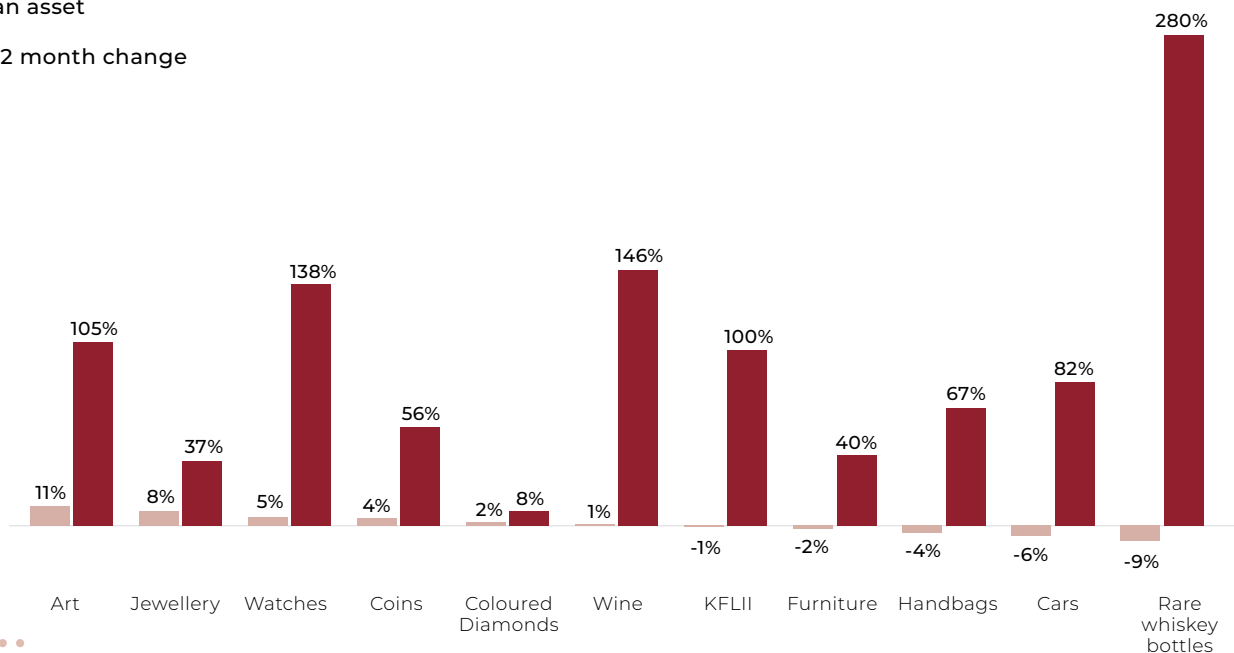
One of the most obvious benefits of investing in collectibles is a relatively low standard deviation in annual returns, i.e., stability. Minimizing risk, whilst maximizing returns, may be achieved by combining stocks and bonds with collectibles. Given the low correlation to equities, in a long-term portfolio 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

### Knight Frank Luxury Investment Index Q3 2023

- 10 year change in an asset
- 12 month change



@Knight Frank The Wealth Report, 2023



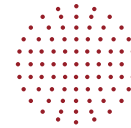
Judd, Donald, *Untitled (80 - 19 Bernstein)*, 1980, Stainless steel, red anodized aluminum



## 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 though 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.

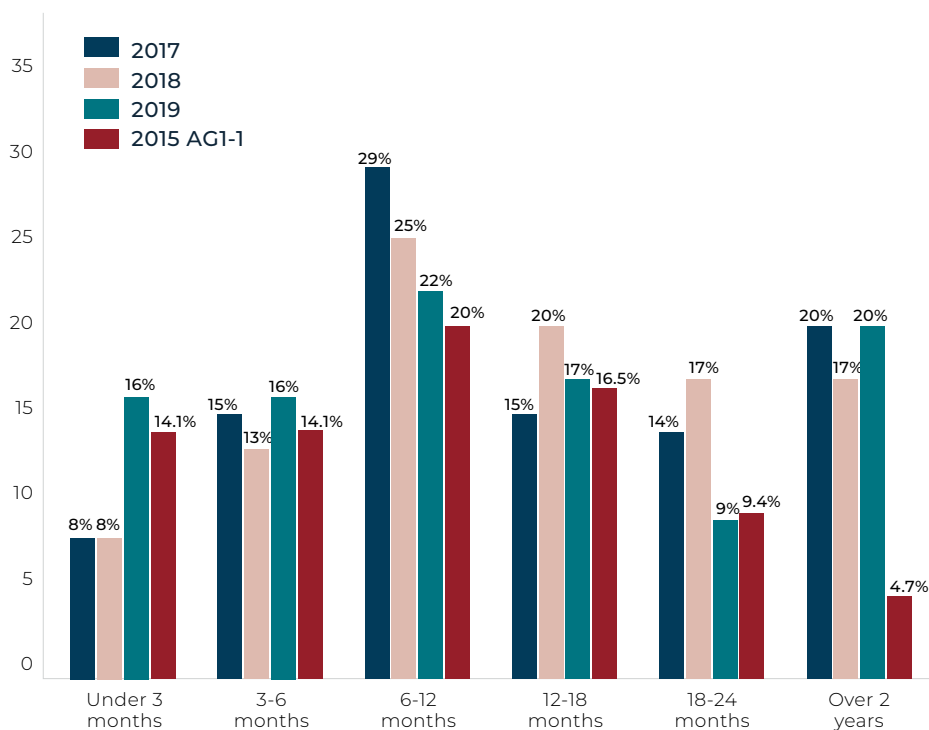




CHALLENGE	GALLERIES	DEALERS	ARTEMUNDI
INVENTORY QUALITY	Most Galleries engage in Contemporary art and therefore expose themselves to significant risk when re-stocking. Furthermore, third party IT services are used for inventory management and CRM such as artBinder, artbutler or artlogic.	The most frequently 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*



©Arts Economics, 2020  
©Artemundi LLC, 2015

*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%



## 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.



### ONLINE SALES ON THE RISE

Due to worldwide restrictions online sales surged dramatically in 2020 and prove they are here to stay. While the art market felt an overall contraction in the second half of 2023 and most of 2024, online-only sales increased and continued the positive tendency of the last years. At Artemundi, we meet the growing interest in and confidence with online sales operations with enhanced technological and legal security.



### 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.

OUR PARTNERS





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