



New Collector Trends in Art & Finance

12th Art & Finance Conference

14 October 2019



Adriano Picinati di Torcello Conference Moderator

Deloitte Luxembourg

Director, Advisory & Consulting
Global Art & Finance Coordinator

New Collector Trends in Art & Finance

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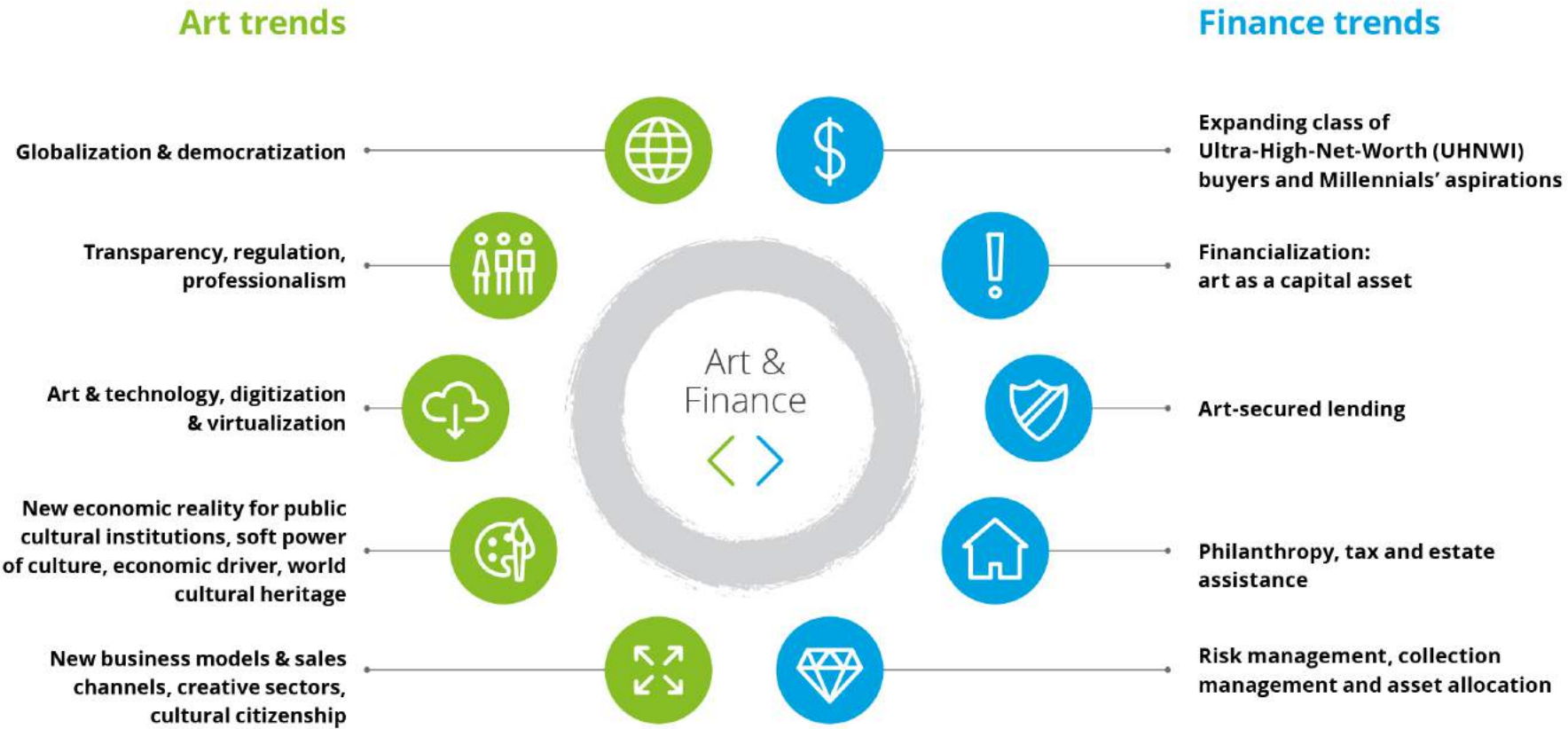


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The Big Picture

Art & Finance is an emerging industry



Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019

Deloitte Art & Finance

The art and finance industry is uniquely positioned at the intersection of these three interconnected sectors

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



Agenda

Morning program

TIME FRAME	SUBJECT	SPEAKERS
08:30 09:00	Registration and welcome coffee	
09:00 09:15	Welcome speech and introduction	Vincent Gouverneur - Partner, EMEA Investment Management Leader, Art & Finance Leader, Deloitte Luxembourg Peter Brigham - CEO, Rosemont Monaco SAM Jean Castellini - Minister of Finance and Economy, Principality of Monaco
09:15 10:15	Panel 1 Estate Planning: structuring art collection in an era of greater transparency	<i>Moderator:</i> Pascal Noel - Director of Operations, Deloitte Monaco <i>Panelists:</i> Peter Brigham - CEO, Rosemont Monaco SAM Melanie Damani - Managing Director, Hottinger Art Limited Emmanuelle Ragot - Partner, Head of Data/IP/TMT/Employment, Wildgen Pietro Ripa - Private Banker, Fideuram Bank Freya Stewart - CEO, Art Lending and Group General Counsel, The Fine Art Group
10:15 10:45	Coffee break – Salon de la mer	
10:45 11:45	Panel 2 Art on Yachts: Monaco's unique vision	<i>Moderator:</i> Janet Xanthopoulos - Head of Yacht Ownership & Administration, Rosemont Yacht Services <i>Panelists:</i> Olivier Blanchet - Head of Jet & Yacht Finance, BNP Paribas SA Daniela Boutsen - President, Boutsen Design Thierry Cognard - Managing Director, WES Monaco Bruno Peretti - Director, Société Monégasque de Transports/ Monaco Freeport Mike Taylor-West - Director Global Markets, Private Client, Marine & Aviation, La Playa Insurance
11:45 12:30	Presentation of the 6th Deloitte Luxembourg & ArtTactic Art & Finance Report	Anders Petterson - Founder & Managing Director, ArtTactic Adriano Picinati di Torcello - Director, Global Art & Finance Coordinator, Deloitte Luxembourg
12:30 14:00	Lunch - Salon de la mer	

Agenda

Afternoon program

TIME FRAME	SUBJECT	SPEAKERS
14:00 15:00	Panel 3 Transformation of the art market by 2030: opportunities and challenges for art collectors	<i>Moderator:</i> <i>Panelists:</i> Simon de Pury - Founder and Owner, de Pury Tiqui Atencio - Art Collector Martin Guesnet - Senior Associate Director, Artcurial Dr. Thomas Kellein - Director, Bergos Berenberg Art Consult David Nahmad - Art Collector Sophie Neuendorf - VP, Strategic Partnerships, artnet
15:00 16:00	Panel 4 How collectors can better manage their collection and reduce risks through technology	<i>Moderator:</i> <i>Panelists:</i> Solenne Blanc - Managing Director, New Business Lines, Beaux-Art & Cie Curt Bilby - President & CEO, Art Analysis & Research Nanne Dekking - Founder and CEO, Artory Philippe Gellman - Co-founder and CEO, ArteĪa Niko Kipouros - Founder & CEO, 4ARTechnologies Dorit Straus - Senior Advisor, Wondeur AI
16:00 16:30	Coffee break - Salon de la mer	
16:30 17:30	Panel 5 Private Museums: trends and the impact of Virtual Reality	<i>Moderator:</i> <i>Panelists:</i> Henry Blundell - CEO, MasterArt Vitomir Jevremovic - Founder & CEO, VR-All-Art Joel Kremer - Co-founder & Director, The Kremer Collection Sylvain Levy - Co-founder, DSLcollection Allegra Shorto - Art Director, Khora Contemporary - Faurschou Foundation
17:30 17:45	Closing Speech (with consecutive translation)	Inna Bazhenova Owner, Publisher, The Art Newspaper international network
17:45 18:00	Closing Remarks	Guillaume Rose CEO, Monaco Economic Board
18:00 19:00	Cocktail reception - Horizon deck	



Vincent Gouverneur

Deloitte Luxembourg

Partner, EMEA Investment Management Leader,
Art & Finance Leader

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Peter Brigham

Rosemont Monaco
Managing Director, CEO

New Collector Trends in Art & Finance

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Jean Castellini

Principality of Monaco

Minister of Finance and Economy

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Panel 1

Estate Planning:
structuring art collection in an
era of greater transparency

Pascal Noel

Deloitte Monaco

Director of Operations

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Panel 1

Estate Planning: structuring art collection in an era of greater transparency



Moderator



Pascal Noel
Director of Operations
Deloitte Monaco

Panelists:



Peter Brigham
CEO
Rosemont Monaco SAM



Melanie Damani
Managing Director
Hottinger Art Limited



Emmanuelle Ragot
Partner, Head of
Data/IP/TMT/Employment
Wildgen

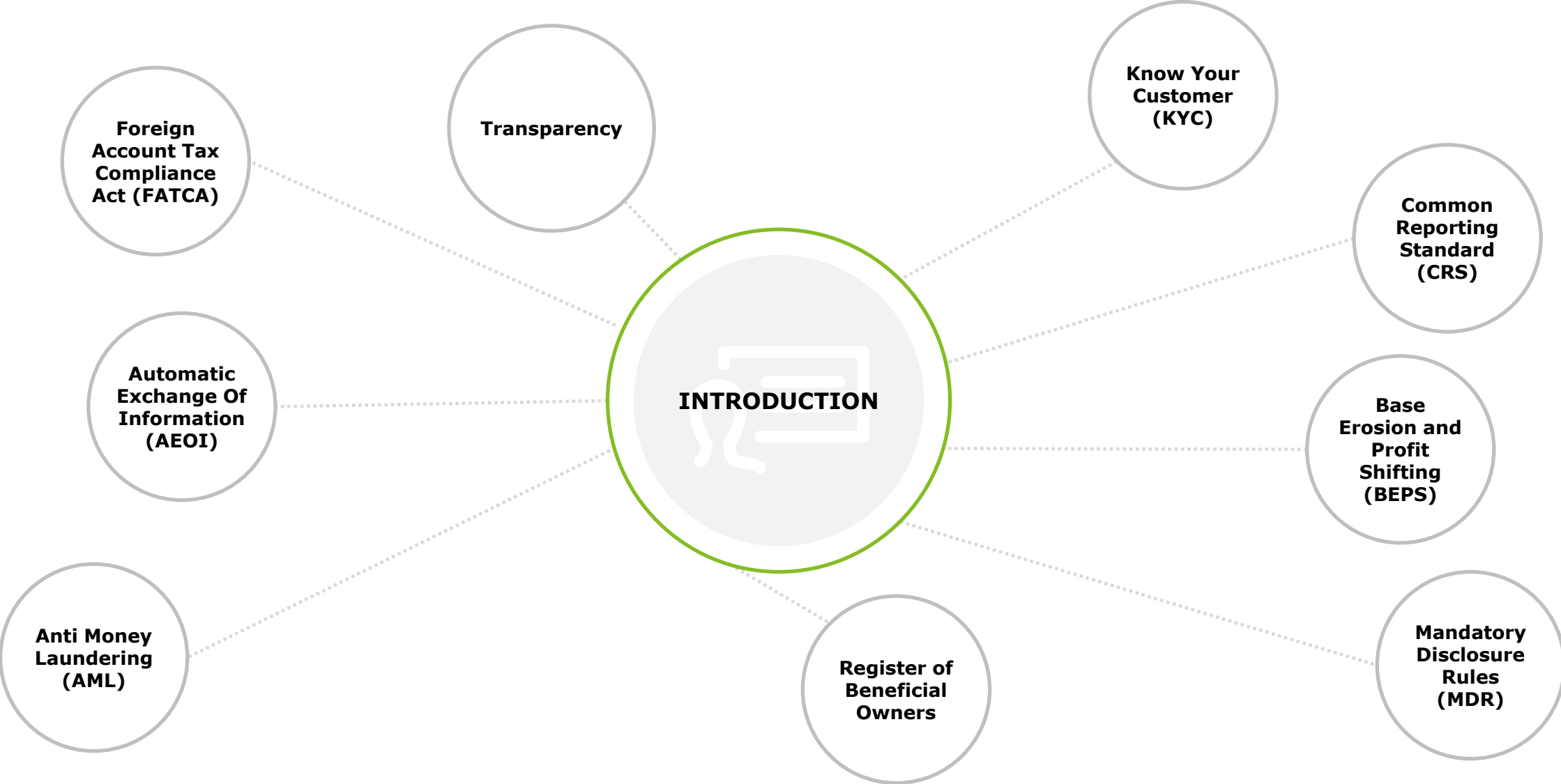


Pietro Ripa
Private Banker
Fideuram Bank



Freya Stewart
CEO, Art Lending and Group
General Counsel
The Fine Art Group

Structuring art collection in an era of greater transparency



New Transparency rules

Why structuring an art collection



WHAT are the good reasons to hold art collection through dedicated structures?

Tax and legal reasons :

avoiding taxation on sales maximize funds available for reinvestments, inheritance planning, contribute assets to a philanthropic entity...

Management:

a dedicated structure can allow the acquisition of an art collection by multiple investors and family joint ownership, and can facilitate the financing by third parties and the management of the assets by professionals.

Confidentiality:

using a dedicated structure allow to purchase or sell of assets even through auctions without being publicly ...



Different type of vehicles can be used to purchase fine art:

- Vehicles are generally country specific
- Different vehicles are used depending on the objective of the structure.
- Most common structures used are:
 - Trust
 - Onshore vehicles (LLC, SCI)
 - Offshore entities
 - Foundations
 - Investment funds

Global transparency

Ensuring greater financial stability



What caused this transparency need ?

2008 financial crisis forced governments to rescue the banking system, leading to a deficit increase, massive funds needs and the implementation of low interests rates.

Several **tax fraud scandals** increased the public pressure on politicians for adopting new transparency standards:

- Luxleaks, Panama Papers, Paradise Papers, ... highlight the scale of tax optimizations schemes of certain economical players.
- Enquiries brought the attention towards multinational corporations using aggressive tax planification such as Google, IKEA, Mittal, Starbucks, Amazon, Apple ...



How does it apply to the art market ?

Art collections are considered as a **highly valuable asset** evolving in a confidential environment are facing a new complex and **challenging regulation framework** :

- Ultimate Beneficial Ownership information, i.e. the natural person behind a legal entity or arrangement, is now a key requirement of international tax transparency to fight against tax evasion and other financial crimes
- Due diligence in terms of research, monitoring and risk scoring of the identification and origin of fund are required to reduce risks of money laundering and counter financing of terrorism
- International communication and controls in terms of tax evasion by individuals to stop the use of shell structures in tax haven countries
- Regulation around tax optimization by multinational groups and tax evasion by individuals requires banks and advisors to identify the purpose and substance of investment structures

artnet news

Prosecutors Expose Jho Low's Secret Schemes to Illicitly Acquire \$137 Million in Art
Funds were used to buy works by Van Gogh and Monet

The Telegraph

Wildenstein art heirs acquitted of massive tax fraud

FT FINANCIAL TIMES

How transparent is the art market ?

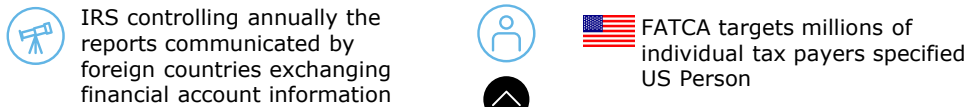
Automatic Exchange of information

Focus on FATCA & CRS (2014/2016)

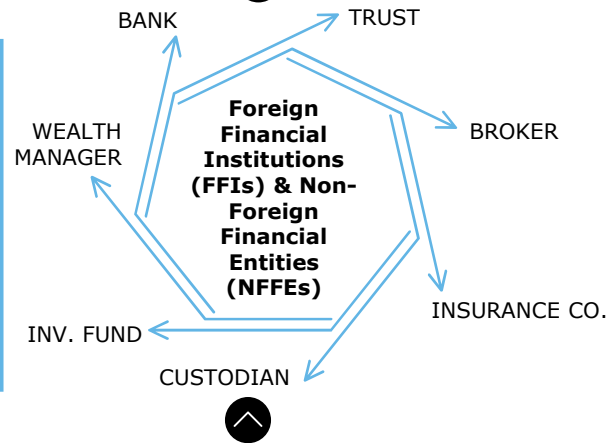


Foreign Account Tax Compliance Act (FATCA)

New reporting obligation adopted in 2010 by the US Congress in order to identify "US persons" escaping their US tax obligations by holding assets through non-US structures & products. Implementation started in 2014 and foreseen application of US withholding tax on US income / proceeds paid in favor of non compliant intermediaries/ recalcitrant or dormant account holders. Targeted US taxpayers include US tax resident as well as non resident nationals. No reciprocity except with countries signing an IGA allowing partial reciprocity. Exchange of information on specified US persons (individual/ entity) being direct account holder or substantial US owner of passive foreign entities (NFFE).



More than 120 jurisdictions have agreed/ signed an IGA forcing local institutions to exchange financial information on specified US persons



Certain US source income; stock/debt proceeds



Who is impacted?

Owners of a Bank account or of financial assets (inv. Fund, loan or shares with a managed holding company) held outside their residence country being Individual/ non financial entities/ Controlling persons of passive entities.
Information reported: balance at YE, income received during the period

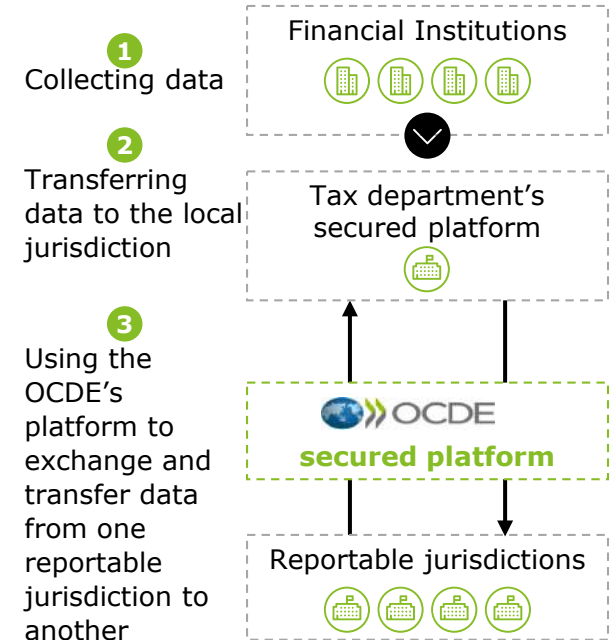
Common Reporting Standards (CRS)

European answer to FATCA based on FATCA IGA and full reciprocity. Regulation developed in response to the G20 request and approved by OECD Council in 2014. Implemented as from 2016.

- Requiring local tax authorities to obtain information from financial institutions on investment made by non resident investors and automatically exchange that information with other jurisdictions on an annual basis.
- No withholding tax but information reporting on all reportable accounts of non-residents (individuals, non financial entities, controlling persons of passive entities)

All EU countries and more than 100 participating jurisdictions in total have committed to exchange financial account information, generally on a reciprocal basis and based on CRS MCAA.

CRS process



AML compliance

From requirements to identify UBO to public Register of Beneficial Owners



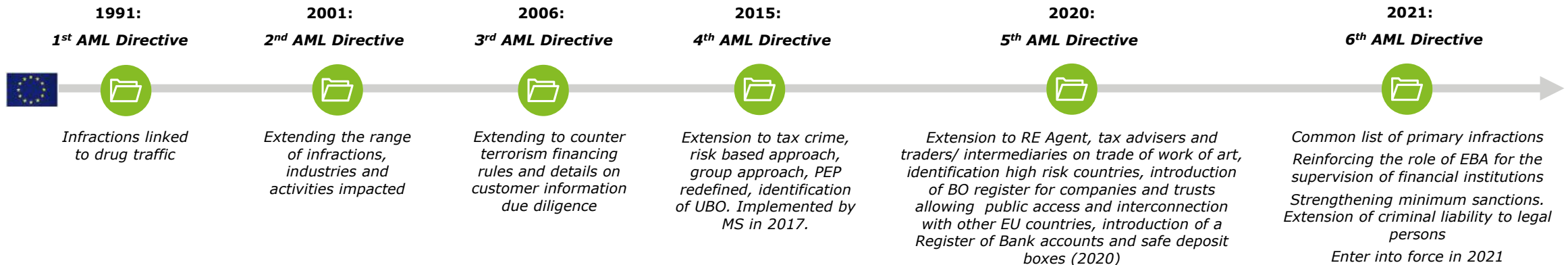
At the European level, each country must adopt the European Anti-Money Laundering (AML) Directives by adapting and transposing the regulations into national law. Those financing rules aim to create a highly exigent level playing field

UBO of Trusts

- i) the settlor(s);
- (ii) the trustee(s);
- (iii) the protector(s), if any;
- (iv) the beneficiaries or where the individuals benefiting from the legal arrangement or entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;
- (v) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means;

Cash payments

- ✓ No restriction at EU level of cash payments
- ✓ Individual decision of Member states (France 3.000€ but 15.000€ for non resident, Portugal 1.000€, Germany no limit)
- ✓ Public consultation organized by EU commission rejected a EU wide limitation (95% objection)



Targeted industries



BANK

LUXURY GOODS

FAMILY OFFICE

CASINO

REAL ESTATE

ART DEALERS

CSP

SUPERVISED entities

SPORTS AGENT

Know Your Customer (KYC) due diligence requirements

- ✓ Implementing a client risk scoring approach
- ✓ Ensuring the identification and availability of Beneficial Owners information
- ✓ **Verify, monitor and record the background of the intended transaction, source of funds and wealth**
- ✓ Particular attention to Politically Exposed Persons (PEP)

Who is impacted?

Controlling persons of companies, trust and similar arrangements are reported in public registry
 All bank accounts and safe deposit boxes will be reported on a local register, interconnection foreseen at EU level.
 As from 2020, will impact the art industry (galleries, auction houses, agent...).

OECD BEPS initiative/ EU blacklist

New requirements regarding substance and transparency for offshore companies



Base Erosion and Profit Shifting (BEPS) refers to tax planning strategies used by multinational enterprises exploiting cross countries' gaps in tax policies to avoid taxpayer's overall tax bill.

Who is impacted?

Owners of offshore entities located in blacklisted countries or in jurisdictions requiring additional substance



BEPs action 5: harmful tax practices:

Assessment of preferential tax

Review and monitoring of the Action 5 **transparency framework** (exchange of on taxpayer-specific rulings)

Review of **substantial activities requirements (substance)** in no or only nominal tax jurisdictions to ensure a level playing field.



EU list of uncooperative jurisdictions

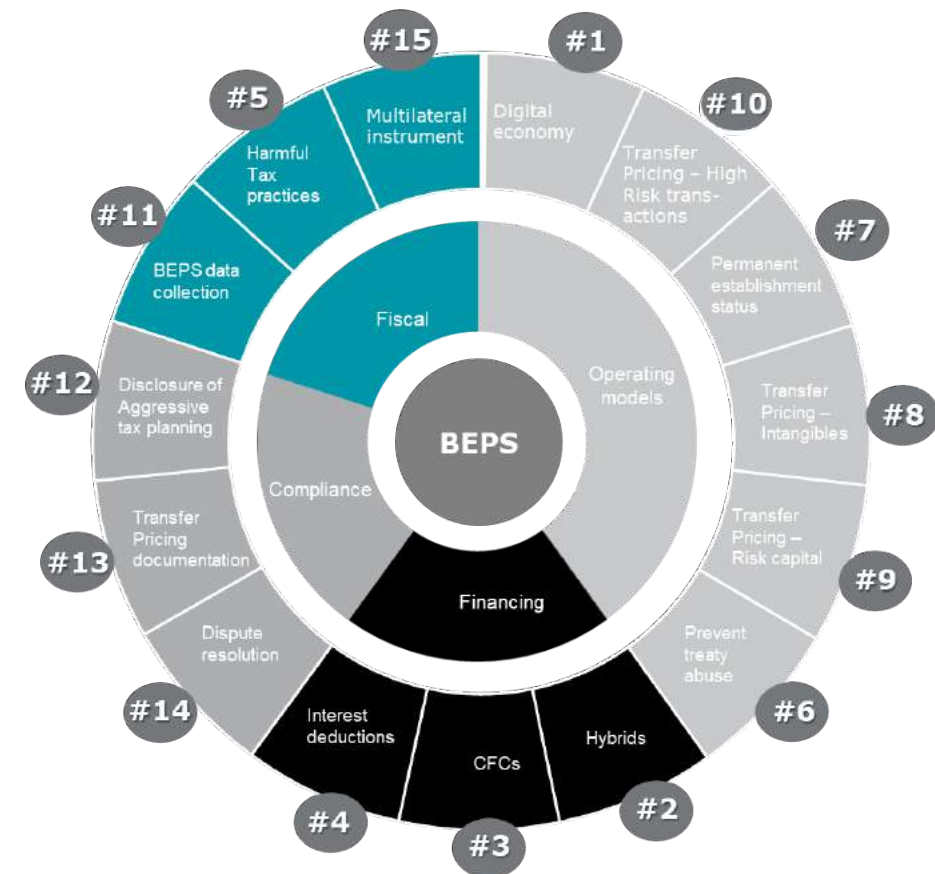
92 countries reviewed : commitment to stop harmful tax practice, application of BEPS minimum standards, participation in CRS. Application of minimum substance requirements in low tax jurisdictions: office space, employees, board meetings held locally, level of local expenses....

To be anticipated : Restrictive measures by EU members, Difficulties to open bank accounts/ justify cash transfer for offshore entities located in such jurisdictions.

Most offshore centers answered by applying CRS/ BEPS minimum standards and requiring additional substance (Panama, Cayman, BVI, Channel Islands....)

Current list: 11 jurisdictions: American Samoa, Belize, Fiji, Guam, the Marshall Islands, Oman, Samoa, Trinidad and Tobago, the United Arab Emirates, the US Virgin Islands, and Vanuatu.

Discussions regarding integration of USA on the list.



Reporting of tax driven transactions to tax authorities

OECD Mandatory Disclosure Rules (MDR)/ EU DAC 6

BEPS action 12: identify Loopholes in CRS

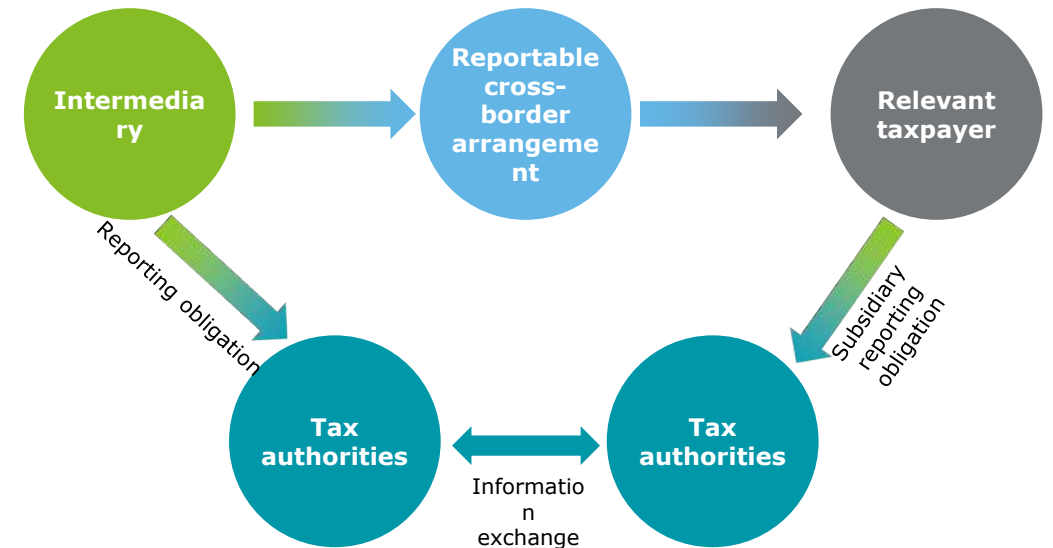
Require identification of CRS avoidance arrangement by intermediaries

European Council Directive 2018/822 (DAC 6) (applicable as from 2020)

- ✓ **Objective:** The goal of the implementation of DAC6 is to provide the tax authorities of EU member states with information to enable them to react against harmful tax practices and to close loopholes
- ✓ DAC6 imposes the obligation to disclose reportable cross-border arrangements (RCBA's) on EU Intermediaries
- ✓ **Intermediaries** : professionals responsible for the design, marketing, set up of the scheme (i.e. an opaque offshore structure, cross border avoidance arrangement)
- ✓ DAC6 generally applies to all kind of taxes with the exception of VAT



Application dates: MDR first reporting will start on August 31, 2020 (quarterly reporting) but the initial reporting will cover transactions and structures that have been set up as from June 25, 2018.



If non of the intermediaries are reporting the tax optimization scheme, it is to the Beneficial Owner's responsibility to report it.



Who is impacted?

Potentially all EU UBO using offshore entities and tax driven structure / offshore entities, as well as all EU intermediaries active in setting up tax efficient structures to the benefit of EU resident UBO

Panel 2

Art on Yachts:
Monaco's unique vision

Janet Xanthopoulos

Head of Yacht Ownership
& Administration
Rosemont Yacht Services

12th Art & Finance Conference | 14 October 2019



Panel 2

Art on Yachts: Monaco's unique vision



Moderator



Janet Xanthopoulos
Head of Yacht Ownership
& Administration
Rosemont Yacht Services

Panelists:



Olivier Blanchet
Head of Jet & Yacht Finance
BNP Paribas SA



Daniela Boutsen
President
Boutsen Design

Nhithong Nguyen
Overseas & Douane
WES Monaco



Bruno Peretti
Director
Société Monégasque de
Transports/Monaco Freeport



Mike Taylor-West
Director Global Markets, Private
Client, Marine & Aviation
La Playa Insurance

Art & Finance Report 2019



Adriano Picinati di Torcello
Director, Advisory & Consulting,
Global Art & Finance Coordinator
Deloitte Luxembourg



Anders Petterson
Founder & Managing Director
ArtTactic

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Art & Finance Report 2019

Introduction

Content



**Art & Collectible
Wealth 2019**



**The Art Market 2019
& beyond**



**Art & Wealth
Management Trends**



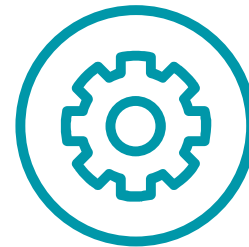
**Art & Estate
Planning**



**Art-Secured
Lending**



**Art as and
Investment**



**Art &
Technology**



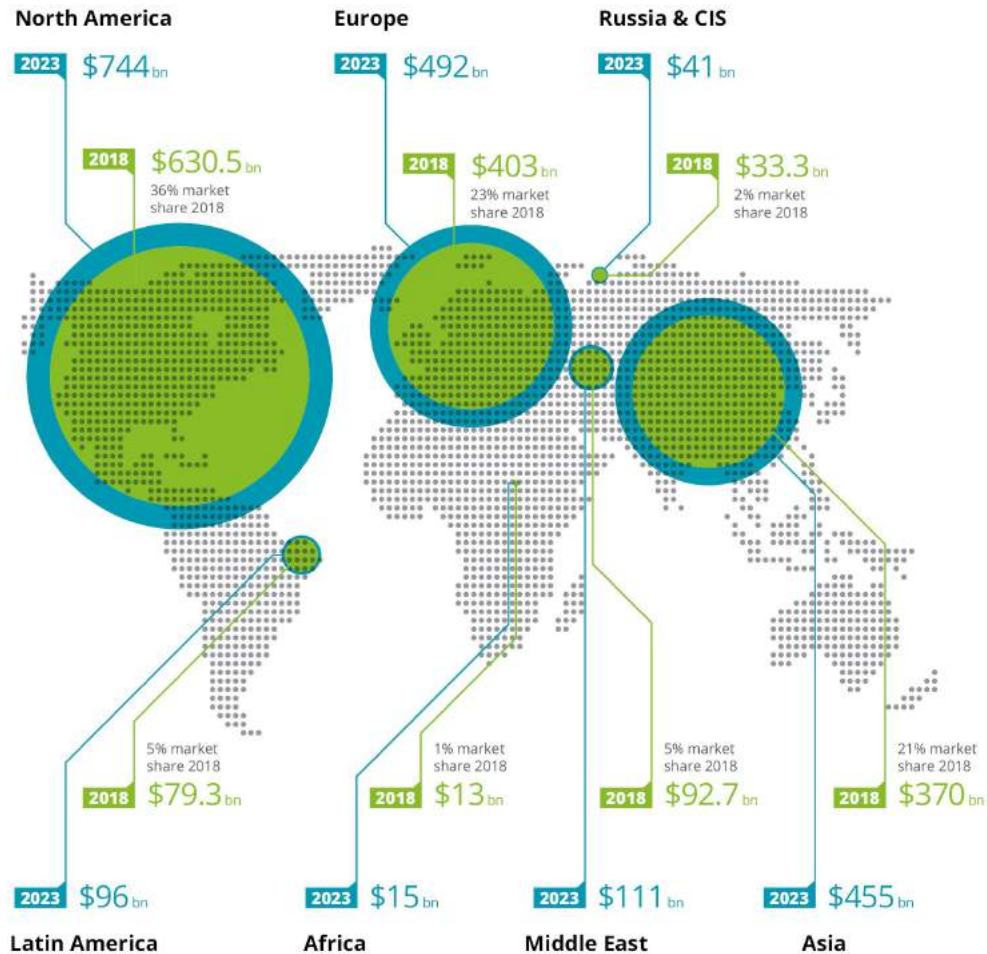
**Regulation &
Risk Management**

Art & Finance Report 2019

Art & Collectible Wealth

Art & Collectible Wealth 2019

Estimated \$1.74 trillion in art and collectible wealth in 2018



Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019

- Estimated **\$1.74 trillion** in art and collectible wealth in 2018 (up from \$1.62 trillion in 2016).
- **US** accounts for 36% market share of art and collectible wealth, against **Europe's** 23% followed by **Asia** with 21%
- The projection or 2023 that this will grow to an estimated **\$2.125** trillion (assuming a linear relationship between wealth growth and art sales, BUT...)

Art & Collectible Wealth 2019

BUT art market sales is not keeping up with wealth accumulation



- **Widening gap** between wealth accumulation and art market growth in the last 10 years.
- **Anemic growth of the art market:** HNWI financial wealth more than doubled between 2008 and 2018, but global art market sales only saw a nominal increase of 9% in the same period.
- What does this tell us about the state of the art market and its ability to grow beyond current boundaries?



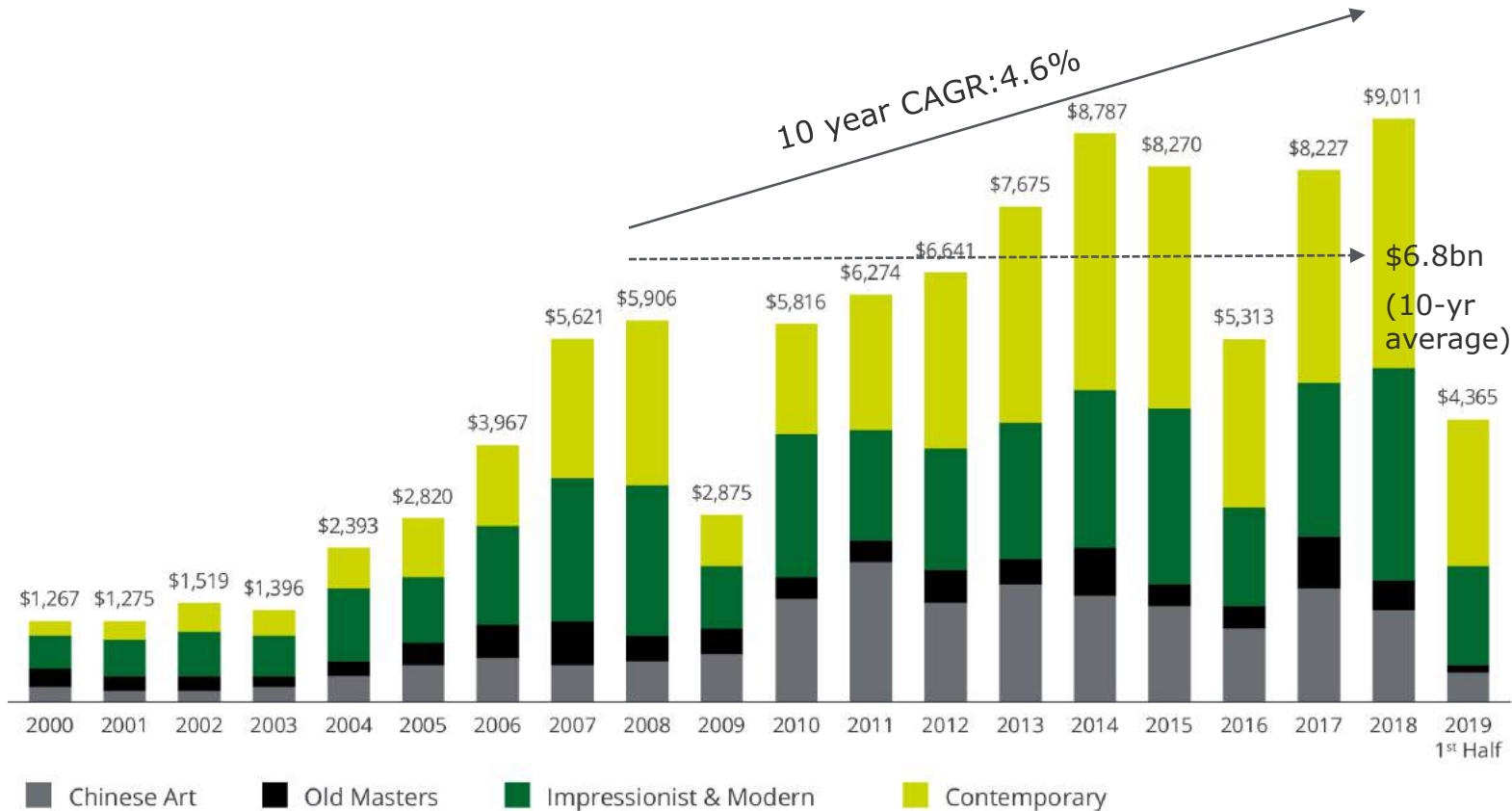
Trust and **transparency** remains key obstacles to future art market growth

Art & Finance Report 2019

Art Market 2019 and beyond

The Art Market 2019 and beyond

Auction sales 2000 – 2019 1st Half



Key Trends

Top-end of the market: 4.6% annual auction sales growth between 2008-2018.

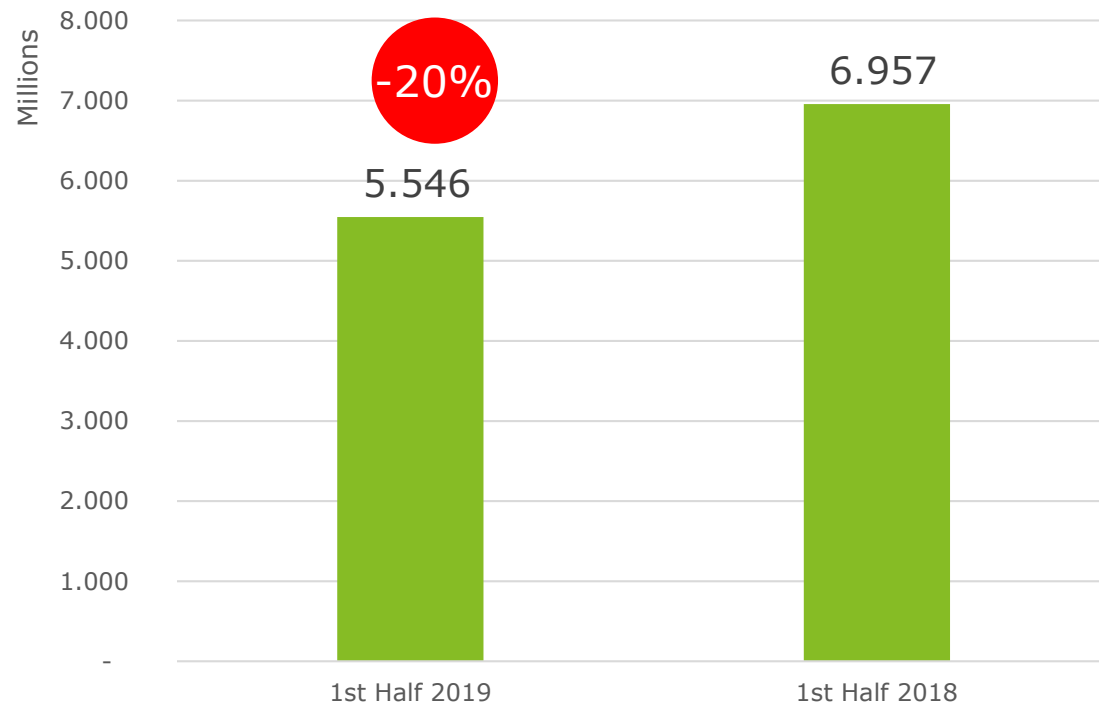
Contemporary art sales drives the top-end of the market, accounting for 43% of auction sales in 2018

Financial guarantees and its role as a 'visible hand' in today's art market (58% of the pre-sale value in 2018 in Contemporary auctions at Sotheby's, Christie's and Phillips)

The Art Market 2019 and beyond

1st Half 2019 vs 1st Half 2018

Total auction sales in US\$ million (all categories) at Sotheby's, Christie's, and Phillips)



1st Half 2019 vs 1st Half 2018

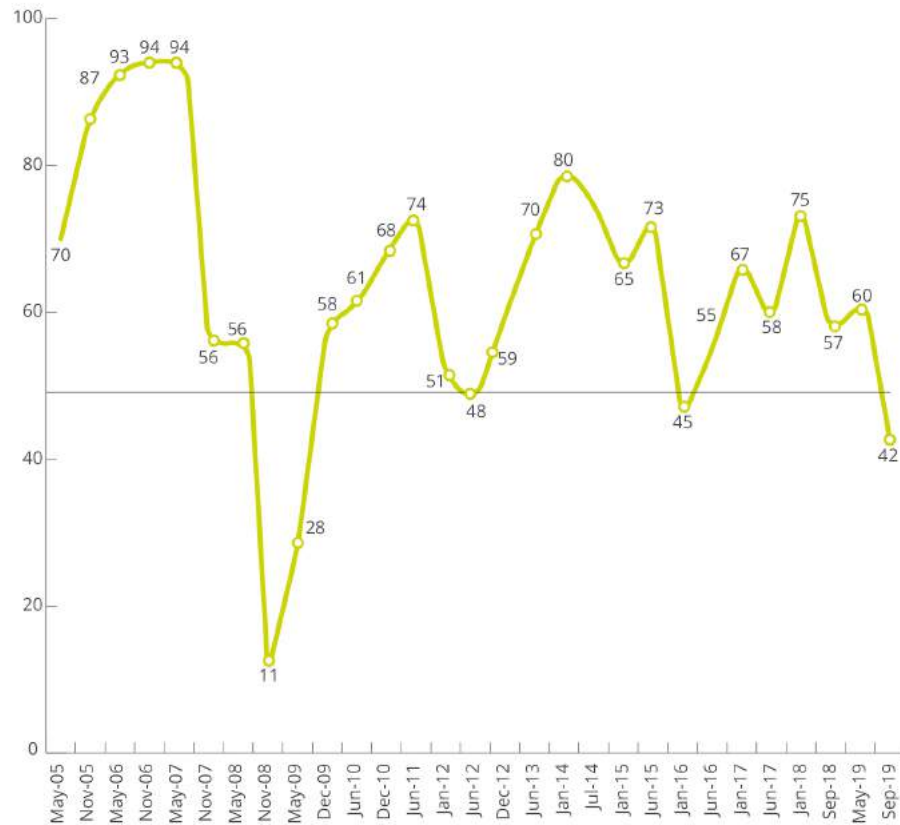
New York	-22%
London	-24%
Hong Kong	-6%
Paris	-15%

1st Half 2019 vs 1st Half 2018

Contemporary	+3%
Modern & Imps	-35%
Chinese Art	-49%
Old Masters	-3%

The Art Market 2019 and beyond

Art Market Confidence & Outlook



- **Deteriorating confidence:** 29% decrease in art market confidence since May 2019.
- **Outlook:** 29% of experts believe that the market will go up in the next six months versus 51% who said the same in May 2019. 60% said the market likely to consolidate around current levels.



Economic and **political** risks cited as the biggest threats to the art market

Art & Finance Report 2019

Art & Wealth Management

The Big Picture

Evolution of Art & Wealth Services

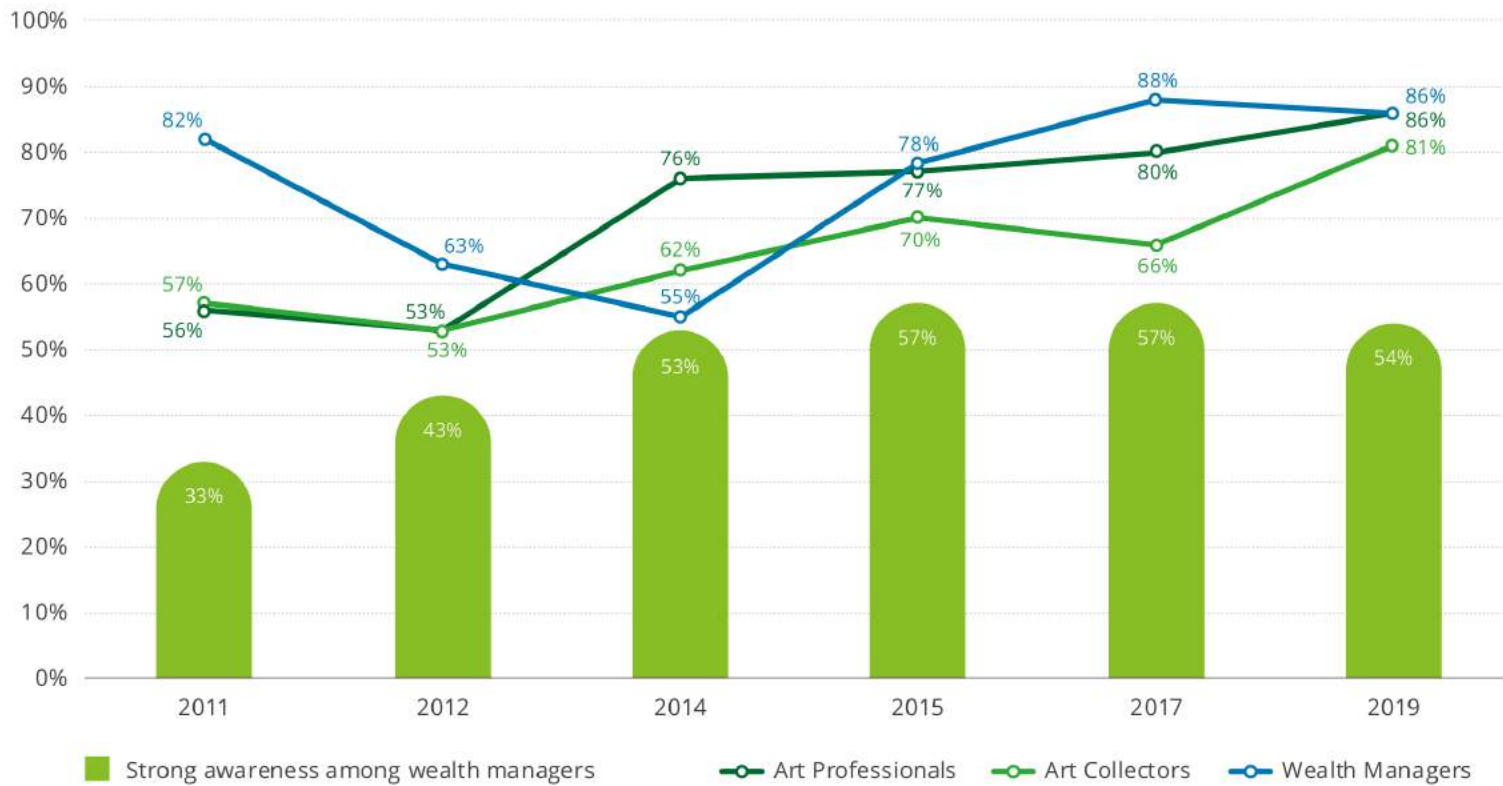


Art & Wealth Management

Strong arguments for including art in wealth management service offering

Figure 18. Do you think that art and collectibles should be part of a wealth management offering?

% answering Yes - Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



86 percent

of wealth managers said they thought there was a convincing argument for including art in their wealth management service offering

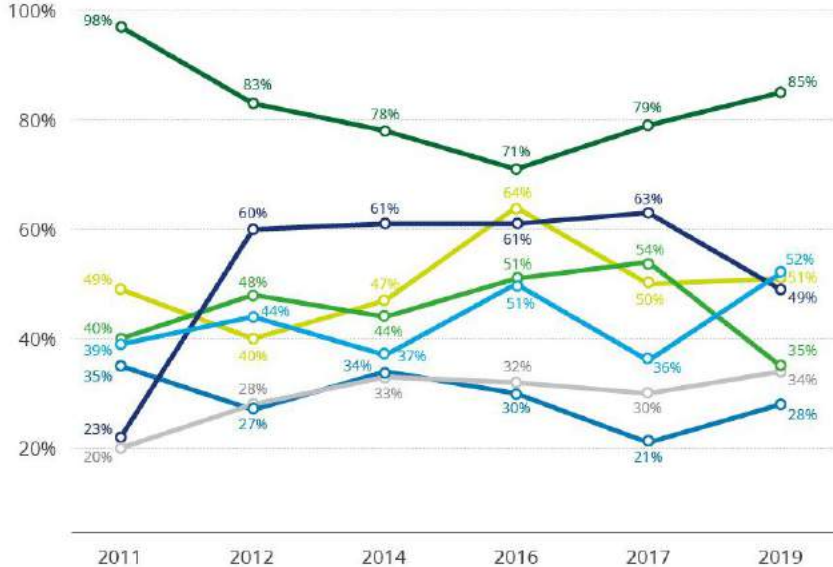
Collectors want more from their trusted advisors

Value propositions focused on personal and emotional connections will become increasingly important as a way to stand out from the competition

Shift towards a more financially motivated art ownership model

Figure 13. Collectors: which of the following motivations are most important in buying art?

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



- Emotional Value
- Luxury Good
- Investment Returns
- Safe haven
- Portfolio Diversification
- Inflation Hedge
- Social Value

Changing perceptions around the financial aspects of art ownership

Figure 14. Emotion vs investment: why do your clients buy art? (art professionals)

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019

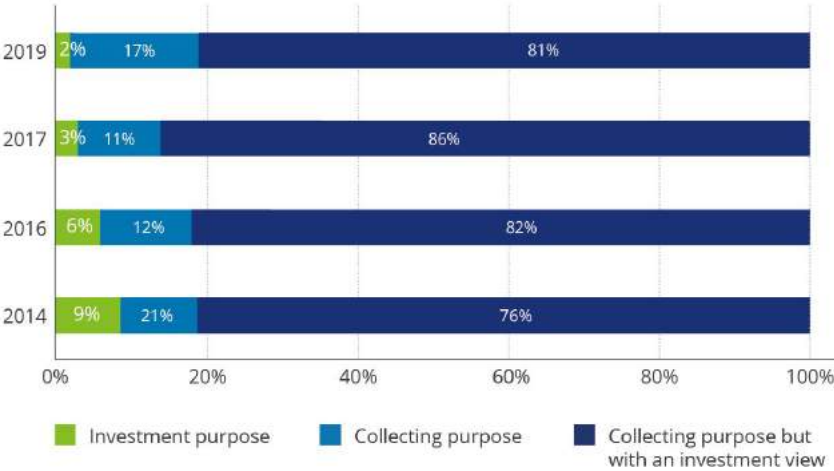
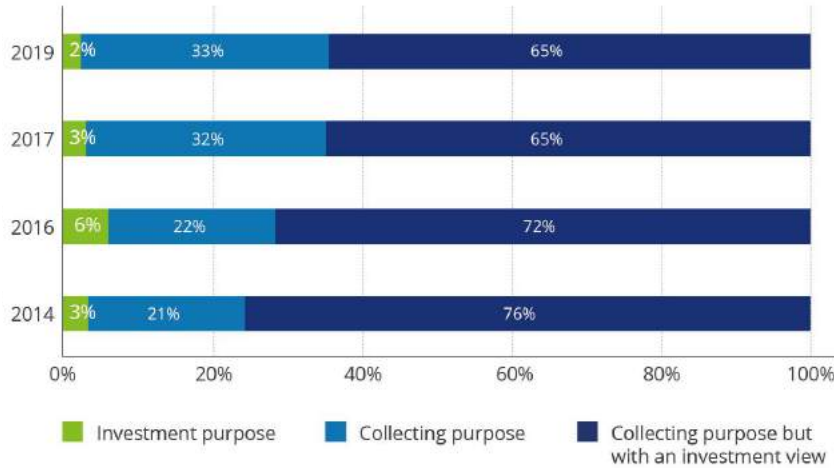


Figure 15. Emotion vs investment: why do you buy art? (art collectors)

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



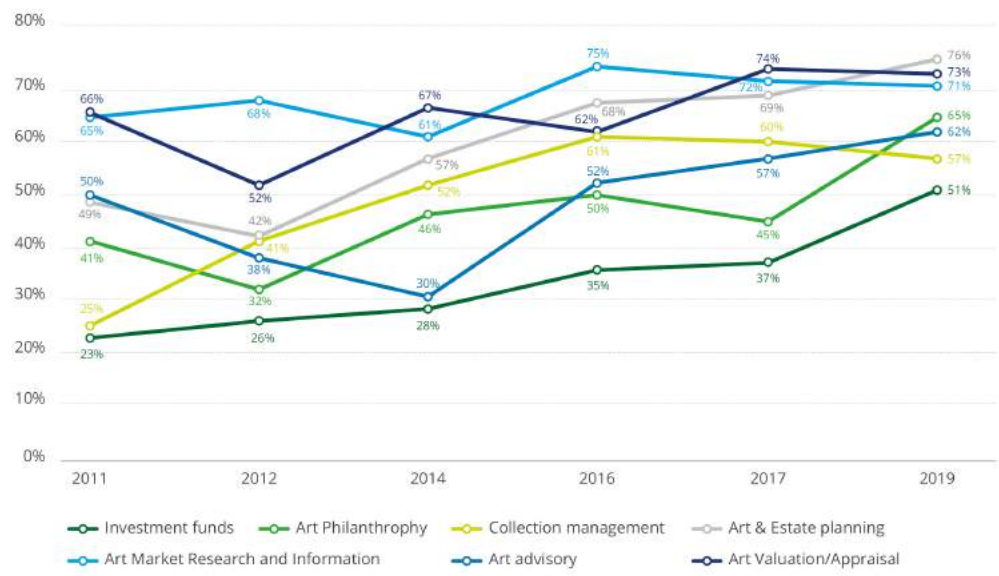
Art & Wealth Management

Demand & future supply for art wealth management services

DEMAND

Figure 16. Collectors: which of the art wealth management services are most relevant to you?

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



SUPPLY

Figure 19. Future: which services will you focus on in the next 12 months?

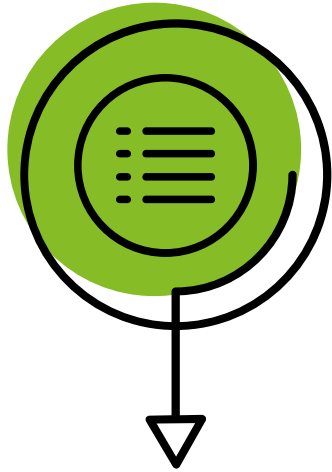
Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



72% of wealth managers surveyed this year (80 percent of private banks and 53 percent of family offices) said they were currently offering art-related services to their clients. This was up from 64 percent of wealth managers in 2017.

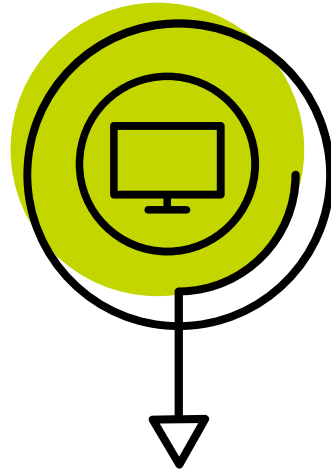
Top art-related services offered by wealth managers

Client Engagement & Art Wealth Planning Services rank high in this year's survey



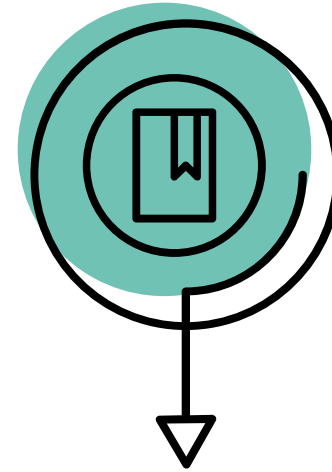
Estate Planning

- **77%** of wealth managers said they offered this service
- **88%** of this was done in-house



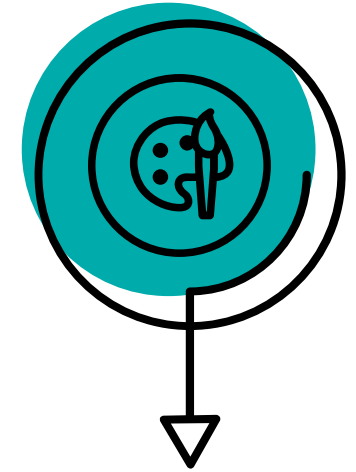
Client Entertainment

- **77%** of wealth managers said they offered this service
- **88%** of this was done in-house



Education

- **71%** of wealth managers said they offered this service
- **73%** of this was done in-house



Art advisory

- **69%** of wealth managers said they offered this service
- **53%** of this was outsourced to 3rd parties

Consolidated reporting is needed

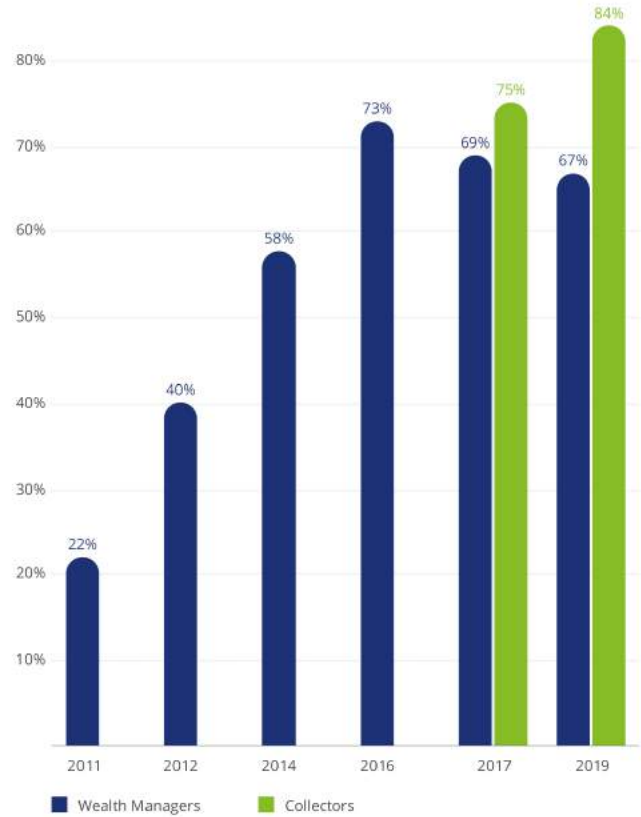
Collectors increasingly see their art as an integral part of their total wealth

"Nowadays it has become almost a kind of social responsibility to give the general public the chance to see artworks that had previously been kept behind closed doors."

Christian Kaspar Schwarm, Founder of Independent Collectors

Figure 20. Future trend: do you expect your clients to want to include art and other collectible assets in their wealth reports so as to have a consolidated overview of their wealth and a better understanding of their exposure?

Source: Deloitte Luxembourg and Artfactis Art & Finance Report 2019



Art-related wealth and consolidated reporting

67 percent of wealth managers said they expected their clients to want to include art and other collectible assets in their wealth reports in order to have a consolidated overview of their wealth and have a better understanding of their exposure (compared with 69 percent who said the same in 2017). There was no difference of opinion between private banks and family offices on this point.

Although private banks are aware of the need for consolidated reporting, only 28 percent said they currently offered this service. In contrast, 77 percent of family offices said they already included art and other collectible assets in their clients' wealth reports.

This year, 84 percent of collectors and art professionals surveyed said that their clients were likely to want to include art and other collectible assets in their wealth reports. Again, this finding suggests that there is a difference between what wealth managers are offering and what their clients would like to see.

This could represent an opportunity for wealth managers and be an effective way to introduce an art-related wealth management offering in order to offer a proactive and meaningful value proposition to clients.

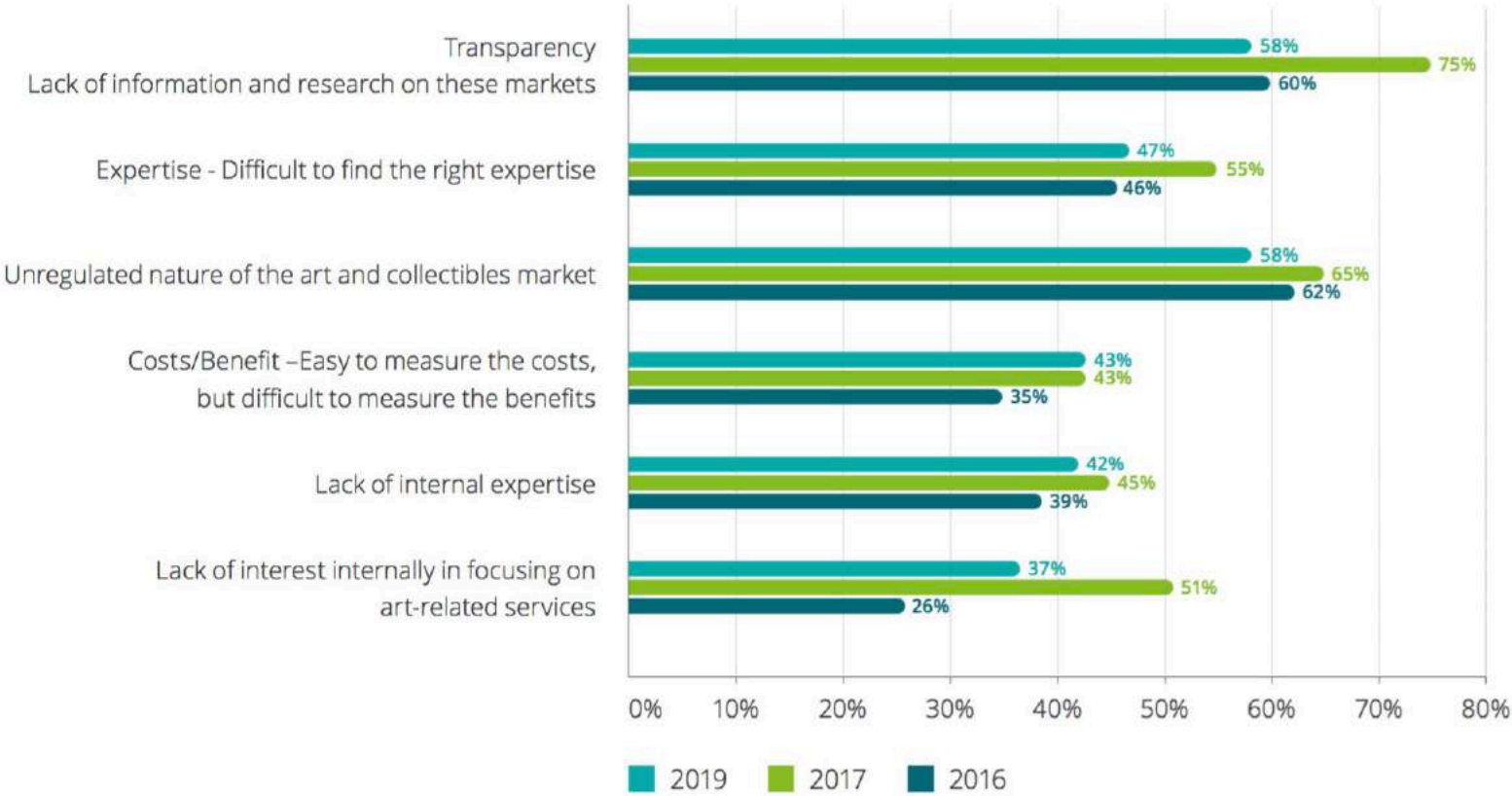
*This question was first added to the art collector survey in 2017

Art & Wealth Management

Challenges in developing and delivering art wealth management services

Figure 24. Wealth managers: what do you see as the biggest challenge in offering art-related services/products?

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



Lack of transparency and art market regulation, combined with the difficulties finding the right **expertise** are perceived as the biggest challenges facing wealth managers when developing art related services.

Art & Finance Report 2019

Art & Estate Planning

Art & Estate Planning : most relevant service for 76% of collectors

Figure 24. My clients have estate plans that sufficiently address their art collection

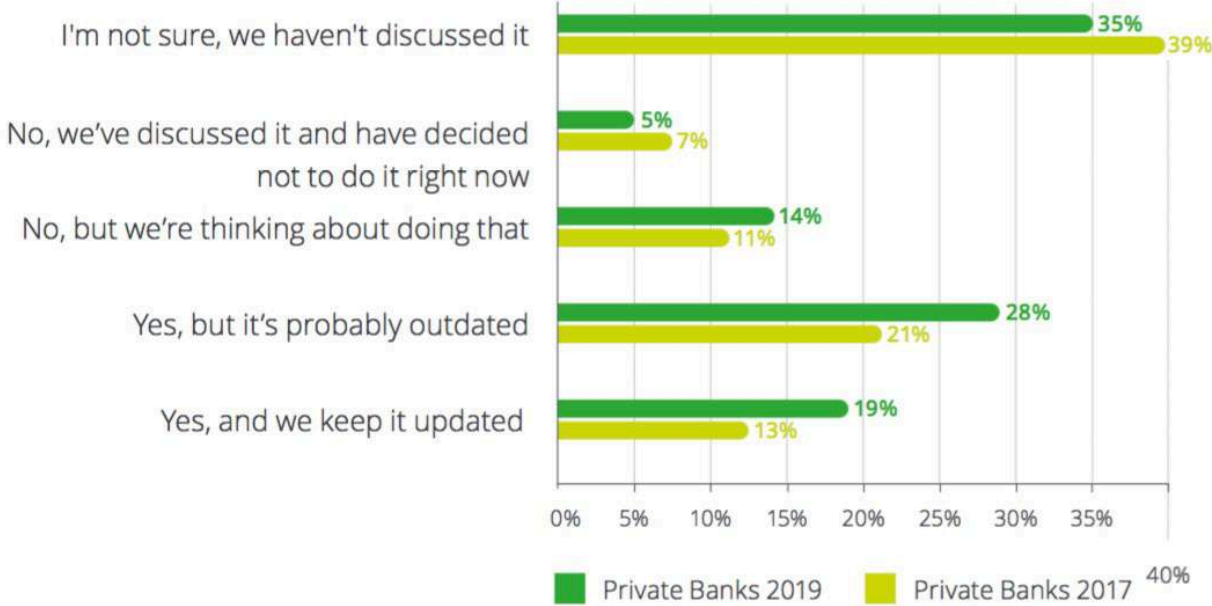
Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



BUT...

Figure 26. Private banks: my clients maintain an inventory of their collection that at a minimum identifies each piece, its present location, and its approximate value so that we could help to administer the estate without the collector's input

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



New transparency requirements!!!

Art & Finance Report 2019

Art-Secured Lending

Art-Secured Lending Market

Estimated **\$21-24bn** loans outstanding against art in 2019



- Estimated **10% annual growth** between 2016 and 2018
- Approximately **90%** of the market in the US
- **90-92%** of the loans are to individuals, the remaining share is to the art trade.



Collectors would be interested in using their art collection as a collateral for a loan (up from 57% in 2017).



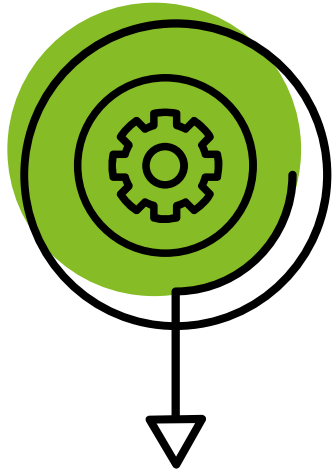
Arts professionals surveyed said that art-secured lending most relevant service.



Private banks in Europe surveyed said they would focus on this area in the coming 12 months.

Art-Secured Lending Market

Key Challenges



Assessing Risks

- **71%** of wealth managers said difficulties in assessing risks was a key obstacle to provide art-backed loans (same as in 2017)



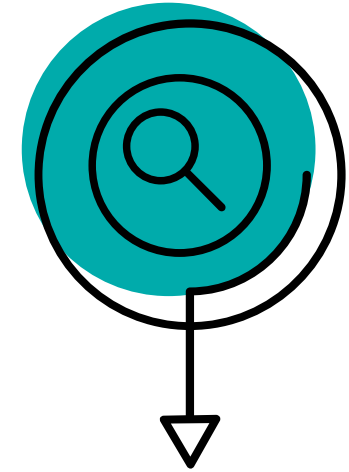
Lack of liquidity

- **66%** of wealth managers said that lack of market liquidity was a key obstacle to provide art-backed loans (down from 73% in 2017)



Valuation

- **63%** of wealth managers said that lack of mark-to-market valuation was a key obstacle to provide art-backed loans (down from 71% in 2017)



Lack of regulation

- **61%** of wealth managers said that lack of regulation was a key obstacle to provide art-backed loans (down from 71% in 2017)

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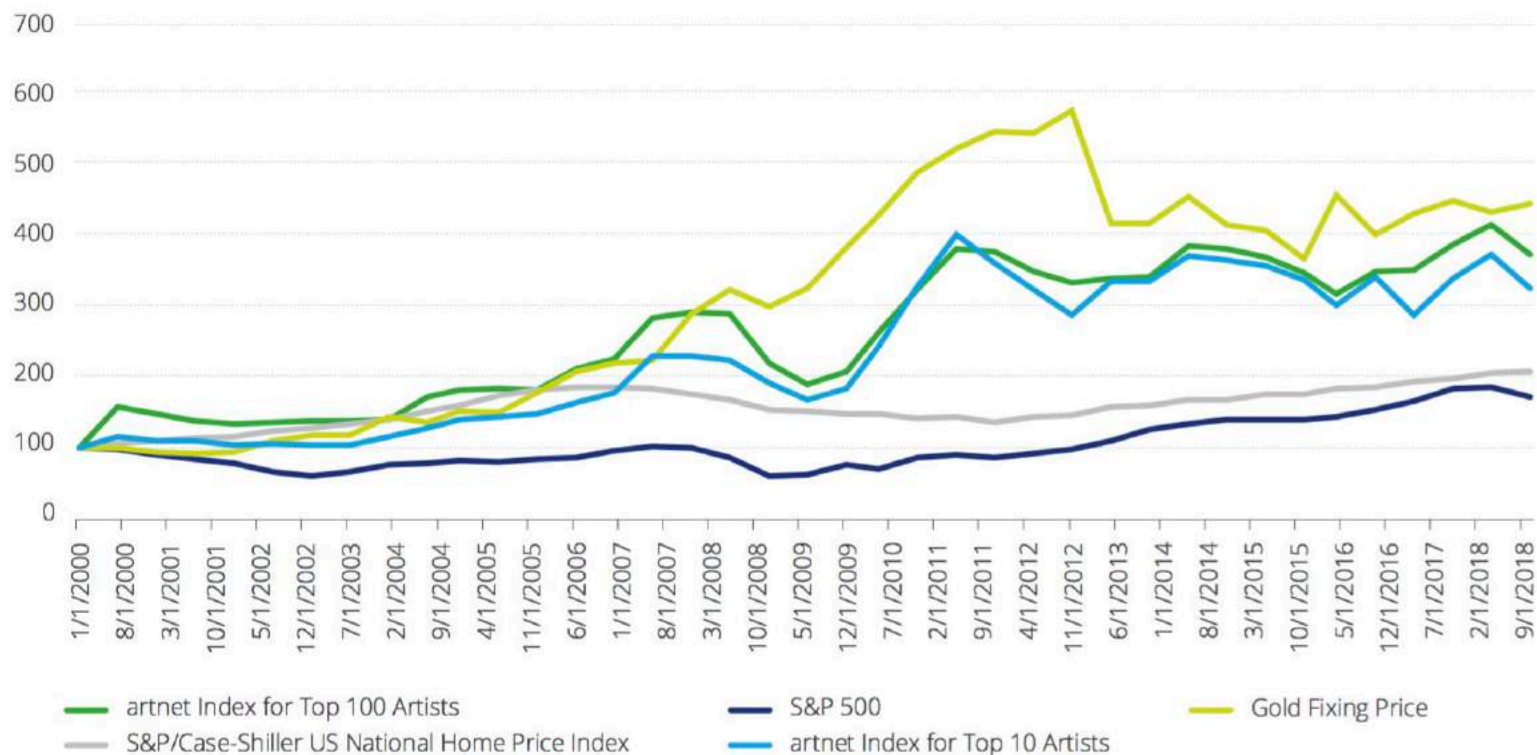
Art Investment – A Changing Landscape

Art Investment Return and Correlation

Art is thought of as an asset class that holds its value

Figure 30. artnet Price Indices: Top 100 Artists

Source: 2019 © artnet Worldwide Corporation



Growth 2000 - 2018

- CAGR for Top 100 artists: 8% vs 3% for S&P 500
- CAGR of between 2% and 9% across the various collecting categories

Correlation

- Across the board for all collecting categories, art as an asset class has a stronger positive correlation with the price of gold indicating **art more as a value-preserving asset class than as an investment vehicle**

Art Investment

"The Holding Period Effect"

Contemporary Art	≤ 3 years	3-10 years	> 10 years
Number of repeat sales	681	2,423	2,453
Median CAR	7.0%	3.8%	7.5%
% resold for higher price	65%	64%	88%

Impressionist & Modern Art	≤ 3 years	3-10 years	> 10 years
Number of repeat sales	373	1,359	3,280
Median CAR	5.4%	1.4%	3.7%
% resold for higher price	57%	59%	80%

A total of **88%** of Contemporary works and **80%** of Impressionist & Modern works held for over ten years had a resale price higher than their purchase price and less volatile Compound Annual Returns.

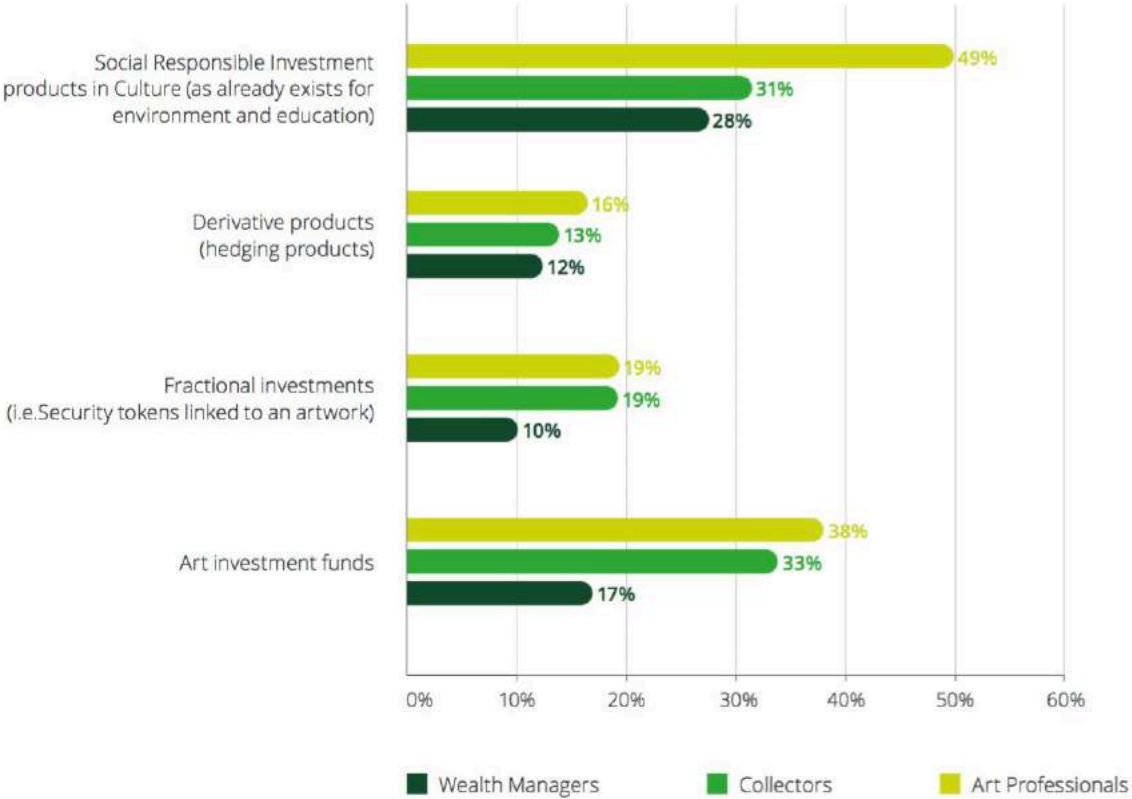
Most auction consignors who held works of art for at least ten years benefitted from the "**holding period effect**" as their art grew in value.



Art Investment

Art Investment Models

Figure 42. In terms of investing in art, which of the following art investment products would be of most interest to you?



Broadening the offering for different kinds of art investments:

This year’s survey shows a broad interest in different types of art investment models from **social impact** investment models to **fractional ownership** models, and derivative products, as well as traditional art investment funds.



Could private-public partnerships pave the way for new social impact investment models in the cultural sector?

Art & Finance Report 2019

Art & Technology

Art & Technology

New Art & Tech Eco-system emerging

Generation 1:

Selling Art Online
(transactions)

Online Platforms

- Artsy
- Artspace
- artnet
- SaatchiArt
- Invaluable
- LiveAuctioneer
- etc..

Generation 2:

Trust & Transparency
(support services)

Blockchain

- Artory
- Verisart
- Arteia
- Art4Technologies

AI – Data Analysis

- Wondeur

User cases: Provenance tracking, certification, standardization.

Art Investment
(new ownership models)

Fractional Ownership

- Masterworks
- Maecenas
- Feral Horses
- Look Lateral

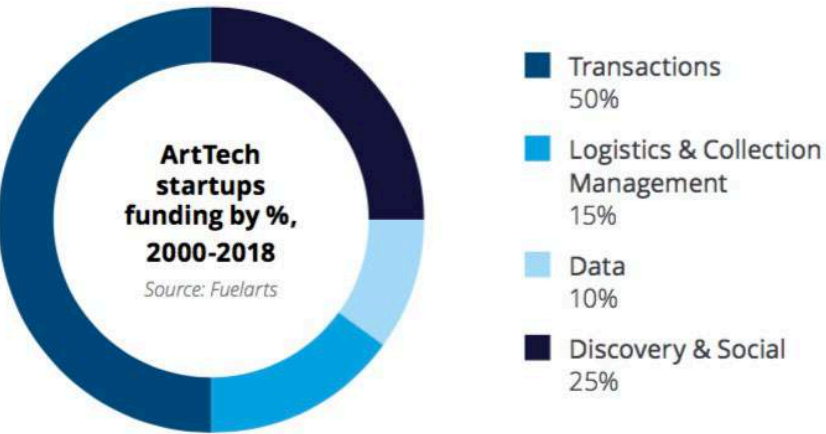
Slowing Growth: 9.8% online sales growth 2018 (down from 12% growth).

NextGen buying habits: More Millennials bought art online in the last 12 months, and 79% said they had bought more than once (up from 64% last year).

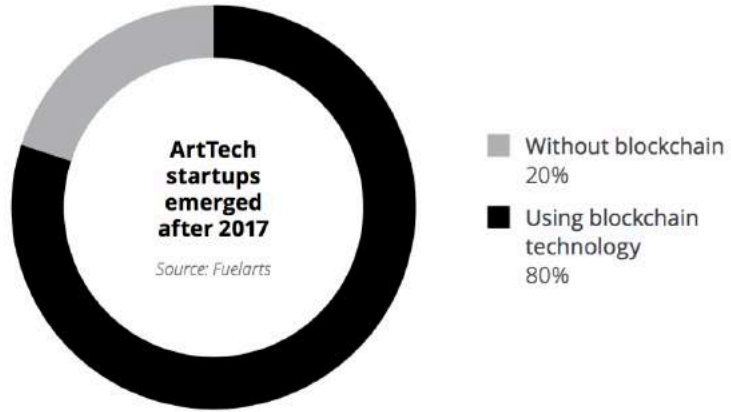
Art & Technology

ArtTech Investment Trends

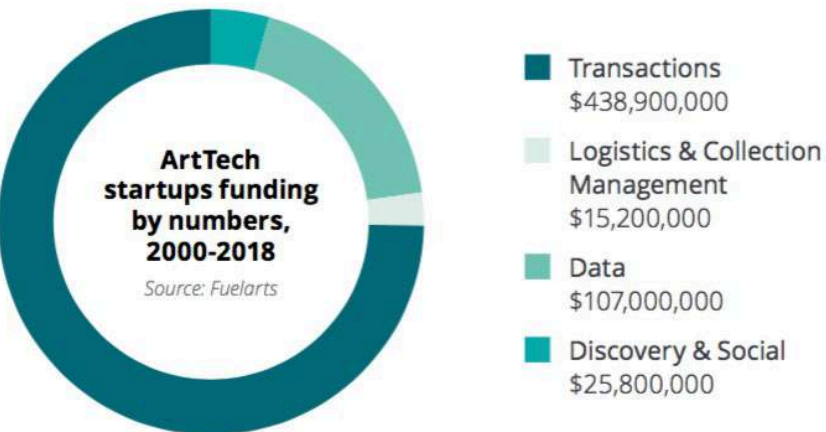
Type of Business (#)



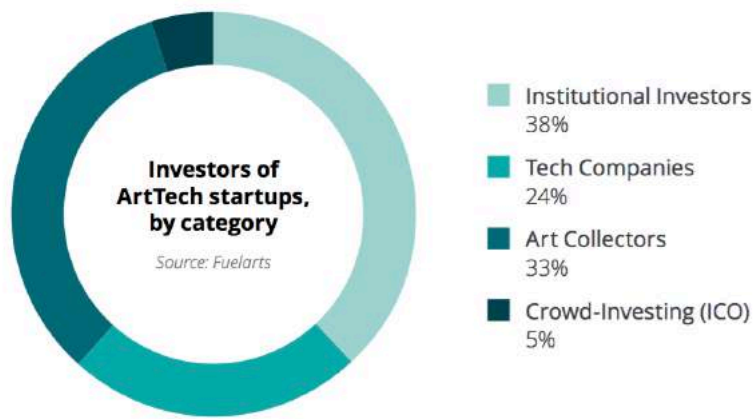
Type of Technology



Type of Business (US\$)



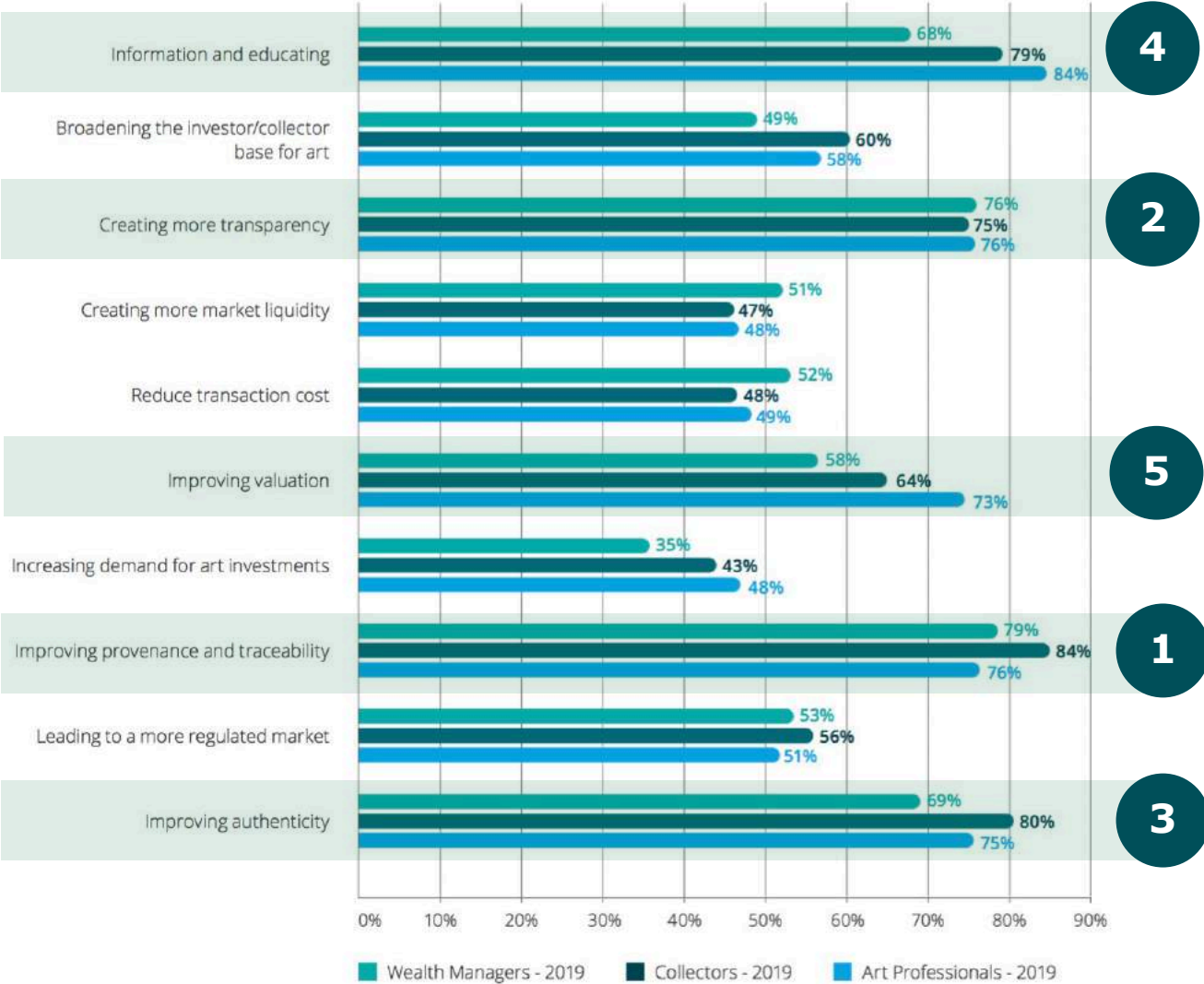
Type of Investor



Is there a need for a new investor model in the Art & Tech Industry?

Art & Technology

Which areas will technology have the most impact?



Art & Finance Report 2019

Regulation and Risk Management

Regulation and Risk Management

Main threats to the reputation of the art market

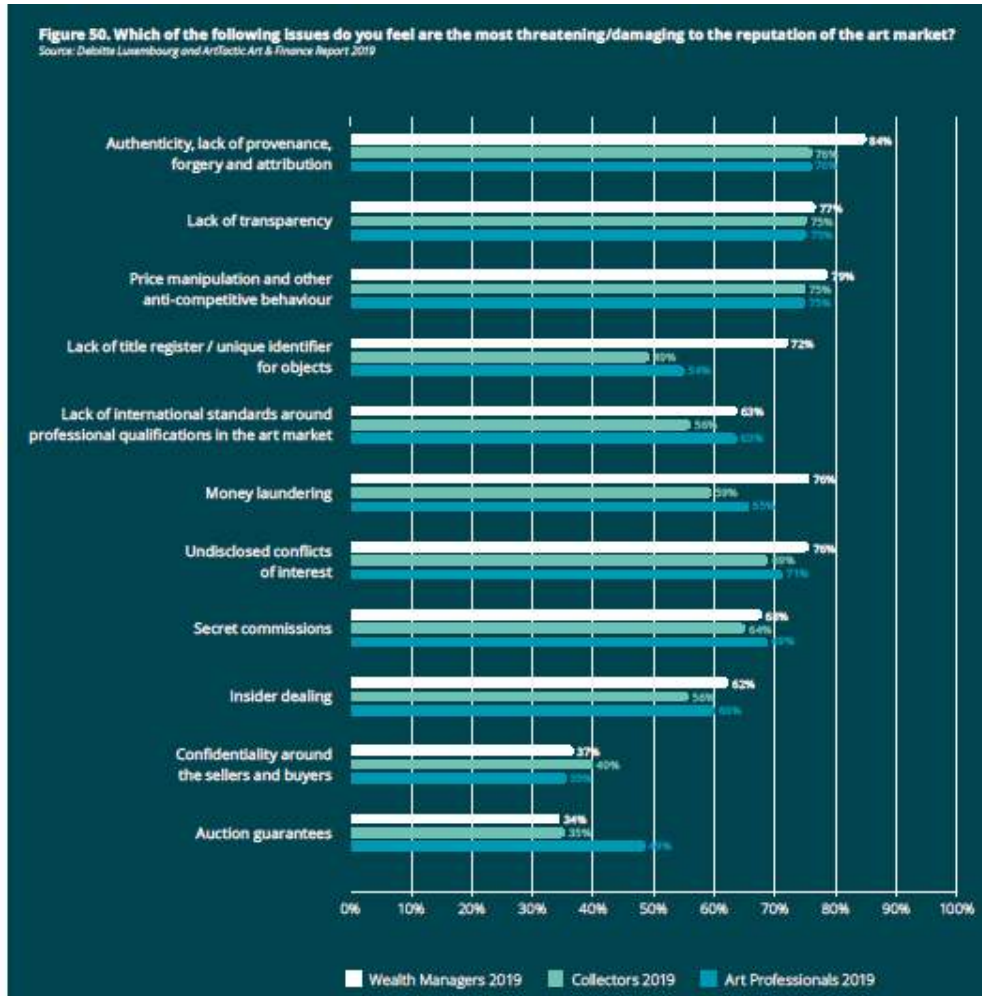
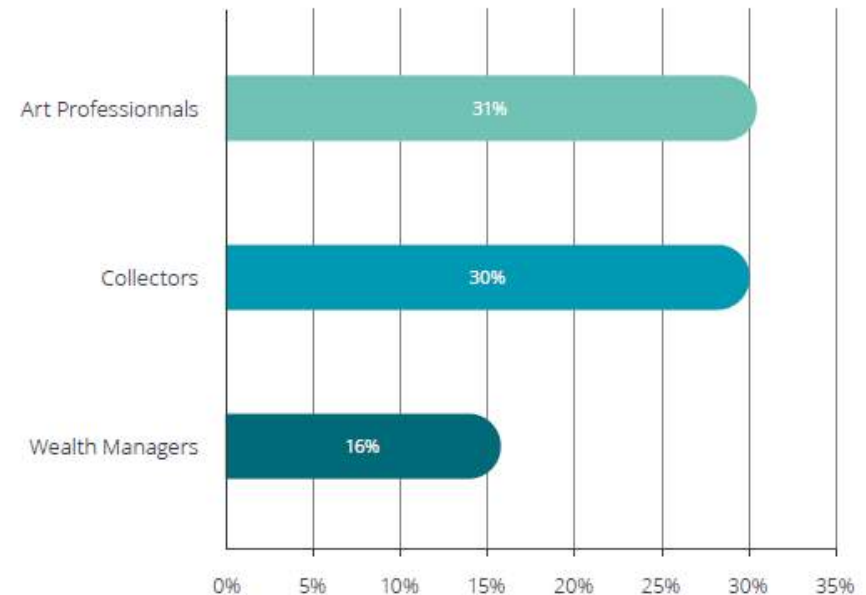


Figure 51. What level of trust do you have in the art market data (qualitative & quantitative) currently available? (Percentage respondents saying 4 or 5)

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



Regulation and Risk Management

Government vs Self-Regulation

Figure 52. Wealth managers: which regulatory approach do you favor when it comes to establishing trust and credibility in the art market?

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



More wealth managers believe regulation will establish more trust in the art market



There are mounting calls for art business practices to be modernized :
 81% of art collectors
 80% of art professionals
 76% of wealth managers

Figure 53. Collectors: which regulatory approach do you favor when it comes to establishing trust and credibility in the art market?

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019

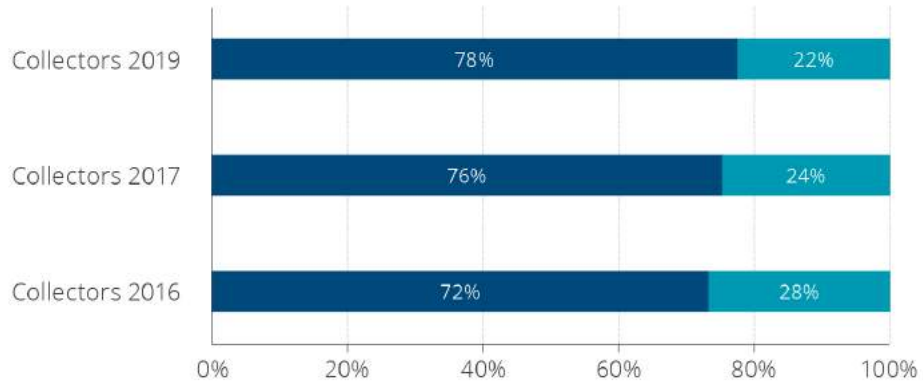


Figure 54. Art professionals: which regulatory approach do you favor when it comes to establishing trust and credibility in the art market?

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2019



Regulation and Risk Management

Anti-Money Laundering & the Art Market

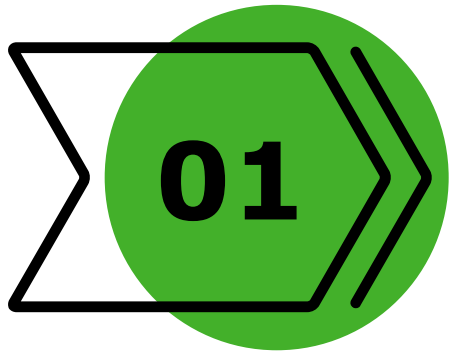
By January 2020, all EU member states are due to transpose Directive 2018/843 (also referred to as the fifth anti-money laundering directive, or AMLD5) into national law



The fifth directive extends its scope to “**persons trading or acting as intermediaries in the trade of works of art**, including when this is carried out by art galleries and auction houses, where the value of the transaction or series of linked transactions amounts to €10,000 or more”

Priorities

Priorities



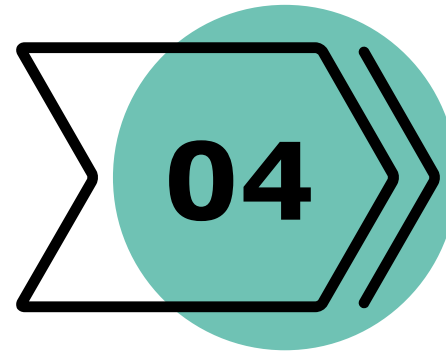
Wealth managers need to rethink the client experience and take a new strategic approach to art and wealth management



Collaboration between Art & Finance stakeholders is essential in order to develop common guidelines and standards to address deteriorating trust in the art market



Supporting ArtTech: new investment models required



Social impact investment models for art and culture should be explored



The new anti-money laundering regulation is an opportunity for the art industry to become a more transparent and trusted marketplace

Agenda

Afternoon program

TIME FRAME	SUBJECT	SPEAKERS
14:00 15:00	Panel 3 Transformation of the art market by 2030: opportunities and challenges for art collectors	<i>Moderator:</i> <i>Panelists:</i> Simon de Pury - Founder and Owner, de Pury Tiqui Atencio - Art Collector Martin Guesnet - Senior Associate Director, Artcurial Dr. Thomas Kellein - Director, Bergos Berenberg Art Consult David Nahmad - Art Collector Sophie Neuendorf - VP, Strategic Partnerships, artnet
15:00 16:00	Panel 4 How collectors can better manage their collection and reduce risks through technology	<i>Moderator:</i> <i>Panelists:</i> Solenne Blanc - Managing Director, New Business Lines, Beaux-Art & Cie Curt Bilby - President & CEO, Art Analysis & Research Nanne Dekking - Founder and CEO, Artory Philippe Gellman - Co-founder and CEO, ArteĪa Niko Kipouros - Founder & CEO, 4ARTechnologies Dorit Straus - Senior Advisor, Wondeur AI
16:00 16:30	Coffee break - Salon de la mer	
16:30 17:30	Panel 5 Private Museums: trends and the impact of Virtual Reality	<i>Moderator:</i> <i>Panelists:</i> Henry Blundell - CEO, MasterArt Vitomir Jevremovic - Founder & CEO, VR-All-Art Joel Kremer - Co-founder & Director, The Kremer Collection Sylvain Levy - Co-founder, DSLcollection Allegra Shorto - Art Director, Khora Contemporary - Faurschou Foundation
17:30 17:45	Closing Speech (with consecutive translation)	Inna Bazhenova Owner, Publisher, The Art Newspaper international network
17:45 18:00	Closing Remarks	Guillaume Rose CEO, Monaco Economic Board
18:00 19:00	Cocktail reception - Horizon deck	

Panel 3

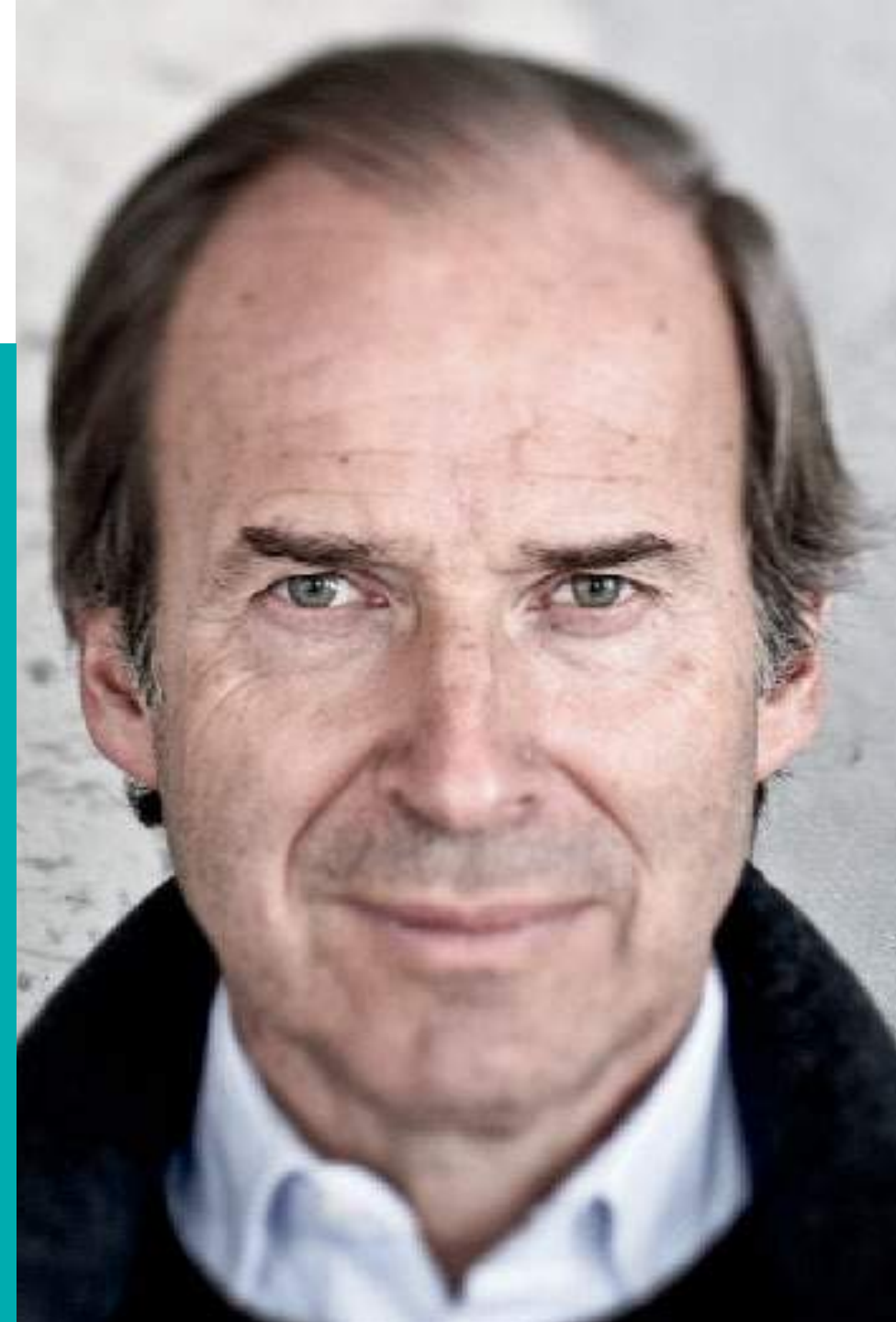
Transformation of the art market
by 2030:
Opportunities and challenges for
art collectors

Simon de Pury

Founder and Owner,
de Pury

12th Art & Finance Conference | 14 October 2019

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Panel 3

Transformation of the art market by 2030: Opportunities and challenges for art collectors



Moderator



Simon de Pury
Founder and Owner
de Pury

Panelists:



Tiqui Atencio
Art Collector



Martin Guesnet
Senior Associate Director
Artcurial



Dr. Thomas Kellein
Director
Bergos Berenberg Art Consult



David Nahmad
Art Collector



Sophie Neuendorf
VP, Strategic Partnerships
artnet

Panel 4

How collectors can better manage their collection and reduce risks through technology

Solenne Blanc

Managing Director
New Business Lines
Beaux-Art & Cie

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Panel 4

How collectors can better manage their collection and reduce risks through technology



Moderator



Solenne Blanc
Managing Director
New Business Lines
Beaux-Art & Cie

Panelists:



Curt Bilby
President & CEO
Art Analysis & Research



Nanne Dekking
Founder and CEO
Artory



Philippe Gellman
Co-founder and CEO
Arteia



Niko Kipouros
Founder & CEO
4ARTechnologies



Dorit Straus
Senior Advisor
Wondeur AI

Panel 5

Private Museums: Trends and the impact of Virtual Reality

Henry Blundell
CEO
MasterArt

12th Art & Finance Conference | 14 October 2019



Panel 5

Private Museums: Trends and the impact of Virtual Reality



Moderator



Henry Blundell
CEO
MasterArt

Panelists:



Vitomir Jevremovic
Founder & CEO
VR-All-Art



Joel Kremer
Co-founder & Director
The Kremer Collection



Sylvain Levy
Co-founder
DSLcollection



Allegra Shorto
Art Director
Khora Contemporary - Faurschou Foundation

Panel 5

Private Museums: Trends and the impact of Virtual Reality



Sylvain Levy
Co-founder
DSLcollection

DSLcollection

A family adventure



GOING PUBLIC

The challenges

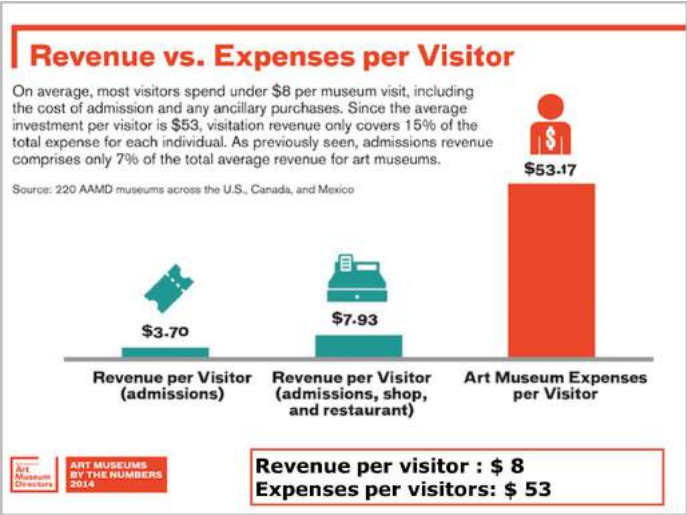
Cost

With a \$450 Million Expansion, MoMA Is Bigger. Is That Better?

The museum added 47,000 square feet of gallery space, a spiffy new canopy and a restaurant. "It's smart, surgical, sprawling and slightly soulless," our critic writes.



Sustainability



Longevity

La Maison Rouge, a Parisian Gem, Will Close in 2018

News of the closure came as a surprise.

Lorena Muñoz-Alonso, January 12, 2017



La Maison Rouge in Paris. Courtesy Expo Paris.

GOING PUBLIC

Our response: To be disruptive and a nomadic collection

Disruption:

A process whereby a smaller company with fewer resources is able to successfully challenge incumbent businesses.

**SIZE MATTERS!
(DE)GROWTH OF
THE 21ST CENTURY
ART MUSEUM
DAVE BEECH
DANIEL BIRNBAUM
BENJAMIN
BRATTON
MARK FISHER
CISSIE FU
REM KOOLHAAS
CHRISTOPHER
KULENDRAN
THOMAS
TOBIAS MADISON
PRINCE
CONSTANTIJN
TINO SEHGAL
NICHOLAS SEROTA
EDITED BY
BEATRIX RUF
JOHN SLYCE**

GOING PUBLIC

To be phy-gital



18.114
persons view this post
134 comments



GOING PUBLIC

From a website to a virtual museum

3D museum 2009



Second life museum 2010



VR museum 2015



GOING PUBLIC

Our main takeaways

ART IS NOT ONLY OBJECTS
IT IS ALSO ABOUT EXPERIENCES

MORI Building DIGITAL ART MUSEUM: teamLab Borderless in Tokyo marks 1 million visitors in first five months of operation

Dec 28, 2018 Joe Kleiman Asia, Attractions, Museums, News, Technology & Media, World markets

As Museums Fall in Love With 'Experiences,' Their Core Missions Face Redefinition

Experience has become a buzzword in marketing—and now it's museums' favorite noun, too.

Naomi Rea, March 14, 2019

Opened on June 21, 2018, MORI Building DIGITAL ART MUSEUM: teamLab Borderless in Tokyo, a

EDUTAINMENT




2005-2019: TAKEAWAYS OF GOING PUBLIC

BEING ACCESSIBLE BEYOND THE WALLS


VR Tour of Versailles Lets You Explore the Historic Chateau in Dazzling Detail

By Selly Belmen Abdou on October 4, 2019



The future of sightseeing: Skip the lineup and see the Mona Lisa in VR instead

By Trizia Pado on Jun 26, 2019 3:57 pm



Mona Lisa virtual reality experience (Credit: ITRF Arco)

REACHING THE MISSING AUDIENCE

Virtual reality brings Barnes collection outside the museum and into the neighborhoods

By Peter Crimmins - September 4, 2019



How VR technology is giving hospice patients an immersive 'day out'



Silver hair group: China's new driver of the digital economy

(People's Daily Online) 09:54, October 12, 2019

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FINAL THOUGHT



THE NEW HUMANISM

Panel 5

Private Museums: Trends and the impact of Virtual Reality

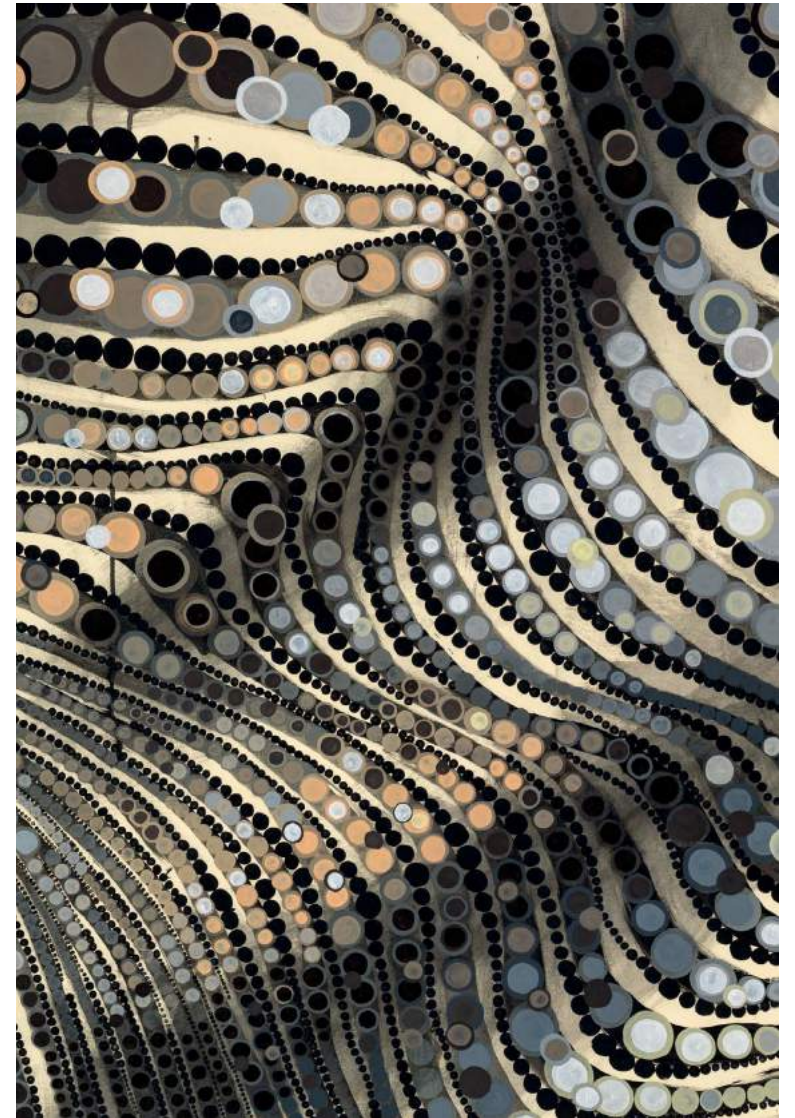


Vitomir Jevremovic
Founder & CEO
VR-All-Art

Platform for creating Virtual Reality exhibitions

VR-ALL-ART is a platform and a new marketplace for collectors, galleries, museums and the general public to exhibit, explore and acquire art in the virtual and augmented worlds.

VR-ALL-ART sets the foundation for an unprecedented evolution of art exhibitions, art spaces and art trading.



Noospheres © Lina Sinisterra (2019)

Panel 5

Private Museums:

Trends and the impact of Virtual Reality



Joel Kremer

Co-founder & Director
The Kremer Collection

Panel 5

Private Museums: Trends and the impact of Virtual Reality



Allegra Shorto

Art Director

Khora Contemporary - Faurschou Foundation

CLOSING SPEECH

Inna Bazhenova

Owner, Publisher

The Art Newspaper international network

12th Art & Finance Conference | 14 October 2019





For hundreds of years the art market has been one of the most closed and conservative of all the markets known to us.

THE ART exchange

theart.exchange platform will bring together art, finance, and innovative technologies in a unique combination which will be used for selling and buying works of art. Our aim is to expand the art market and make art more accessible for investment and financial operations.

CLOSING REMARKS

Guillaume Rose

CEO

Monaco Economic Board

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THANK YOU!

New Collector Trends in Art & Finance
12th Art & Finance Conference - 14 October 2019