

Deloitte.

10th Art & Finance Conference

8 November 2017



Agenda

- 09.30 – 09.45 **Welcome speech and introduction**
Enrico Ciai, Chief Executive Officer, Deloitte Italy
Yves Francis, Managing Partner, Deloitte Luxembourg
Raffaele Jerusalmi, Chief Executive Officer, Borsa Italiana
- 09.45 – 10.00 **Deloitte Italy Art & Finance presentation**
Barbara Tagliaferri, Deloitte Italy, Art & Finance Coordinator for Italy
- 10.00 – 10.30 **The place of art in the Italian economy**
Keynote speaker:
Dario Franceschini, Italian Minister of Cultural Heritage and Activities and Tourism
- 10.30 – 11.30 **Panel 1 | The role of wealth managers in the management of private collections and collections owned by family businesses: case study Italy**
Moderator: Sophie Neuendorf, Director, artnet
Panelists:
Domenico Filipponi, Head of Art Advisory, Unicredit
Patrizia Misciattelli, President, Italian Family Office Association
Paola Musile Tanzi, Perugia University Full Professor and SDA Bocconi Affiliate Professor
Massimo Penco, Managing Partner, Studio Legale Penco
Dave Wolf, Director, ClarityLife
Alessia Zorloni, Adjunct Professor, IULM University, Milan
- 11.30 – 12.30 **Panel 2 | Trust and transparency in the Art Market - Is the Art Market a global market?**
Moderator: Henry Blundell, Chief Executive Officer, MasterArt
Panelists:
Giuseppe Calabi, Senior Partner, CBM & Partners
Maria Adelaide Marchesoni, Journalist, Arteconomy24 - Il Sole 24 Ore
Laura Patten, Advisory Specialist Leader, Deloitte US
Famke Schaap, Director Tax and Legal, Deloitte Belgium
Nicola Steel, General Counsel Art EMERI, Christie's
Anastasia Tennant, Senior Policy Advisor, Collections & Cultural Property, Arts Council of England
- 12.30 – 14.00 **Lunch**
- 14.00 – 14.30 **AXA ART Market study | How online data help collectors and art professionals in acquiring contemporary art**
Prof. H. Dieter Dahlhoff, Professor, University Kassel
- 14.30 – 15.30 **Panel 3 | Private art collection & Family business corporate art collections: motivations – risks – needs**
Moderator: Enrica Roddolo, Journalist, Corriere della Sera
Panelists:
James Bradburne, General Director, Pinacoteca di Brera
Alice van der Slikke, Business Manager Professional Services, Van Gogh Museum
Kai Kuklinski, Global Chief Executive Officer, AXA ART
Javier Lumbreras, Chief Executive Officer, The Charitable Museum Endowment Fund
Viola Raikhel-Bolot, Managing Director, 1858Ltd Art Advisory
Dr. André Rogger, Head Art Collection, Credit Suisse AG
- 15.30 – 16.00 **Coffee break**
- 16.00 – 16.45 **Deloitte Art & Finance report 2017 presentation**
Adriano Picinati di Torcello, Director, Advisory & Consulting, Global Art & Finance Coordinator, Deloitte Luxembourg
Anders Petterson, Founder & Managing Director, ArtTactic
- 16.45 – 17.15 **Private and Public sectors: opportunities and challenges to manage collections, the French experience**
Aurélie Filippetti, Former French Minister of Culture (2012-2014)
- 17.15 – 17.30 **Closing speech**
Ernesto Lanzillo, Deloitte Italy, Deloitte Private Leader
Adriano Picinati di Torcello, Director, Advisory & Consulting, Global Art & Finance Coordinator, Deloitte Luxembourg
- Cocktail reception**

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Deloitte Art & Finance

Deloitte Art & Finance : Art & Finance is uniquely positioned at the intersection of three interconnected sectors

Finance

- Private bankers
- Wealth managers
- Family offices
- Private investors
- Art/collectibles fund promoters
- Art insurance companies
- Art trading companies
- Etc.

Culture

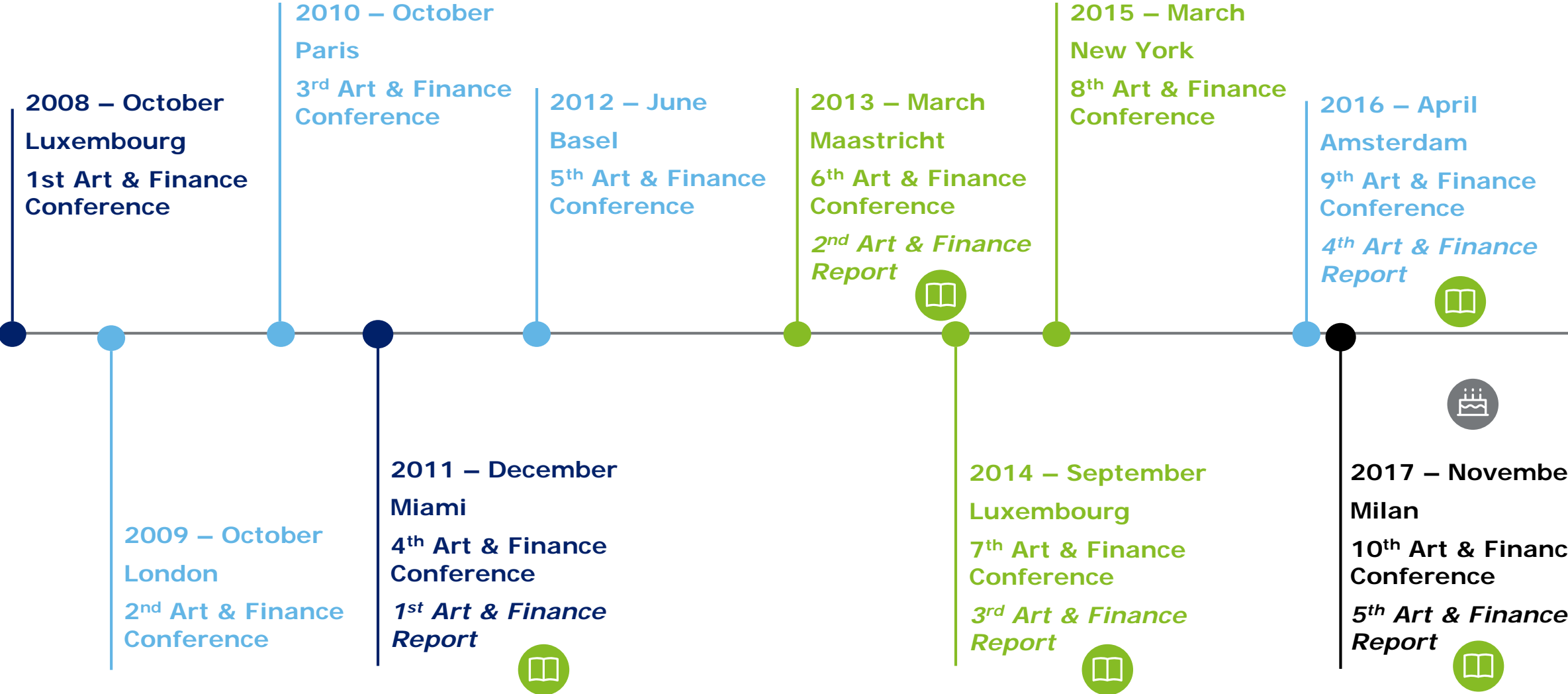
- Public museums
- Private museums
- Corporate collectors
- Private collectors
- Etc.



Business

- Companies selling art
- Digital art companies
- Art logistics companies
- Art & media companies
- Technological art companies
- Etc.

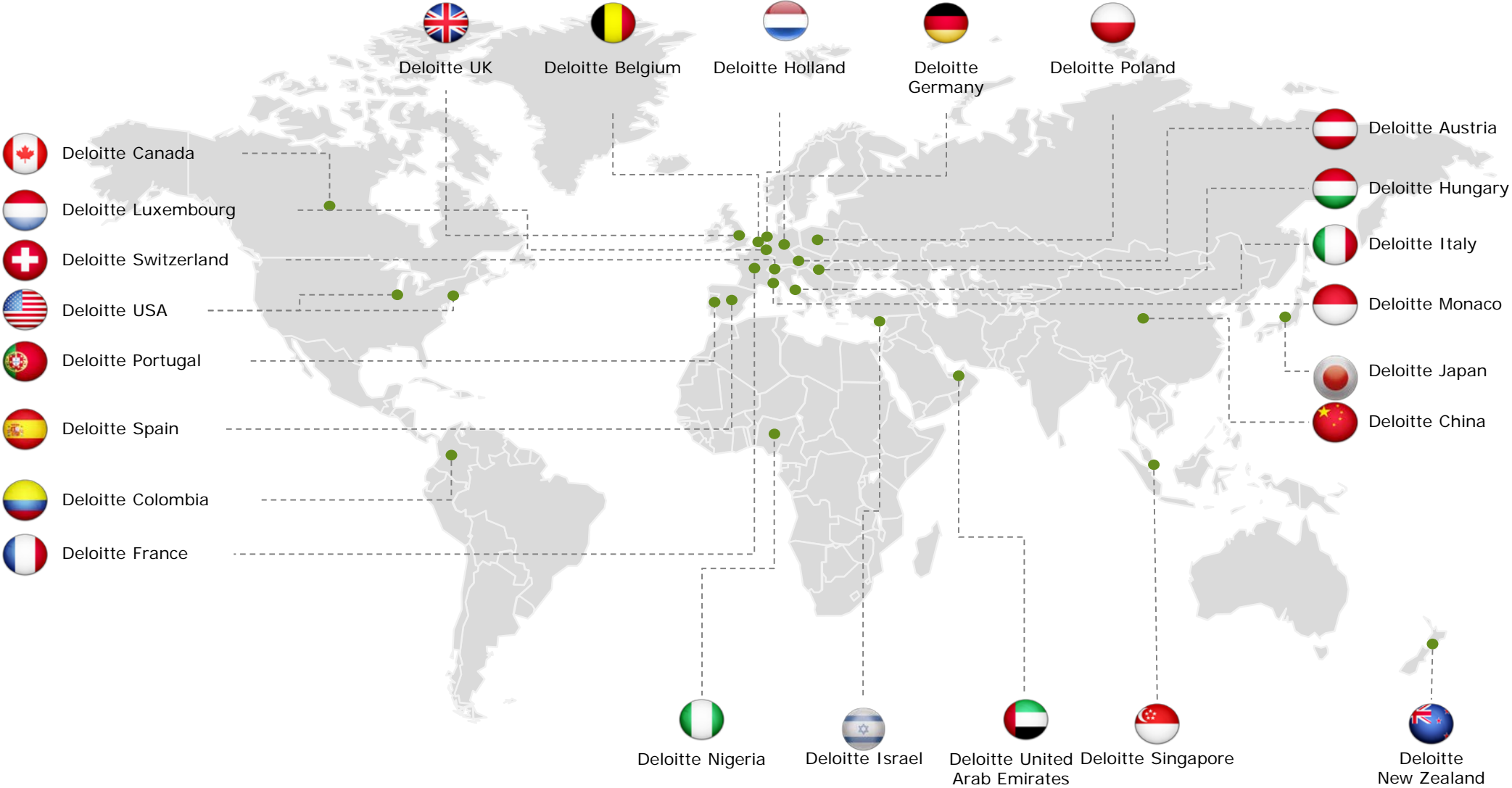
Deloitte Art & Finance Journey



1 country

24 countries

The Deloitte Art & Finance involves today more than 24 countries in 6 continents





Deloitte Italy Art & Finance presentation

Barbara Tagliaferri

Deloitte Italy, Art & Finance Coordinator for Italy



Panel 1

The role of wealth managers in the management of private collections and collections owned by family businesses
case study Italy

Moderator:

Sophie Neuendorf
Director, artnet



Panel 1

Domenico Filipponi

Head of Art Advisory, Unicredit

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Adjunct Professor, IULM University, Milan

Moderator: **Sophie Neuendorf** | Director, artnet



Panel 2

Trust and transparency in the Art Market -
Is the Art Market a global market?

Moderator:

Henry Blundell

Chief Executive Officer, MasterArt



Panel 2

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Moderator: **Henry Blundell** | Chief Executive Officer, MasterArt





Evaluating Contemporary Art: Information Sources & Strategies Results of an international empirical study

AXA ART Market study

H. Dieter Dahlhoff
Professor, University Kassel



To view and/or download Professor Dahlhoff's study,
click [here](#)

Panel 3

**Private art collection & Family business
corporate art collections:
motivations – risks – needs**

Moderator:

Enrica Roddolo

Journalist, Corriere della Sera



Panel 3

James Bradburne

General Director, Pinacoteca di Brera

Alice van der Slikke

Business Manager Professional Services, Van Gogh Museum

Kai Kuklinski

Global Chief Executive Officer, AXA ART

Javier Lumbreras

Chief Executive Officer, The Charitable Museum Endowment Fund

Viola Raikhel-Bolot

Managing Director, 1858Ltd Art Advisory

Dr. André Rogger

Head Art Collection, Credit Suisse AG

Moderator: **Enrica Roddolo** | Journalist, Corriere della Sera





Deloitte Art & Finance report 2017 presentation

Adriano Picinati di Torcello

Director, Advisory & Consulting, Global Art & Finance
Coordinator, Deloitte Luxembourg

Anders Petterson

Founder & Managing Director, ArtTactic



Contents

1. The State of the Global Art Market 2017
2. Art & Wealth Management Survey
3. Art-Secured Lending
4. Art as an Investment
5. Art and Technology
6. Regulation and Risk Management



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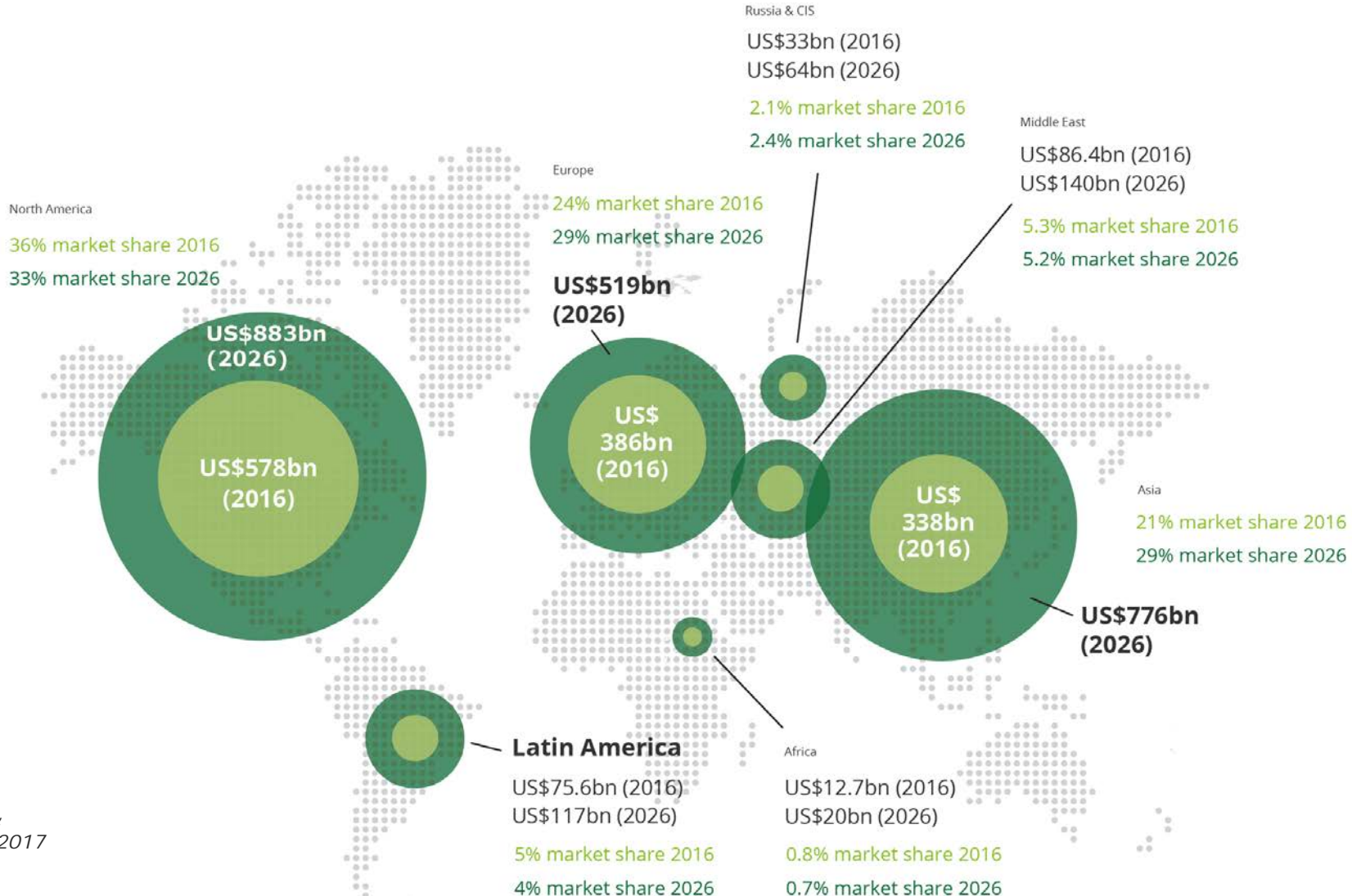
The State of the Global
Art Market 2017

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Global UHNWI Art & collectibles Wealth 2016 to 2026 Estimates

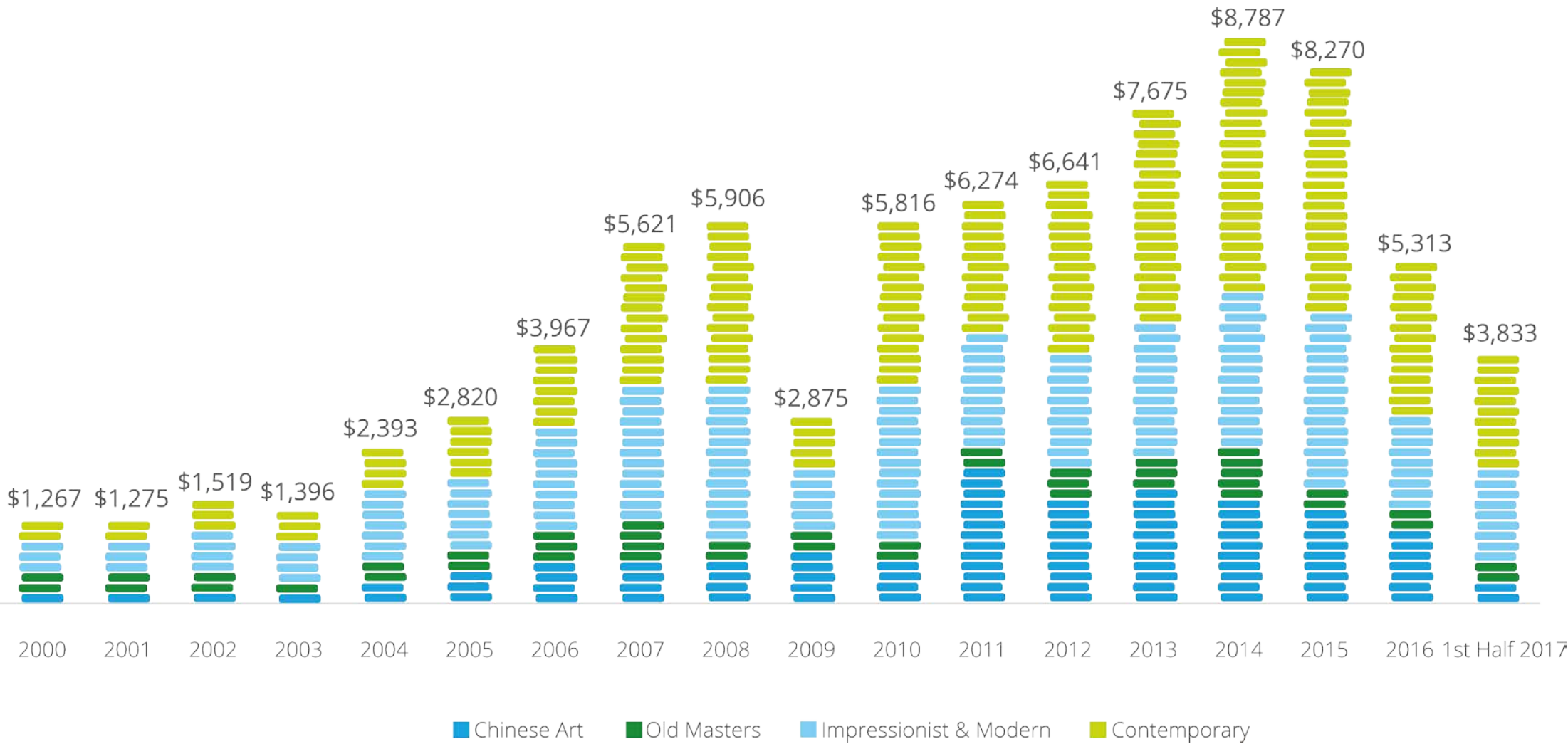
US\$ 1.622 billion in 2016 to US\$2.706 billion in 2026



Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

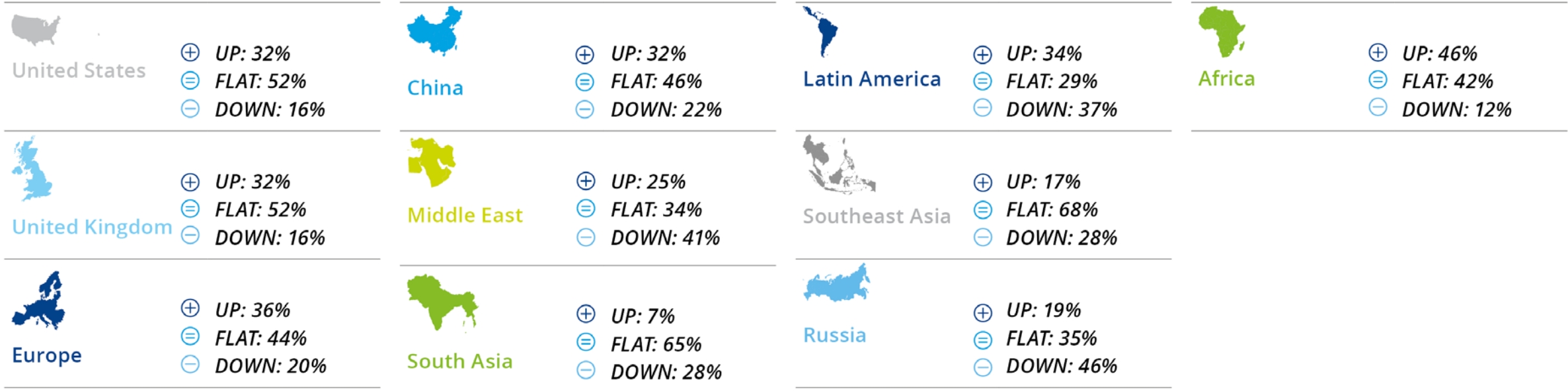
Global art market recovery in 2017

Auction market up 18% in the first 6 months



Global art market outlook 2018

4 out of 9 regional art markets remain neutral-to-positive about the next 12 months



Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

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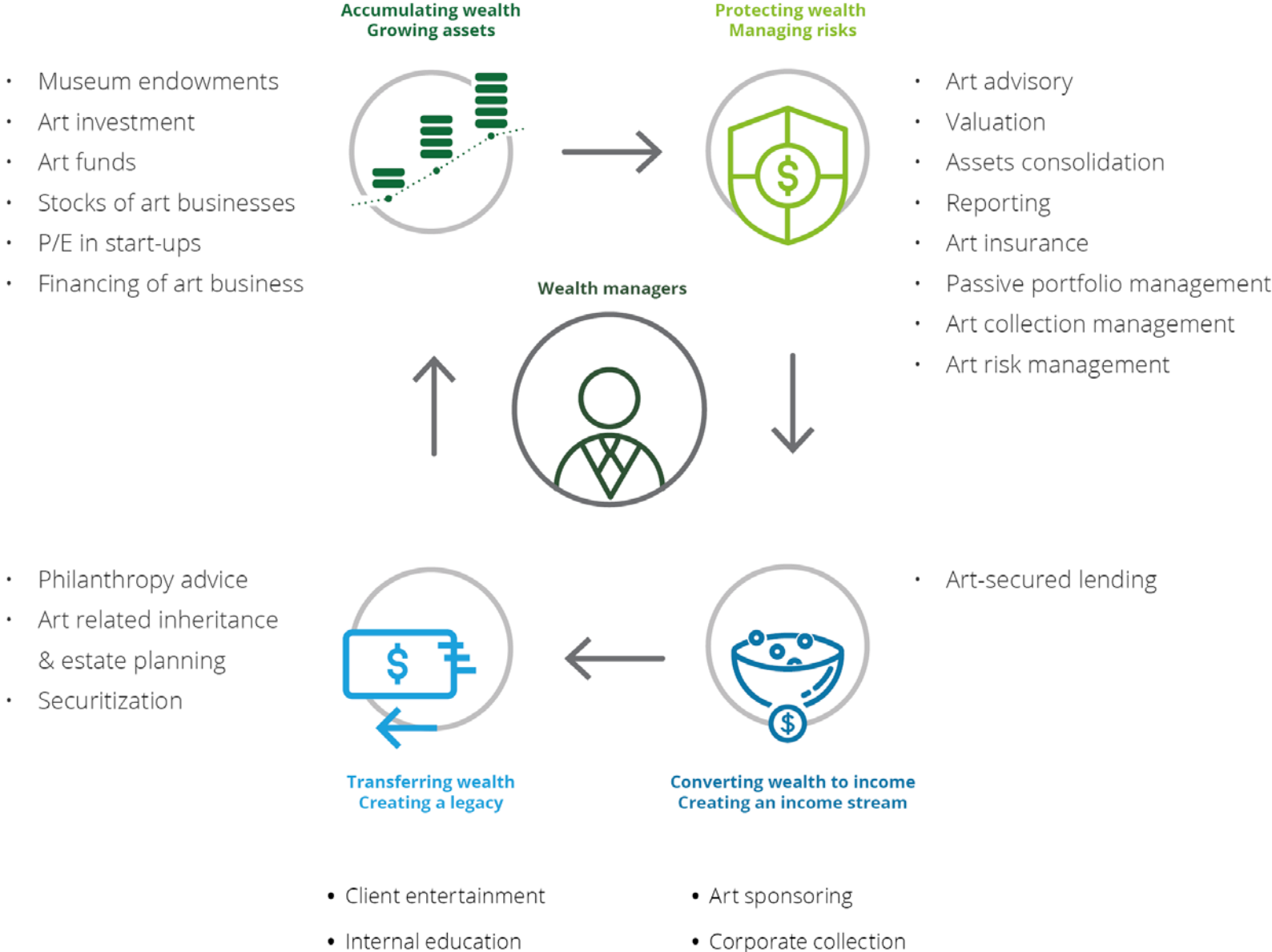
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Art and Wealth Management Survey

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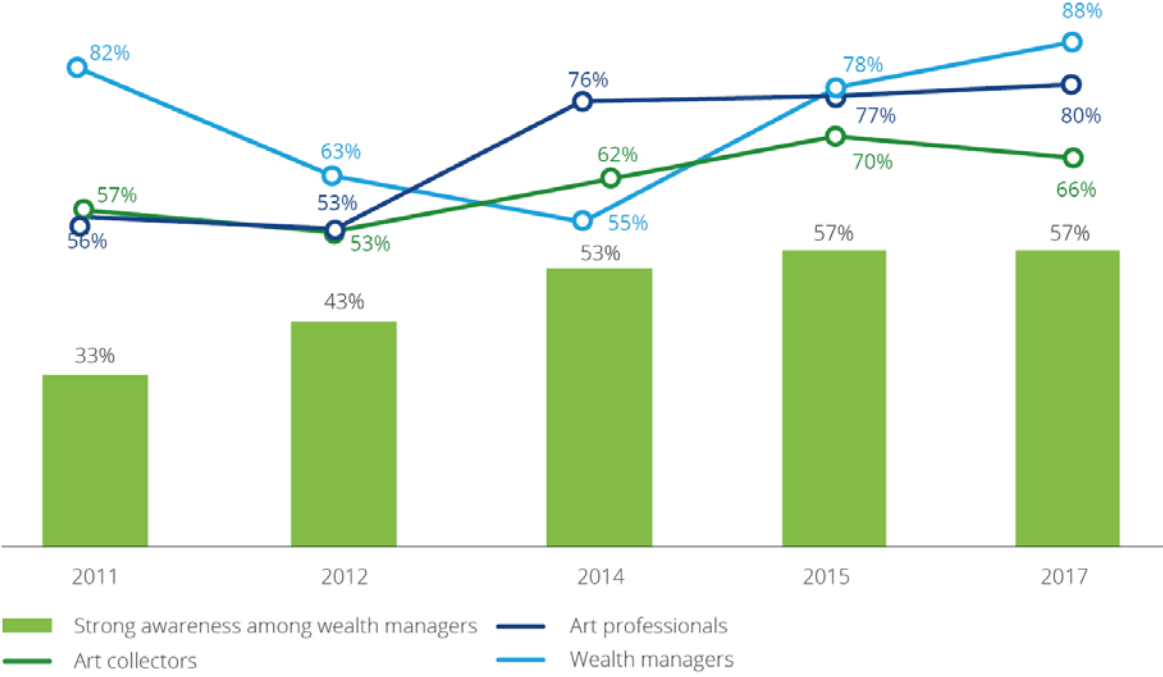


Typology of Art Wealth management services



88% of wealth managers (up from 78 percent in 2016) believe art and collectibles should be part of a wealth management offering

What has been an assumption and a “test” in the beginning, has now been widely recognized – **Art & wealth management is now part of a long term trend**



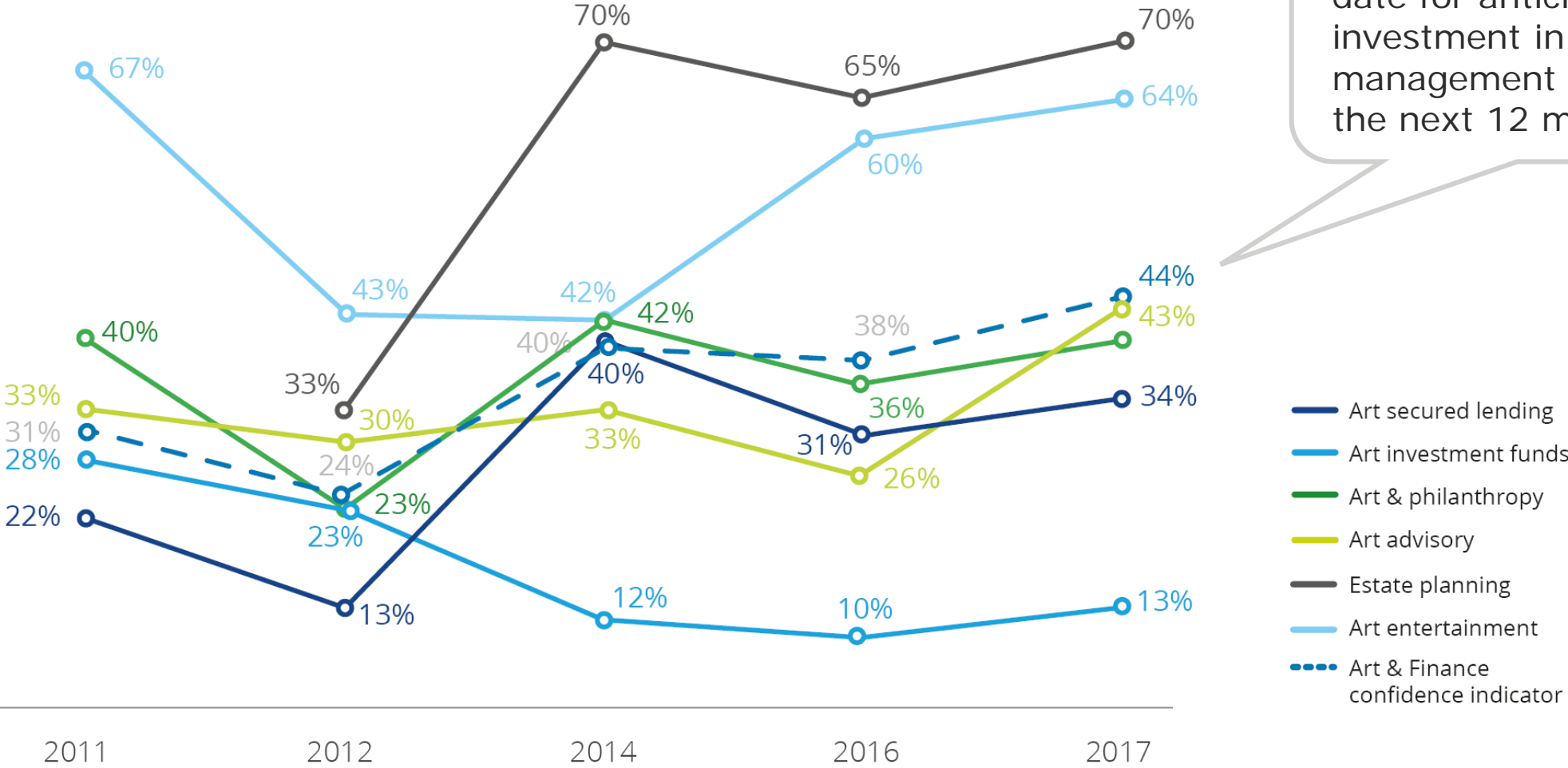
Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

Sample	2011	2012	2014	2015	2017
Private banks	19	30	35	53	69 ⁶⁷
Family offices	0	0	14	14	27
Art collectors	48	81	90	94	107
Art professionals	140	112	122	126	155



Wealth Managers: Which services will you focus on in the next 12 months?

Wealth managers are taking a more proactive approach

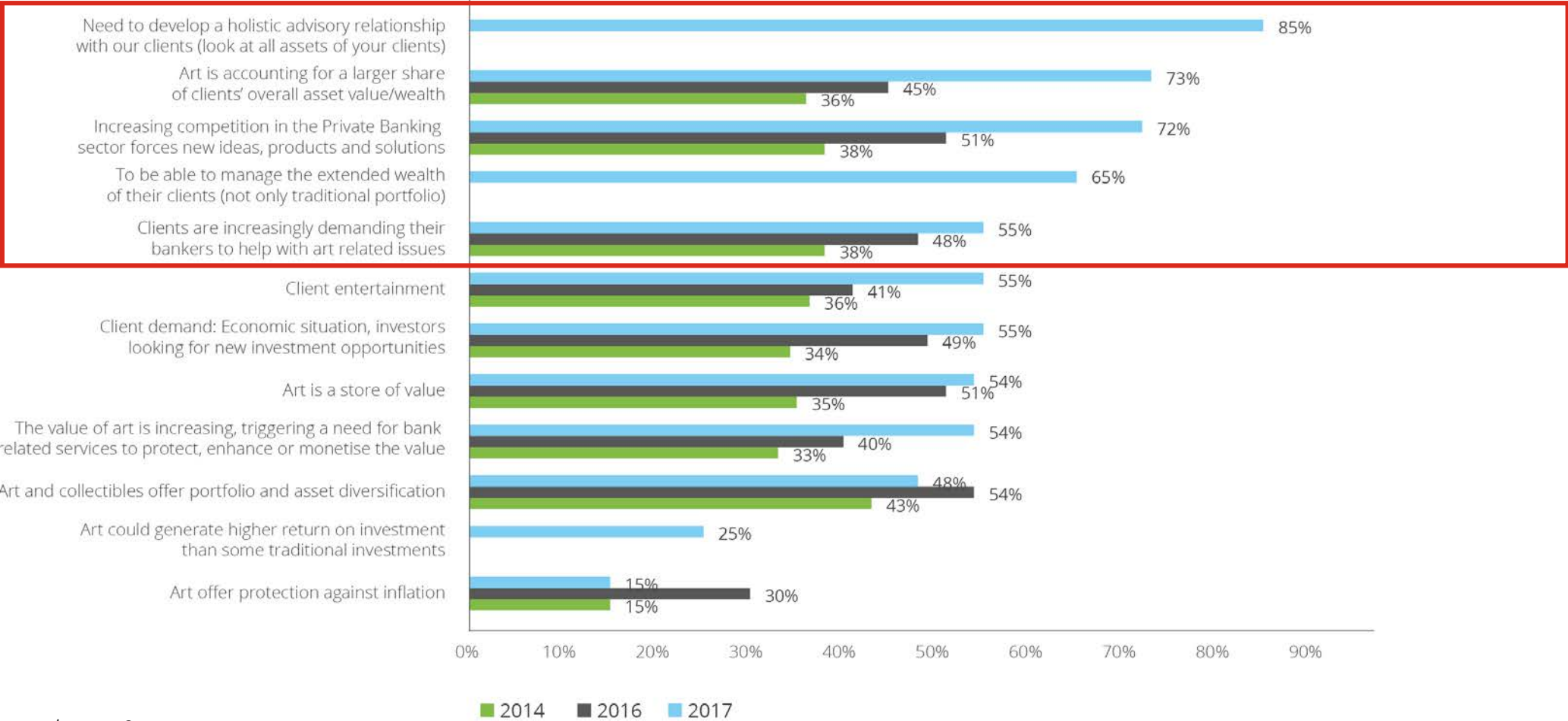


Highest overall reading to date for anticipated investment in art wealth management services over the next 12 months

Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

Main motivations to integrate Art and collectibles in a wealth management offering

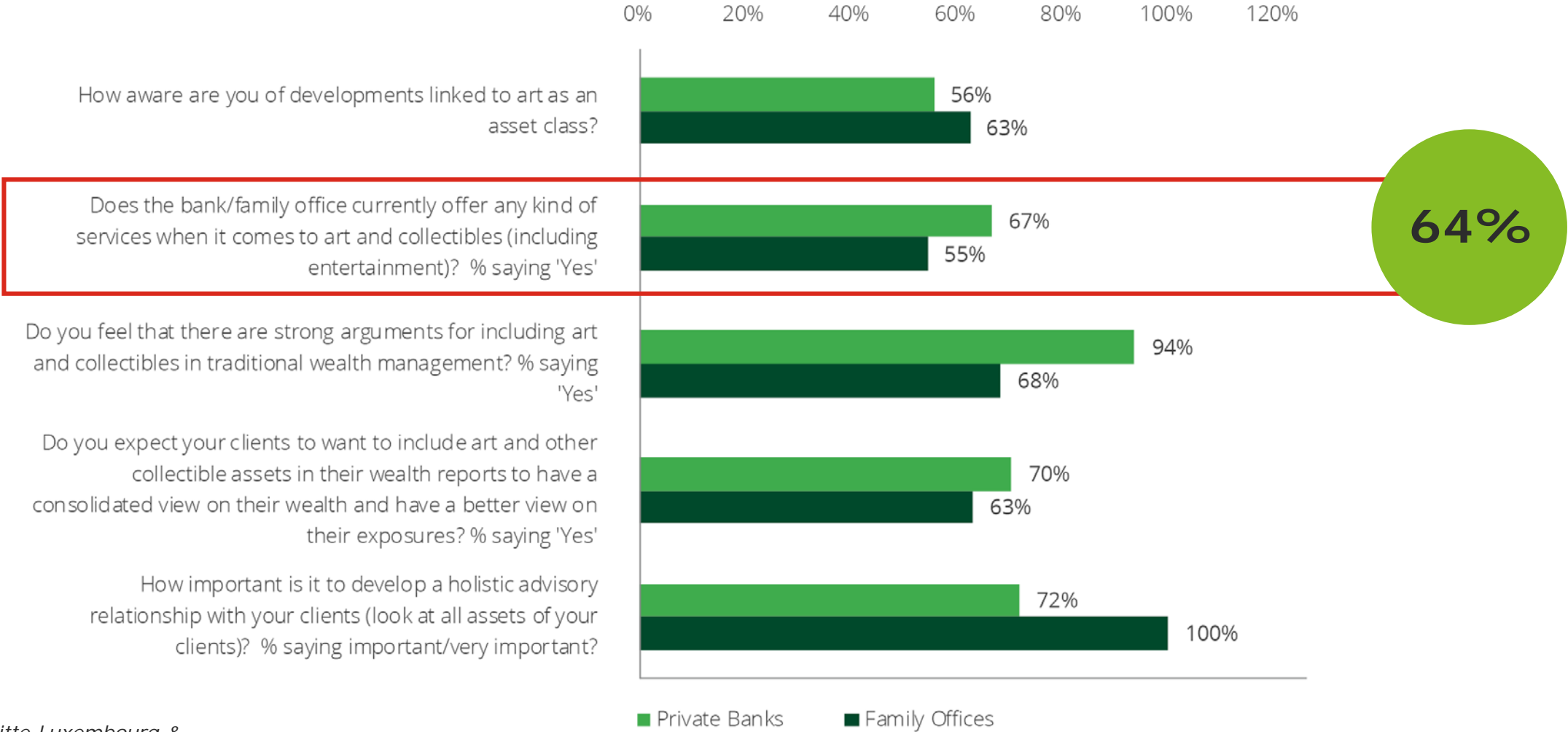
Competition – need of a holistic advisory relationship – Client demand



Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

Current wealth management offering

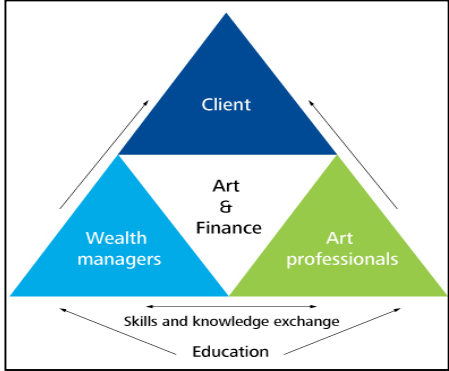
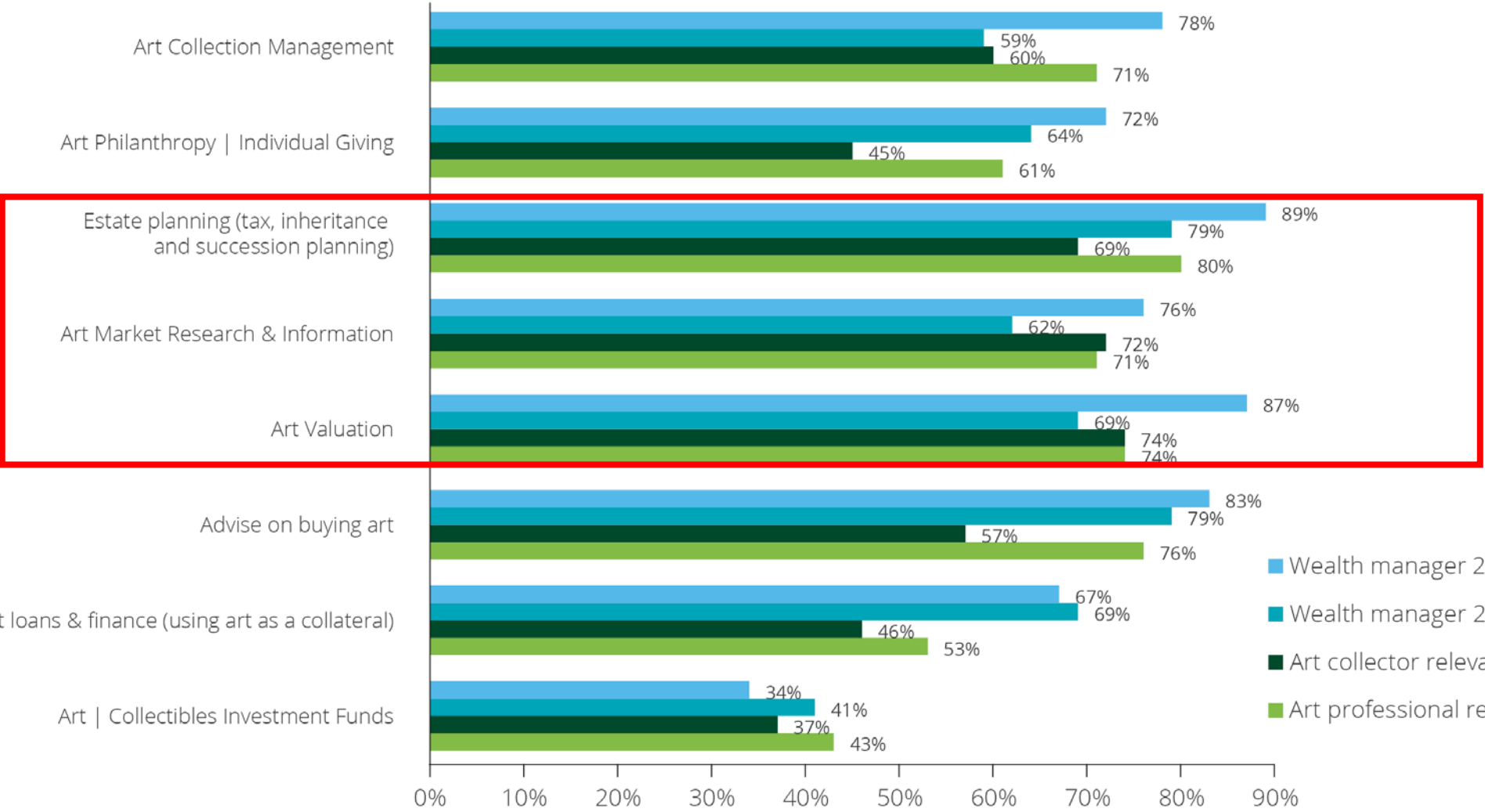
64% wealth managers offer art-related services to their clients



Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

GAP Analysis: Most relevant art and wealth management services vs. wealth management offering

Collectors see their wealth managers as their trusted independent advisers

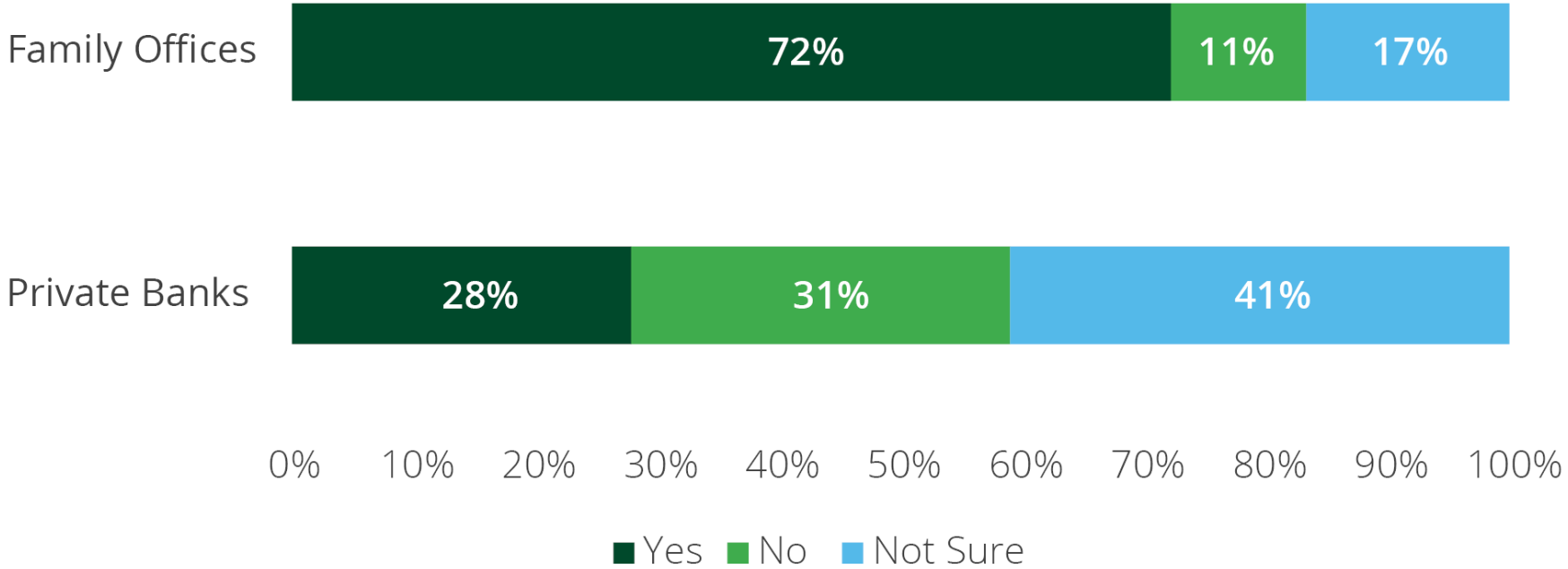


- Wealth manager 2017 offering
- Wealth manager 2016 offering
- Art collector relevance
- Art professional relevance

Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

Estate planning is viewed as the most important art and wealth management service by wealth managers, art professionals, and collectors

28% of private banks said that their clients had sufficiently addressed their art collection in the estate plans versus 72% of the family offices surveyed.

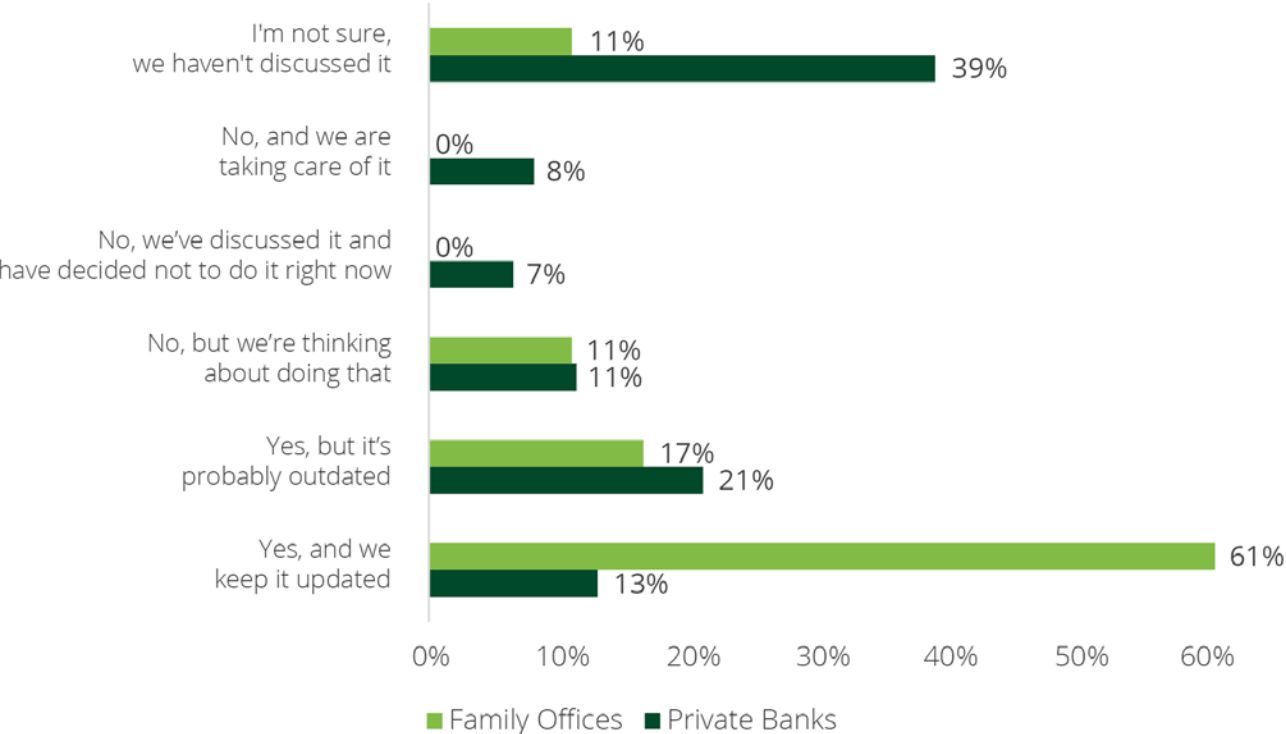


Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

When it comes to collection management and estate planning, family offices seem to have their house in order

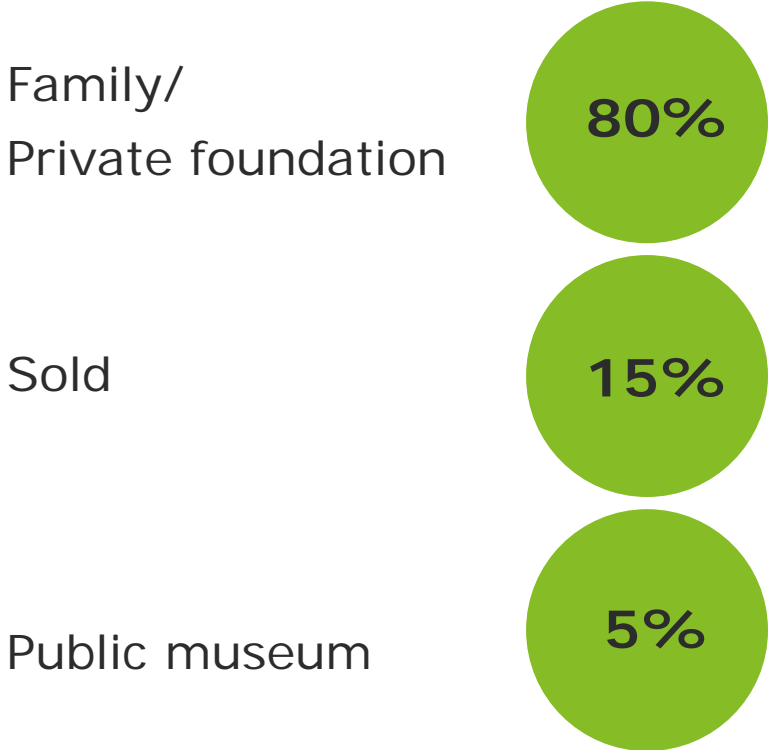
61% of family offices said they maintain an updated inventory of their clients art collection, compared to only 13% of private banks

Figure 26. Wealth managers: Do my clients maintain an inventory of their collection that at a Minimum identifies each piece, its present location and its approximate values o that we could Help to administer the estate without the art collector's input?



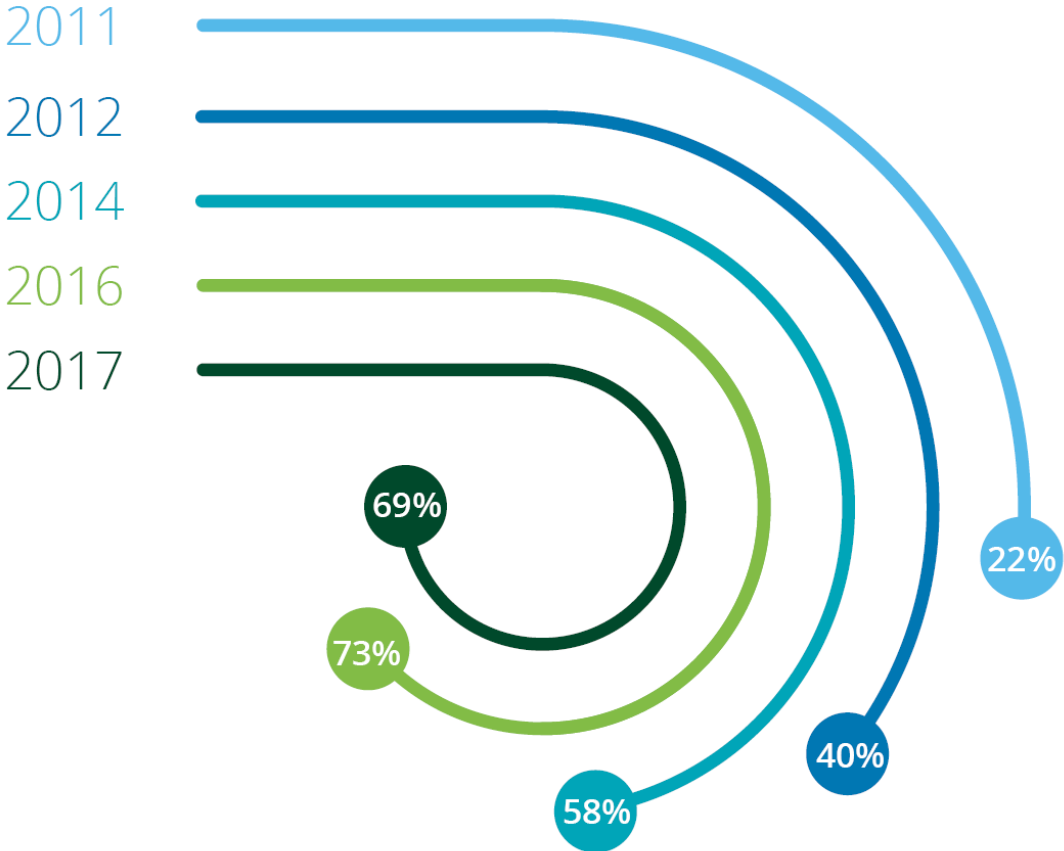
Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

Where your art will go?



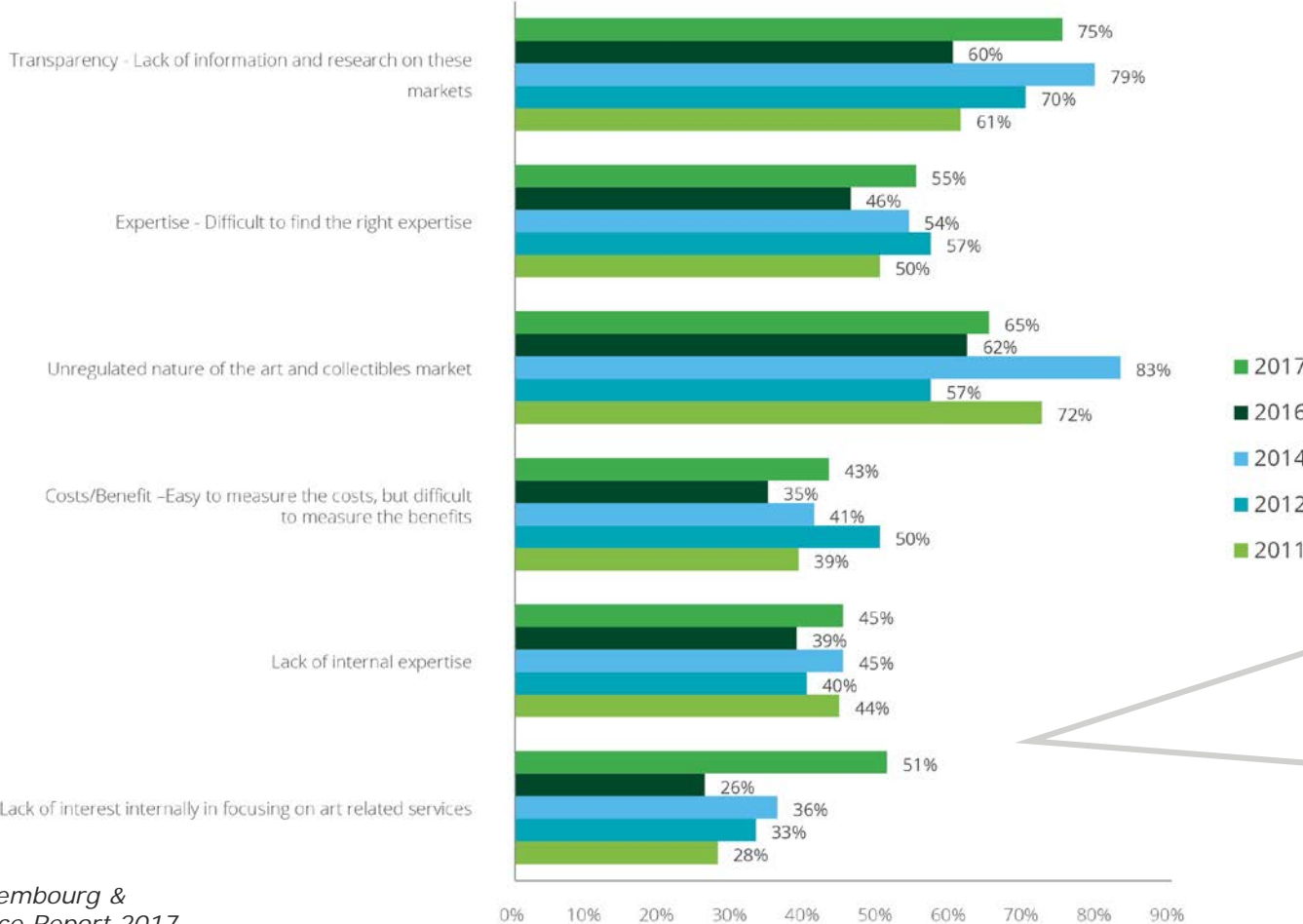
Art-related wealth be included in wealth reporting to move from a more reactive towards a more proactive approach

69 percent of the wealth managers (down from 73% percent in 2016) said their clients wanted to include art and other collectible assets in their wealth reports in order to have a consolidated view of their wealth



Challenges for Wealth Managers in terms of imbedding art and collectibles in traditional wealth management

The ranking of the most important challenges remains largely the same as that reported in the first survey in 2011



However, as interest in art and wealth management grows, an apparent lack of senior management support for developing these initiatives seems to be creating a greater sense of frustration among the wealth managers surveyed this year

Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

Emotions vs. investment

The emotional and social aspects of collecting art combined with the potential for increasing or safeguarding value that seem to be the driving motivation

Figure 34. Why do your clients buy art? (art professionals)

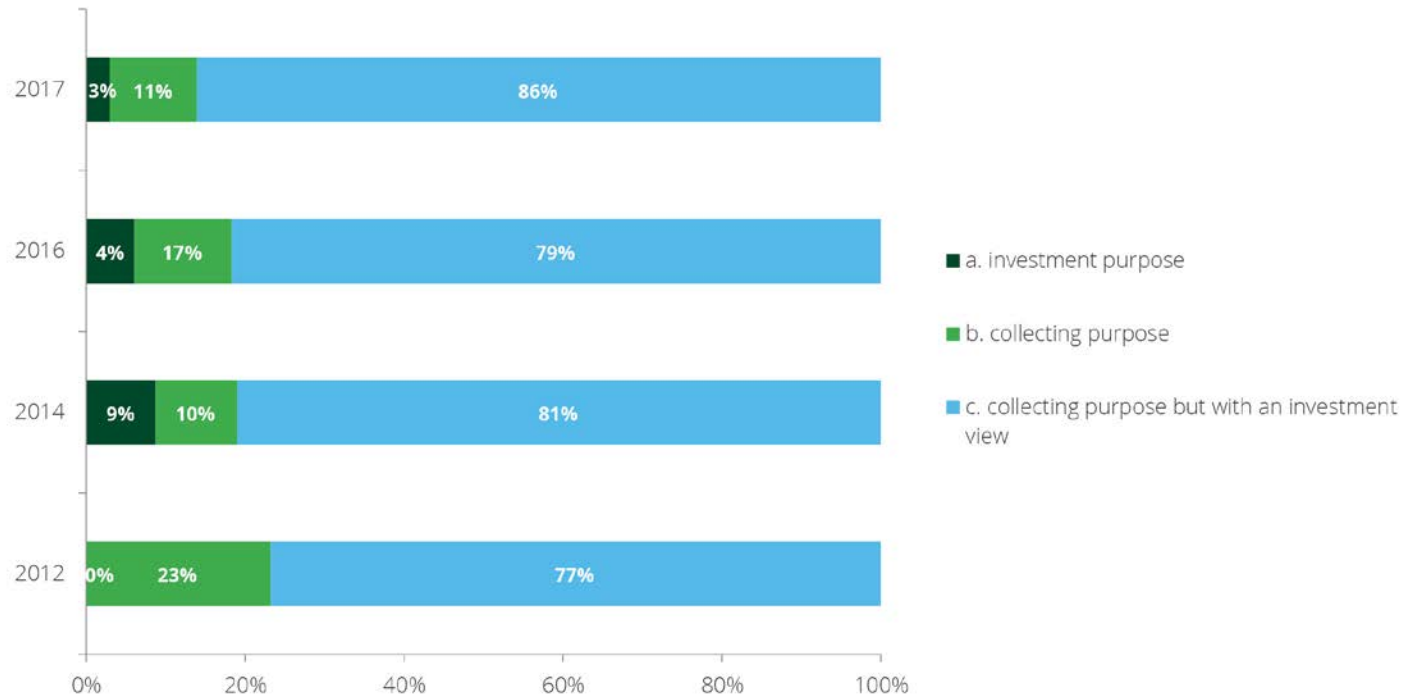
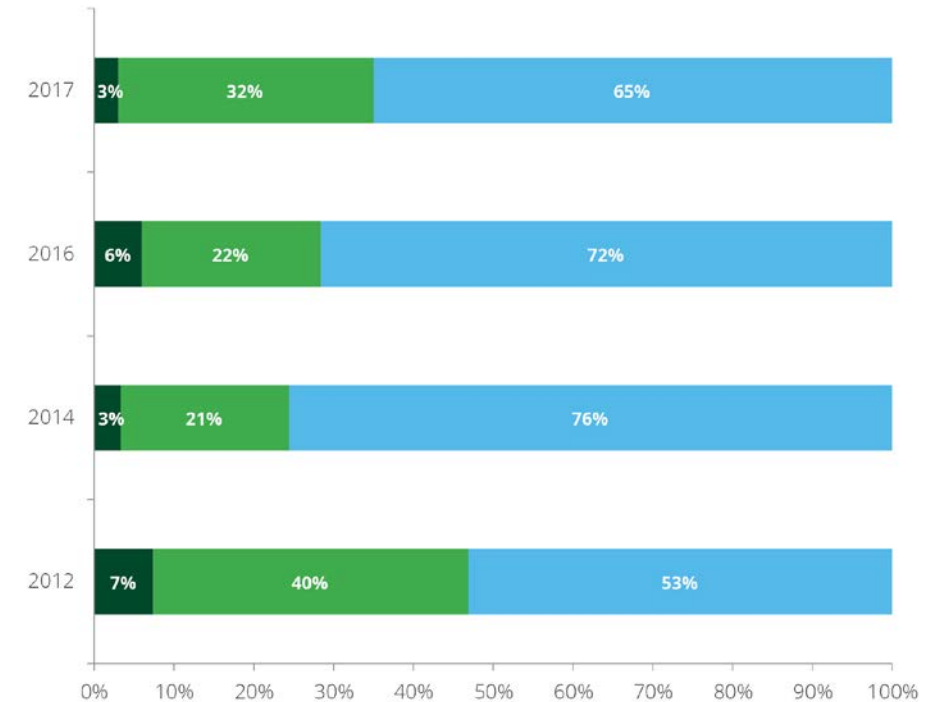


Figure 35. Why do you buy art? (art collectors)



Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017



Wealth managers need to integrate those motivations when they design their art and wealth management products to bring passion into wealth management

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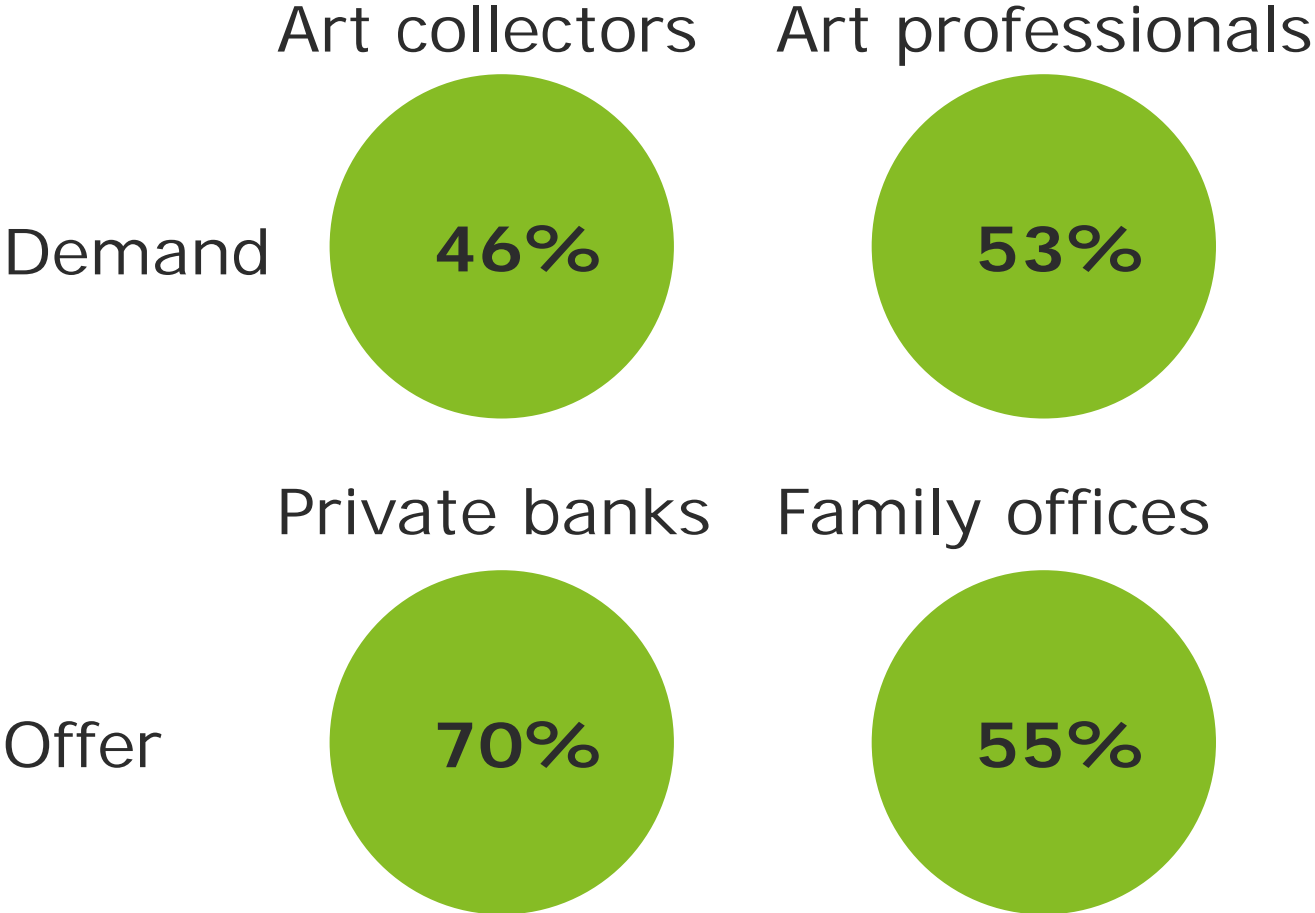
Art-Secured Lending

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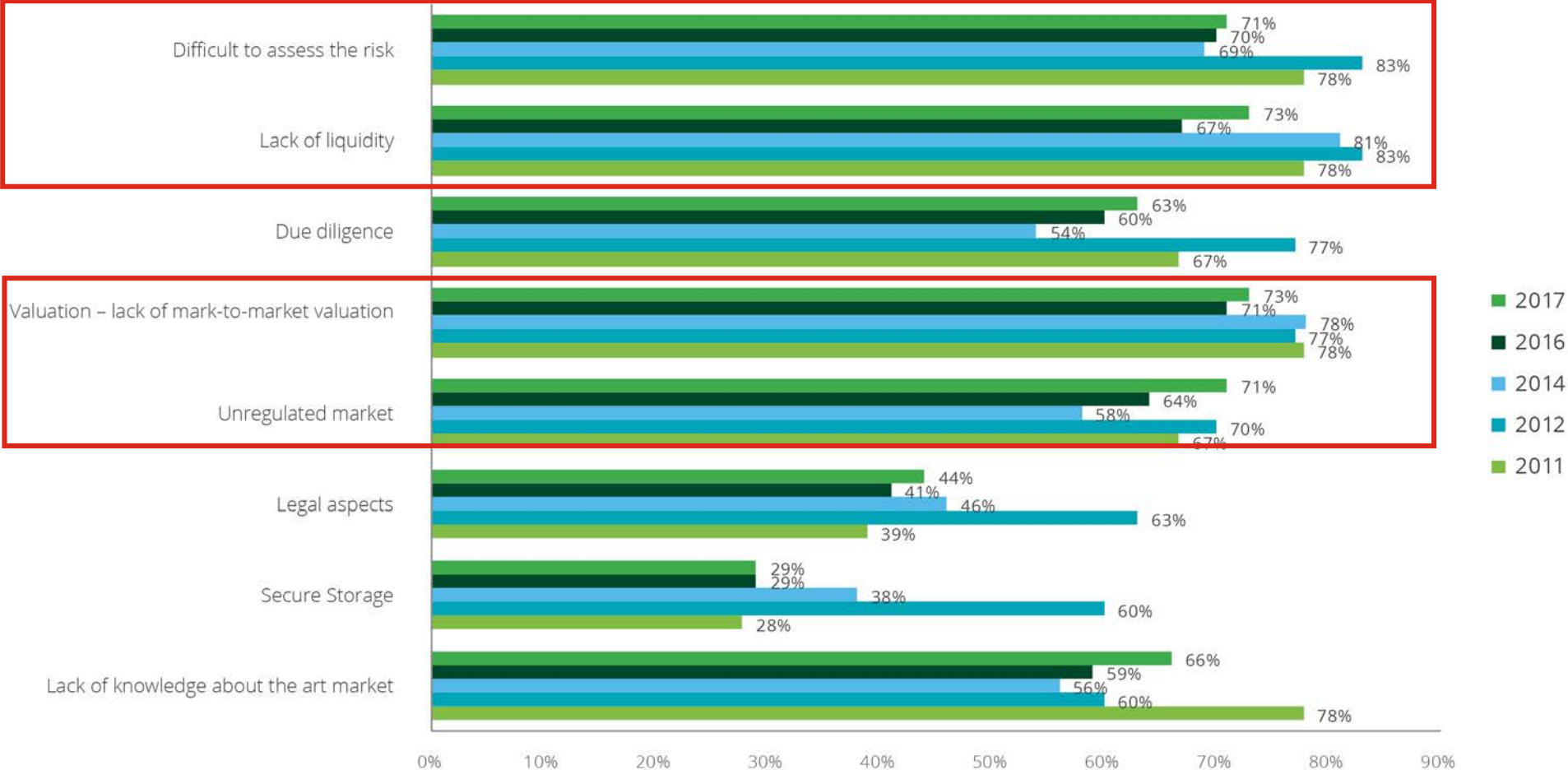
The US art-secured lending market is expanding at 13% from 2015
In this year's survey, 67 percent of wealth managers said their institution now offered art-secured lending services

US Art secured lending market estimate
US\$ 17-20bn in 2016



Challenges & need for risk management

Valuation – lack of liquidity – regulation – risk assessment



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Art as an Investment

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Art Market Performance 2001 - 2017

The long-term performance indicates positive annual returns for all art prices indices monitored by artnet

Table2. Art market returns by time period

Art market price index returns -1,5,10 and 15 years based on artnet indices

	Last 12-month return	5-year CAGR	10-year CAGR	15-year CAGR
European Old Masters	2.21%	1.72%	1.72%	3.69%
Global Impressionist Art	10.50%	-0.78%	-2.07%	1.54%
Global Modern Art	3.62%	-2.50%	-2.43%	4.05%
Global Post-War Art	-0.98%	1.29%	-1.26%	7.12%
Global Contemporary Art	7.45%	4.09%	2.04%	8.54%
Fine Chinese Paintings & Calligraphy	0.67%	-0.59%	9.17%	11.50%
20th-Century & Contemporary Chinese Art	3.74%	1.10%	3.19%	14.10%

Source: artnet | The returns are nominal and do not include transaction fees. The 12-month return is from April 2016 to April 2017.



In terms of correlation across all asset classes, safe haven art categories (impressionism and old masters) are highly correlated with safe haven asset types (bonds, real estate), whereas riskier movements (contemporary, Chinese art etc.) exhibit greater correlation with riskier asset types (stocks, commodities)

Global art fund industry struggles to gain momentum after 5 years of decline, but art investment remains relevant.

Figure 49. Global Art Investment Fund Market (AUM) 2011 – H1 2017
 Estimated assets under management (AUM) in US\$

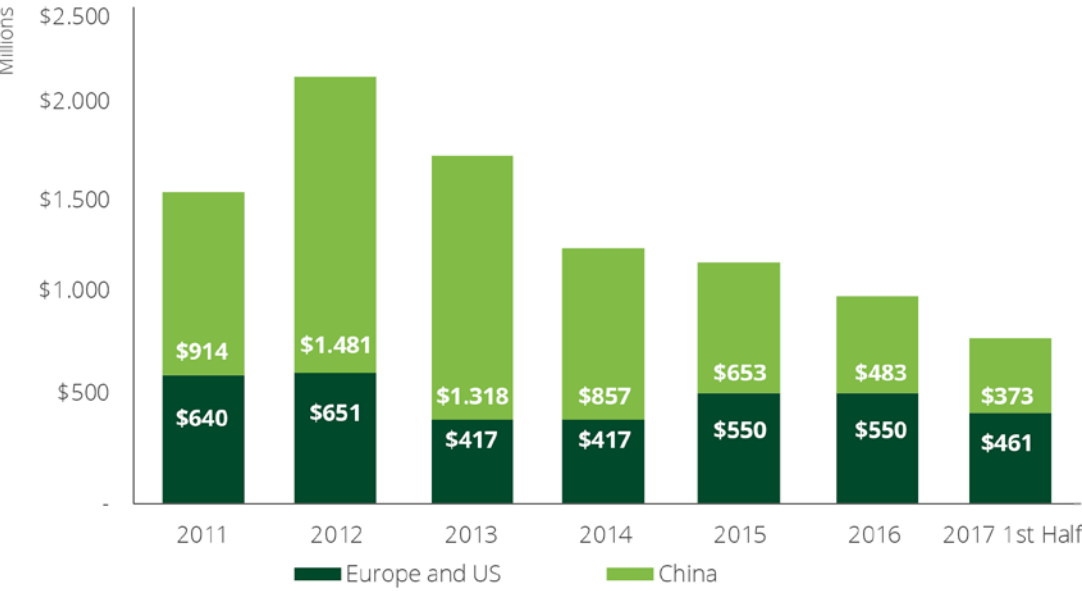
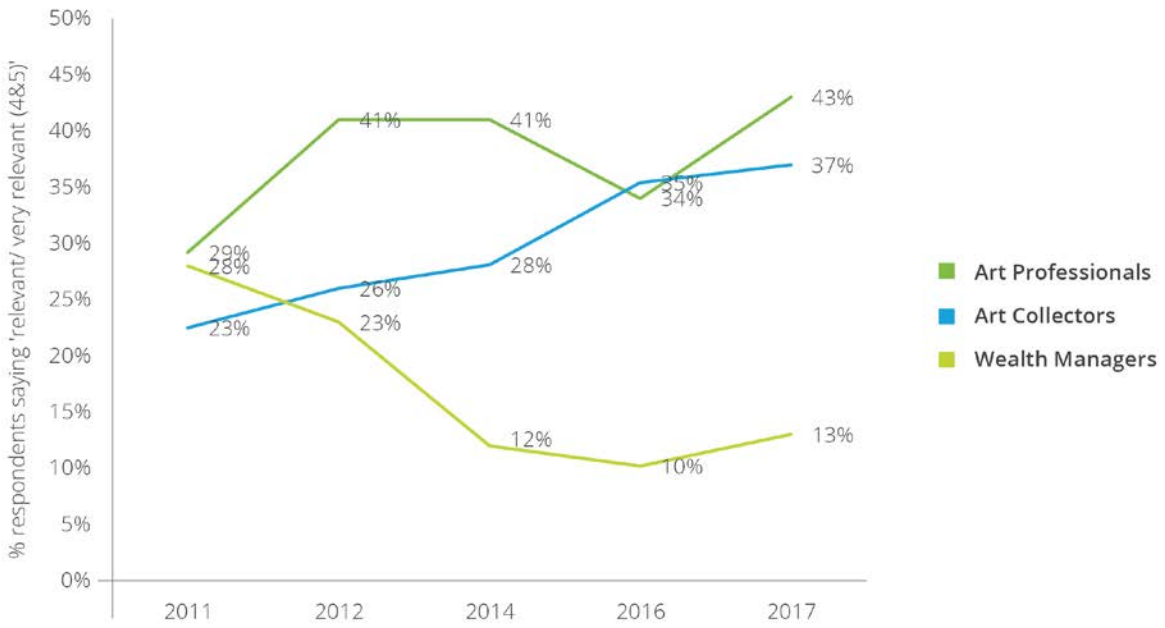


Figure 51. How relevant is Art Investment VS. % of wealth managers focusing on this service in the next 12 months

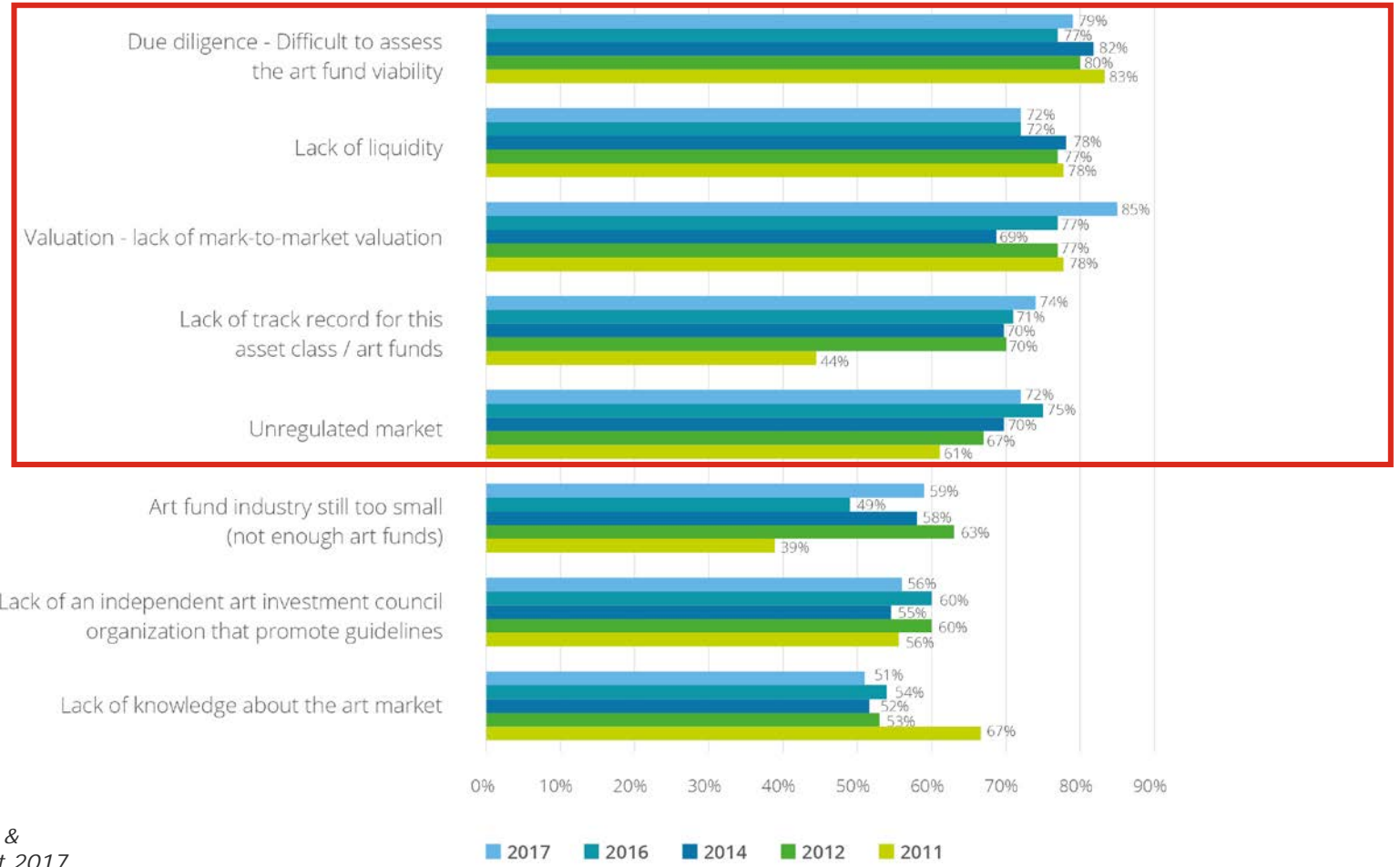


Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

The challenges remain the same after tracking 6 years of tracking wealth managers' attitudes

Top 5 Challenges in terms of imbedding art investment fund into a bank's offering

Figure 52. What do you feel are the main hurdles for incorporating Art Investment Funds as part of the bank's current client offering



Source: Deloitte Luxembourg & ArtTactic Art & Finance Report 2017

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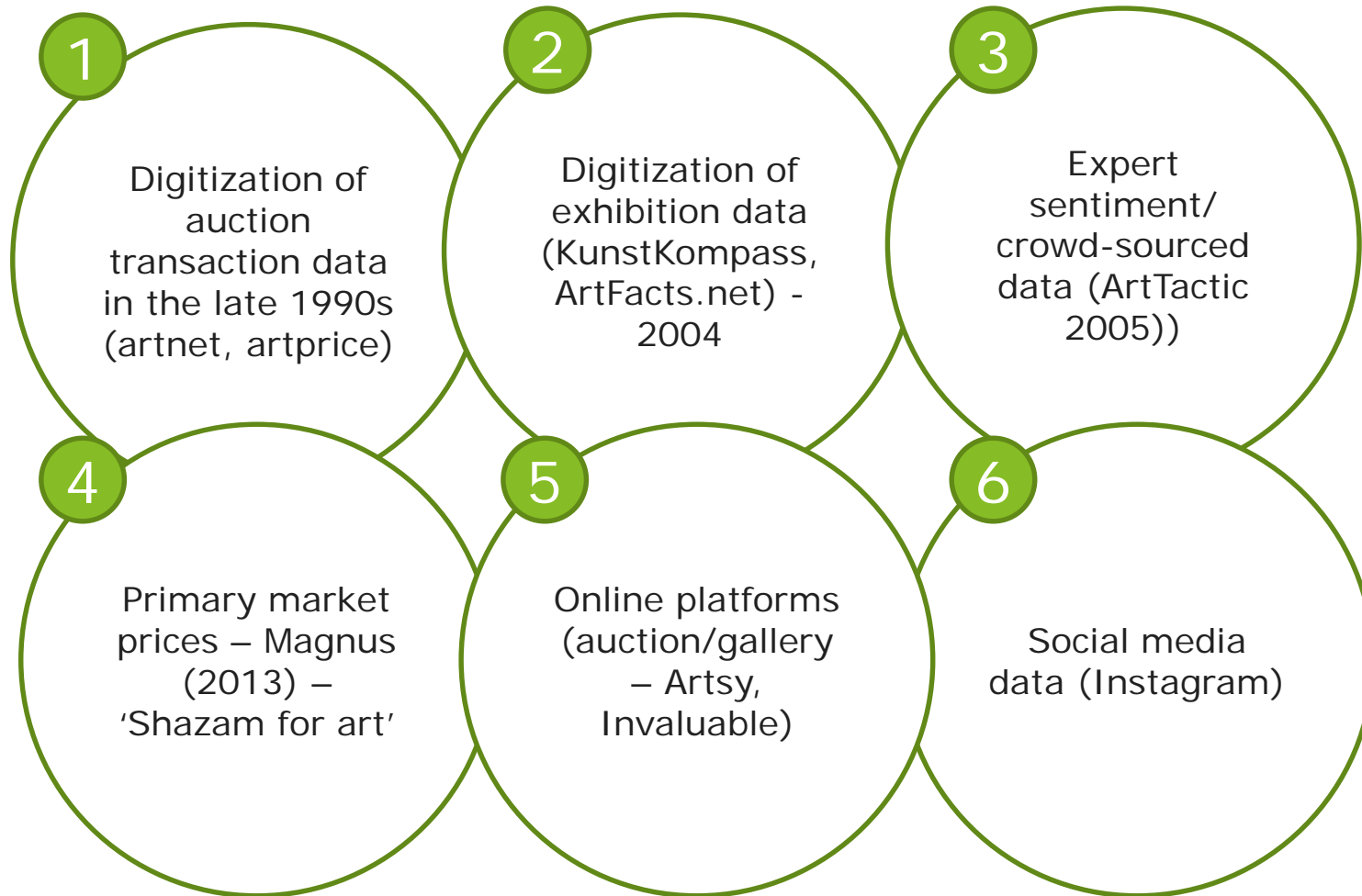
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Art and Technology

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Art & Technology: Data [r]evolution



Development of new analytical tools:

ARTFACTS.NET

artnet[®]

artprice[™]

ArtTactic[®]

 **Magnus**

 **MutualArt**

 **π-eX**

The market for art market data and analytics



- **Having** the data is not the same as being able to **use** the data effectively



- Investment in **education** / data literacy is needed



- Investment in refining and developing 'analytical tools' to help the Art & Finance industry address issues around **risk management** and **valuation**.



- The need a **competitive market** place for art market data, analytics and research.

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Regulation and Risk Management

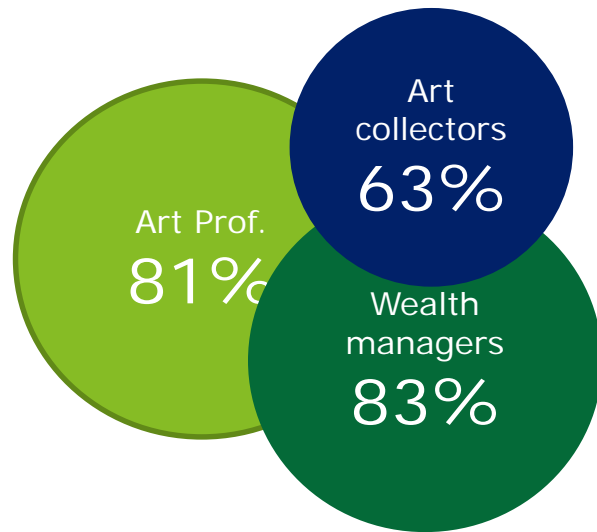
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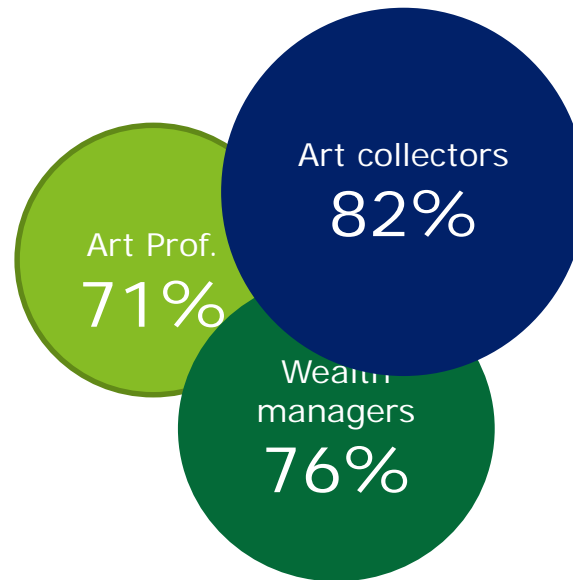
Art Market Regulation

Top 3 - Biggest threats to the reputation of the art market

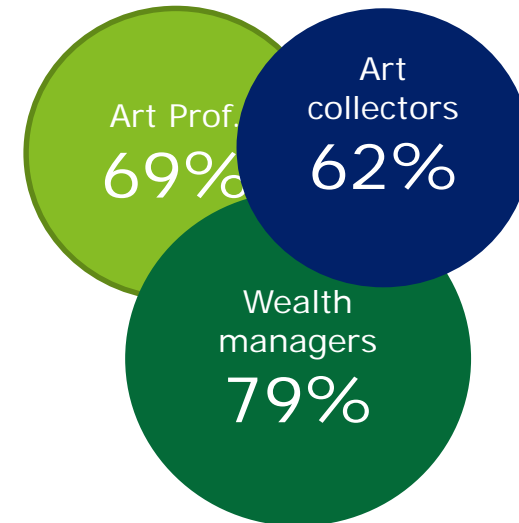
Authenticity



Price manipulation

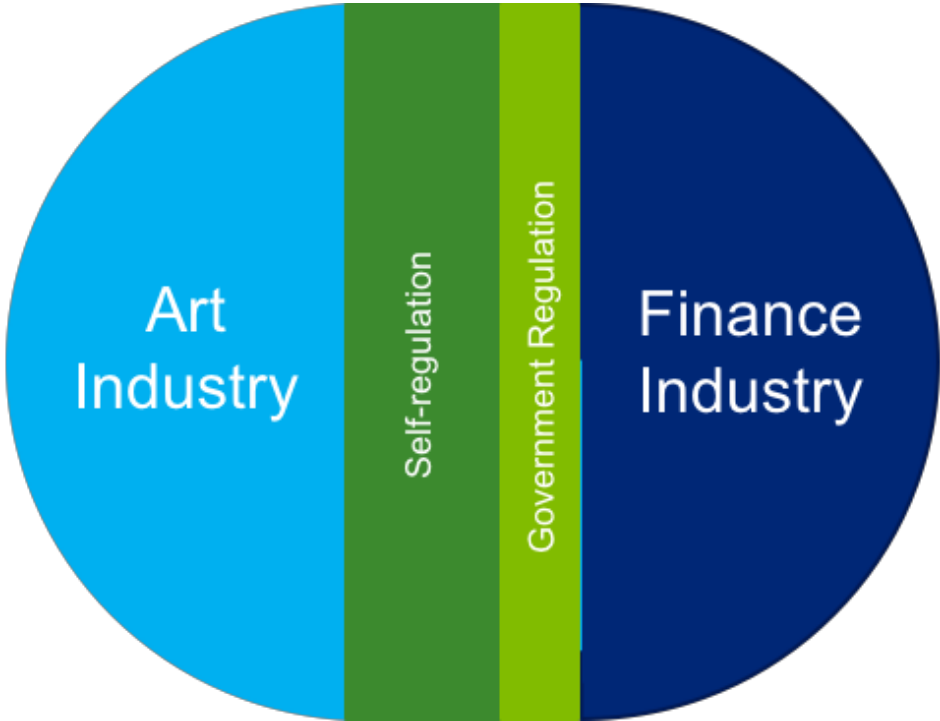


Lack of transparency

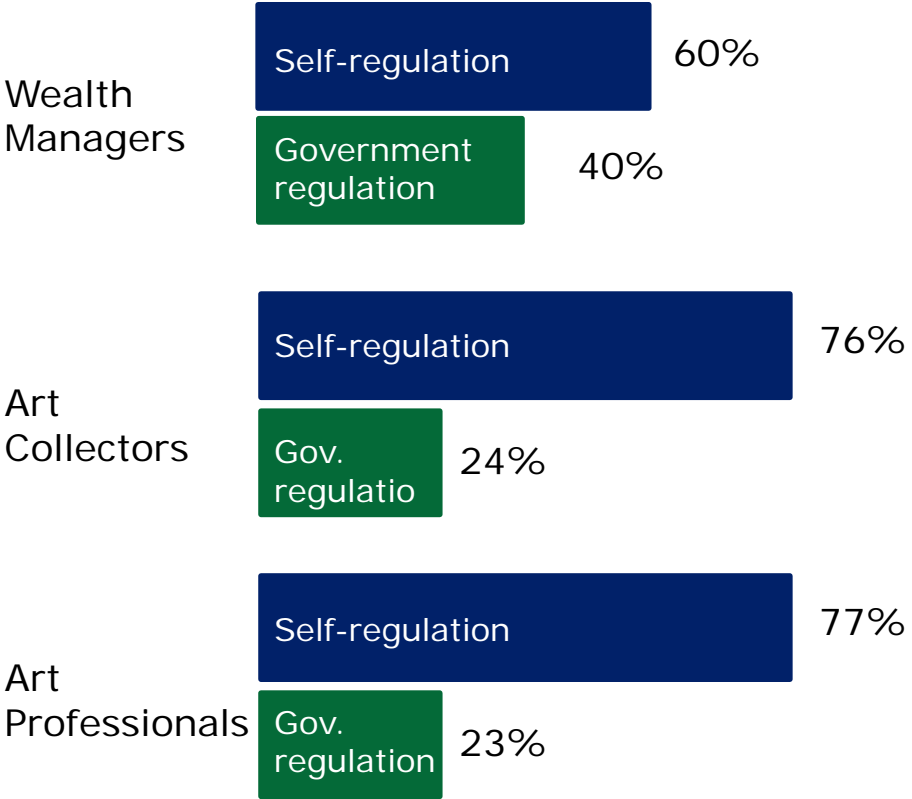


Government Regulation vs Self-Regulation

The majority of the respondents are in favour of a self regulated art market



Survey 2017



Responsible Art Market Initiative (RAM)

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Key Priorities

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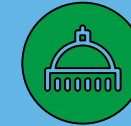
Key priorities in relation to overcoming challenges and encouraging further investment in the development of the Art & Finance industry



Regulation - addressing the reputation of the art market
(Transparency – standards – guidelines)



New technology and risk management
(Transparency – valuation – authenticity – collection / reporting – risk management)



Art and wealth management related issues
(Leadership – proactivity – professional development – collaboration between sectors)



Closing speech

Ernesto Lanzillo

Deloitte Italy, Deloitte Private Leader

Adriano Picinati di Torcello

Director, Advisory & Consulting, Global Art & Finance
Coordinator, Deloitte Luxembourg

