



INFORMATION BROCHURE about INVESTMENT in ART during TIMES OF CRISIS - May'21

ArtsGain is an art investment fund management company for accredited investors. The collective investment allows you to participate with the same options and the same capital gains as large investors when jointly taking advantage of many investors' joint economic capacity.

This document analyzes the main indicators that visualize the behavior of the Art Market during times of crisis and economic uncertainties that are the following:

1. Price Volatility
2. Correction by Phase of the Crisis
3. Evolution of Luxury Goods
4. Wealth Concentration
5. Investment Returns
6. Art Market and Covid-19

The statistical data contained in this information brochure come from the following sources of information:

Arts Economics Report 2019, 2021
Artprice Report 2018, 2019
European Investment Bank Paper, June 2019 by Andrés Solimano
Invest in Art Report by Saatchi Art 2016
World Wealth Report by Knight Frank 2018, 2019
World Wealth Report by Cap Gemini 2019
Global Art and Covid-19 Report by City GPS 2020

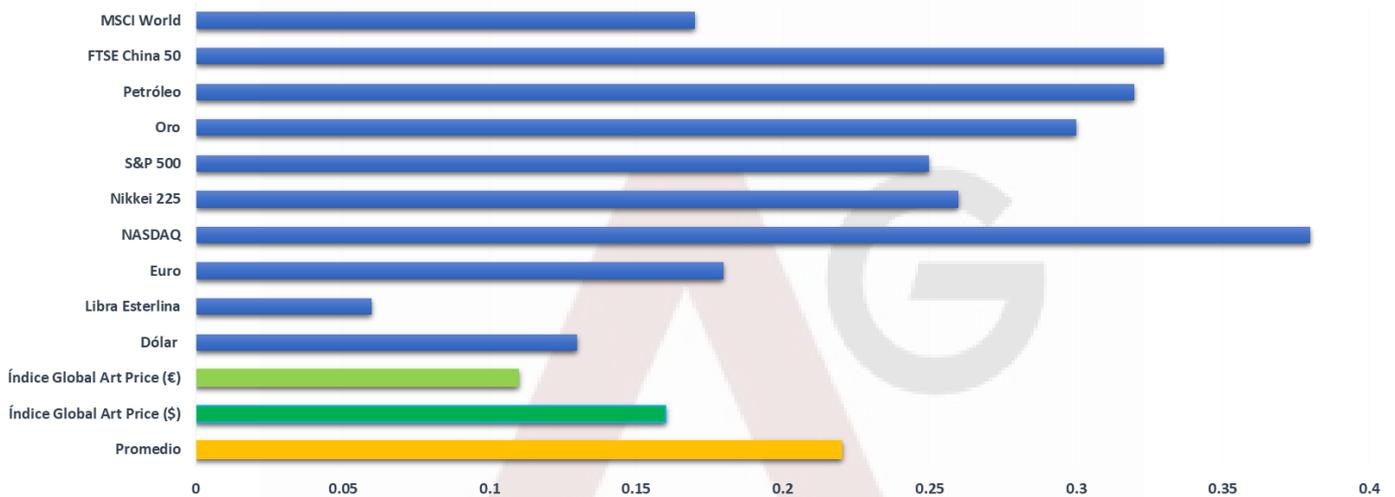
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1. Price Volatility

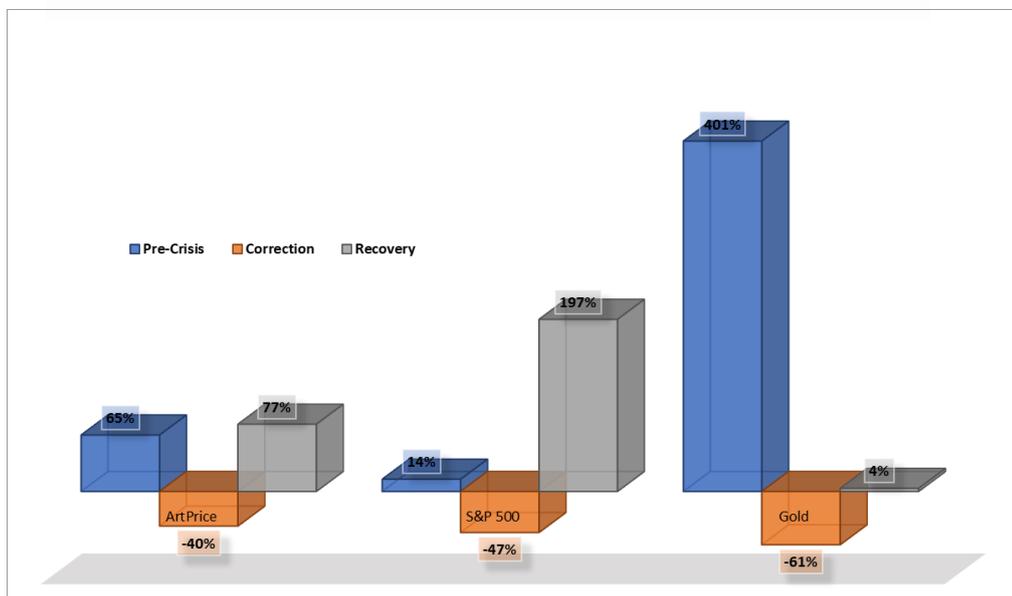
The results of the price volatility study for world art prices are lower on average than for the set of financial or alternative assets, as shown in the table. The items with the highest volatility are NASDAQ, FTSE China 50, and Petroleum. The total average is 0.22.

PRICE VOLATILITY COEFFICIENT OF VARIATION (Q4'04 TO Q2'18)



2. Correction according to Phase of the Economic Crisis

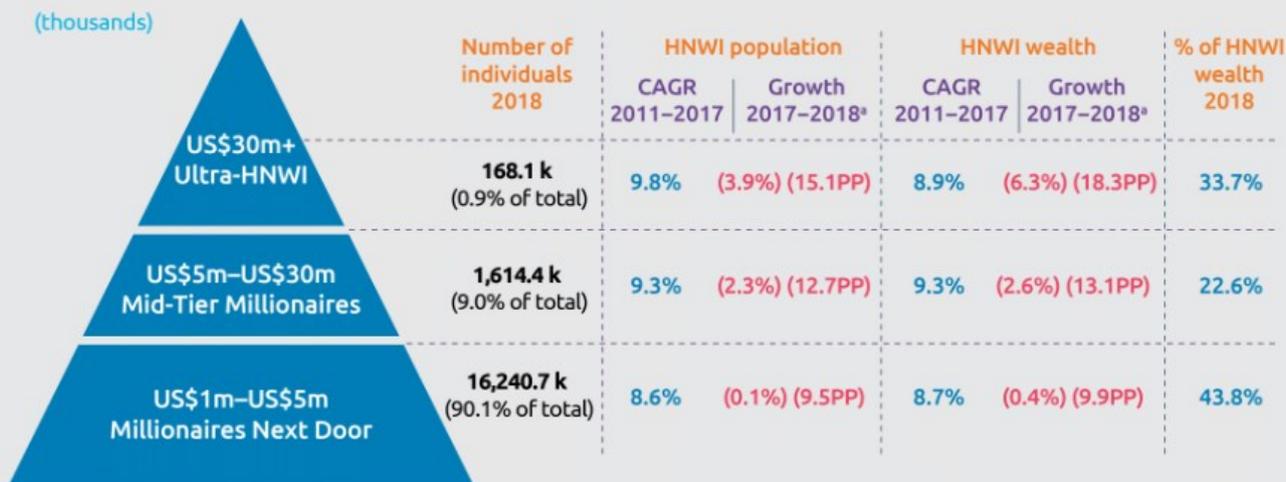
The following graph shows the behavior of the price correction according to the three phases of a crisis in which you see that the ArtPrice index suffers lower swings than the S&P 500 index and gold:



3. Wealth Concentration

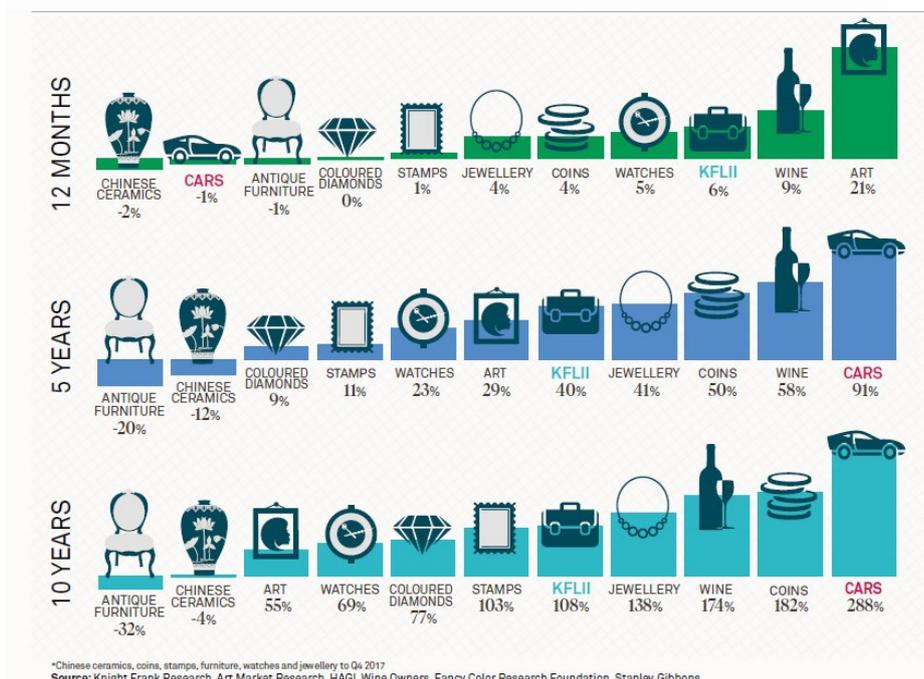
The concentration of wealth in the elites and the growth of the new emerging economies have also favored the concentration of their investment in art. Of a total of \$ 67B of the art market, **63% of its value is concentrated in works over \$ 1M**, and the number of wealthy and HNWI people will continue to rise: 22% in the next 5 years, according to Cap Gemini's forecast. The graph shows the % of wealth over the total population based on the three levels of wealth.

Figure 4. Global number of individuals per wealth band (2018) and growth (2017–2018)



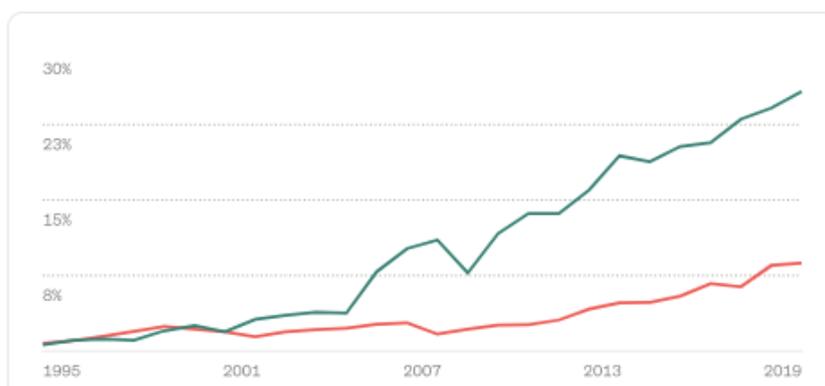
4. Evolution of Luxury Goods

Despite the crisis of 2008, luxury goods have not suffered major falls in the last 10 years and if it has, it has been more due to a change in purchasing criteria (change in fashion) rather than the product itself. Same as the following graphic shows:



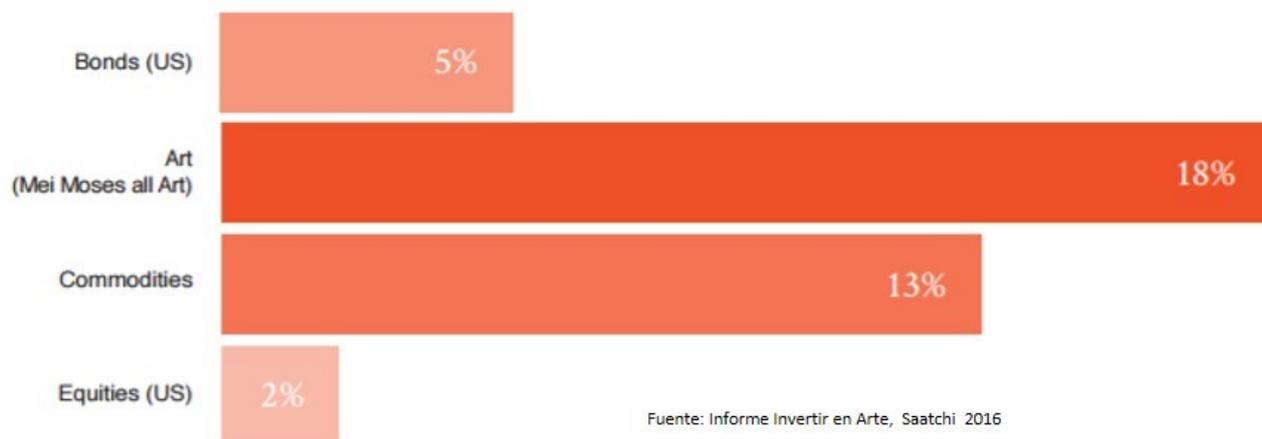
5. Returns

Evolution of **contemporary art** versus S&P 500 stock index:



Contemporary **Art** was appreciated **13.6% per annum** while **S&P500** was **only 8.9%** (including dividends).

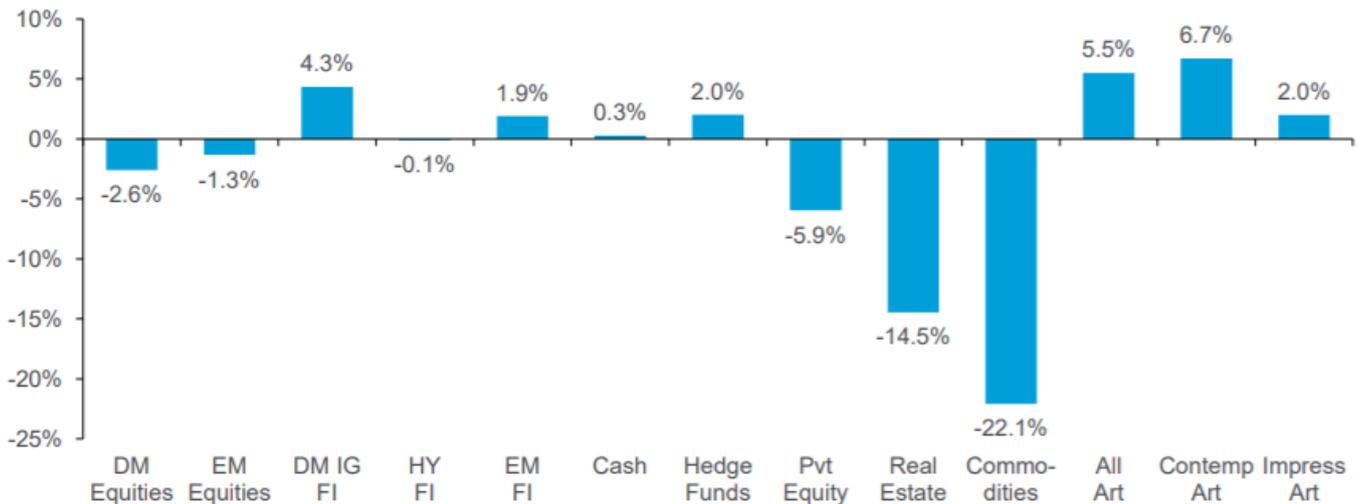
Art performs better in periods of high inflation or rising inflation than other financial assets (analysis between the years 1973 and 2012)



Annual average returns based on Mei Moses Index (acquired by Sotheby's in 2016)	50 years (1965-2015)	20 years (1995-2015)	2 years (2016-18)
World All Art Index	7.89%	5.26%	11.2%
Impressionist and Modern Art Index	7.44%	5.04%	10.8%
World Post-War and Contemporary Index	10.85%	10.71%	12.8%
World Old Masters and 19th Century Index	6.63%	1.01%	3.16%

6. Art Market and Covid-19

The art market has remained resilient in 2020 amid turbulence brought on by the COVID-19 pandemic. Rapid digitization (online auctions and sales, and online viewing rooms) in response to the crisis is probably laying the foundation for a deeper, more permanent shift as the industry adapts to changing preferences and demographics although 75% of the HNWI people still show their predilection for buying with a physical presence in galleries or art fairs.



Another reason to consider the resilience during Pandemic times is the decorrelation with financial assets, as showing in the following graph among assets during the 1985-2020 period:

1985-2020	Developed Equities	Emerging Equities	Developed Invest. Grade Fixed Income	High Yield Fixed Income	Emerging Fixed Income	Cash	Hedge Funds	Private Equity	Real Estate	Commodities	All Art	Contemporary Art	Impressionist Art
Developed Equities	1	0.68	0.26	0.72	0.32	0.13	0.78	0.84	0.63	0.22	0.12	0.19	0.13
Emerging Market Equities	0.68	1	-0.03	0.63	0.54	0.09	0.67	0.75	0.55	0.47	0.25	0.27	0.22
Developed Investment Grade Fixed Income	0.26	-0.03	1	0.33	0.11	0.35	0.46	0.15	0.29	-0.21	0.04	0.15	0.00
High Yield Fixed Income	0.72	0.63	0.33	1	0.46	-0.11	0.72	0.79	0.66	0.22	-0.18	-0.17	-0.11
Emerging Market Fixed Income	0.32	0.54	0.11	0.46	1	-0.04	0.46	0.44	0.52	0.58	-0.02	0.11	-0.12
Cash	0.13	0.09	0.35	-0.11	-0.04	1	0.44	-0.12	-0.12	0.08	0.26	0.30	0.31
Hedge Funds	0.78	0.67	0.46	0.72	0.46	0.44	1	0.71	0.51	0.29	0.08	0.15	0.05
Private Equity	0.84	0.75	0.15	0.79	0.44	-0.12	0.71	1	0.75	0.23	0.07	0.10	0.06
Real Estate	0.63	0.55	0.29	0.66	0.54	-0.12	0.51	0.75	1	0.18	0.09	0.16	0.03
Commodities	0.22	0.47	-0.21	0.22	0.58	0.08	0.29	0.23	0.18	1	0.09	0.19	0.05
All Art	0.12	0.25	0.04	-0.19	-0.03	0.26	0.08	0.06	0.09	0.09	1	0.77	0.91
Contemporary Art	0.19	0.27	0.15	-0.18	0.10	0.29	0.15	0.10	0.15	0.18	0.77	1	0.55
Impressionist Art	0.13	0.22	-0.01	-0.12	-0.13	0.31	0.05	0.06	0.02	0.05	0.91	0.55	1