

Ten reasons for investing in the Ad Artem Art Fund Project (AAAFP)

1 When properly addressed, the Art market is attractive on a financial standpoint

a_ A market of large magnitude and multiple segments:

- The public auction market amounts circa USD 55 Bn per year.
- No official data as for the private market but specialists evaluate it from 7 to 10 times as much, i.e. USD 500 bn every year.
- The overall market comprises three distinct markets:
 - The classical era (from 1300 to 1850) mostly a market of amateurs and private collectors, difficult to securitize or thrive.
 - The contemporary market, high yield but very speculative and risky.
 - The Impressionist and Modern artworks market (1860/1960) which is fluid, visible and understandable. This is the one retained for the AAAFP with a special focus on the Blue-chip market: masterpieces from the most popular artists.

b_ A financially performant market:

- The AAAFP's niche market has structurally outperformed the Dow-Jones index since its creation in 1986.
- Moreover, this niche market is not correlated to the financial markets: a bullish stock exchange generates large profits for the big investors who usually buy art as a hobby or a sign of social acknowledgement, when it turns bearish or the markets become risky, art is seen as a safe investment.

2 Favorable context for a time-limited bonanza

- The current pandemic and its subsequent economic crisis generate unique opportunities to access major private and public collections, i.e. artworks within the strategic scope of the AAAFP.
- Pricewise, the market is likely to be rather favorable for the next 6/12 months.

3 Relevance of focusing on the private market

- Better purchase price: Negotiated on a one-to-one basis. No surprise.
- Better choice, thanks to a worldwide perspective.
- Reduced transaction costs (5/7% instead of 20% on the sale price).
- Confidentiality about the transactions and their financials.

4 Size does matter

- The more important and diversified investment, the better risk spread. The risk pooling prevents from incidents stemming from possible problems with a single artwork (its paradigm being the controversial Salvatore Mundi attributed to Leonardo).
- The AAAFP management team values the average size of the AAAFP at 300/500 Mio Euros which corresponds to 10/15 artworks. Above this minimum size, the larger the safer for the investor(s).

5 Extreme flexibility of «tailor-made» solutions within the global architecture of the project

- The Fund can be constituted for one individual, for one family, or for a group of people (not exceeding 10). The project can be duplicated. There can be as many different projects as Multi-Funds.
- The country where the Fund is constituted, its legal status, its articles of association and its internal operating rules remain within the decision of the investor(s).

- NB: The structuration of the Fund Fond can be driven by various motives: tax optimization, securing a fraction of the investor(s)' patrimony, portfolio diversification. As long as the contribution is deposited in a world Top-50 western bank which guarantees the origin of the funds, any formula is acceptable to the AAAFP.

6 Variety in the final purpose of the AAAFP, especially in the case of a one-individual or one-family scenario

- The Fund being 100% by the investor, at the end of the day the latter decides on the final purpose/destination of the AAAFP:
 - Selling the collection (privately or through a series of major auction sales).
 - Keeping the collection for its final owner's benefit.
 - Mobilizing the collection's potential for other purposes.

7 Security of the investment and transparency in the use of the contributions

- Market overall stability.
- Recognizable, fully acknowledged, authenticated and registered artworks.
- Artworks lent to prominent Museums. Otherwise kept in safe vault.
- Contributions of the investors engaged for precise, identified and pre-agreed ad hoc purposes only.
- Quarterly activity reports delivered by the Management Company to the Master Fund & the Feeder Fund.

8 Shelter Fund

- Other dedicated Investment Funds buy and sell artworks. This is not the AAAFP concept. The AAAFP aims at constituting a collection in full confidentiality for an investor or a group of investors and make it thrive along the way. It addresses a patrimonial issue. This policy guarantees to the investors:
 - Confidentiality about their contribution and their link both with the acquisition operations and the collection.
 - Discretion in the acquisition process. No publicity. Private transactions led only once during the Fund term don't appear nor in the media nor vis-a-vis inquisitive authorities.
 - Long-term policy: the idea of constituting a collection on the long-term run prevents the investors from exposing themselves to the short-term hazard.

9 Economies of scale and low overhead expenses

- The retribution of the management company for running the collection abides by the usual practice of the investment funds (decreasingly from 3% to 2% per year).
- Economies of scale are made by centralizing the collection management, the insurance policies, the storage and the exhibition of the artworks.

10 Specialized management

- The Management Company (AAP Ltd) gathers together the appropriate experience and knowledge with its four-member inner team of professionals.
- The ability to generate sales opportunities on a very private and confidential bases with prominent collectors is guaranteed by an outstanding network of outsourced professionals who have all performed major duties such as first-class museums directors or curators. They know where the "sleeping beauties" stand and can connect the AAAFP to the most secretive and off-market art masterpieces.