



# NEWSLETTER

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### JAVIER LUMBRERAS WELCOMES YOU TO THE ARTEMUNDI GLOBAL FUND NEWSLETTER

Clearly, the economic malaise now facing much of the world has changed the way the game is played. As I discuss in my recently published book, *The Art of Collecting Art*, art, like gold, is a tangible real asset that also happens to be portable and requires low maintenance, unlike real estate. Moreover, art is a valuable asset class investment instrument because it

has a low correlation with other types of investments, thus reducing overall risk. While stocks can suffer double-digit losses in one day, the art market exhibits far more stability due, no doubt, to the limited supply of fine works of art and the emotional attachment of their beholders. Art is a safe investment, particularly in slow growth and high inflationary economies.

### WHAT SETS ARTEMUNDI GLOBAL FUND APART

By being an AGF investor, you are part of an innovative vehicle that will confidently achieve capital appreciation over the length of the fund through active management and a diversified portfolio. We strongly believe that you will receive more pleasure from an art investment and that your money is safer while invested in art as an alternative asset than with the uncertain stock market or declining real estate market.

AGF diversifies our Fine Art investments produced by universally recognized artists into three collections: Old Masters, Impressionist and Modern, with a focus on Europe and Latin America, as well as some Contemporary Art. An additional perk of being an AGF investor is that you can hang these original works of art in your home or office on a revolving basis to enjoy at your leisure.



## ART AS AN INVESTMENT

After the plummet of both the real estate and stock markets, many investors are left searching for solutions. With corporate scandals, stock market losses and the lowest interest rates in years, there are increasingly sound investment alternatives. While it was traditionally safe to invest in real estate, both builders and home owners are now being bombarded with high property taxes, elevated costs for maintenance and new standards for renovations. Throw in the challenges of bank secrecy after the US government battled UBS of Switzerland to release account names and information to send the “unmistakable message to wealthy Americans who have hidden their money offshore and who will now find themselves in a jam” says IRS Commissioner Douglas Shulman in a *Washington Post* article, there are few remaining choices.

Artemundi Global Fund put out a press release this past month about our new Art Investment Fund and got over 1600 hits from private investors, family offices and people from all corners of the world. The press release also generated posts on websites such as Fox Business, Global Investing Today, Market Watch from Dow Jones and Forbes.com

[http://www.forbes.com/feeds/prnewswire/2009/08/31/prnewswire2009083111342PR\\_NEWS\\_USPR\\_FL68205.html](http://www.forbes.com/feeds/prnewswire/2009/08/31/prnewswire2009083111342PR_NEWS_USPR_FL68205.html)

Clearly, there is interest in art as an alternative investment. Virginia Wilson, an art consultant from Australia commented on a recent article on the art market that “art is an attractive investment and has outperformed more conservative investments over the last few decades. It is an alternative investment earning capital gains rather than a dividend.”

*“Art has outperformed the S&P 500 during the past fifty years.”*

What has changed to make art such an appealing investment? The internet. The internet offers a resourceful and immediate tool to research art from anywhere in the world, no matter who you are. Dozens of websites offer easily available art expertise and art images can be emailed to different continents in seconds. Furthermore, art auction results can be tracked globally by the public for free, contributing to universal price standards. Illustrating that art is a strong investment, well known academic professors at NYU’s Stern School of Business, Jianping Mei and Michael Moses, also known for their

MeiMoses Fine Art Index, both found that art has outperformed the S&P 500 during the past fifty years.

We have a solution for a global economy that is suffering from dropping asset values, low growth and inflation concerns: invest in art.

Art is a portable and tangible asset that needs no maintenance or construction, can be sold on international markets and enjoyed privately at home. Art also has an emotional, historical and intellectual value that assumes that holders are educated, sophisticated and wealthy. Director of the Museum of Fine Arts in Houston, Peter Marzio explains that “the current economy provides opportunities for collectors who are really serious about acquiring works of art at the highest quality level, which may have seemed impossible before. I’d buy till it hurts right now.” Over the years, top quality art has provided more consistent returns than any of its rivals. Diversifying a family or office portfolio is very smart and the process can be fully enjoyed. In difficult economic times, bold moves can create the largest upside and financial gains. Artemundi Global Fund is the perfect opportunity to invest in a diversified portfolio of Fine Art created by universally recognizable artists.



GLOBAL ART HIGHLIGHTS



Top: Fashion designer Yves Saint Laurent in his home with an original Henri Matisse painting entitled "Les coucous, tapis bleu et rose" completed in 1911. This painting received the highest sale total from the entire auction at €35,905,000/\$46,286,022, smashing the €12,000,000-€18,000,000 estimate

While it is indeed rough and tough on the streets of this century's art capital, New York City, the former leading city of art, lights and love, Paris, recently produced very positive results.

This year Paris hosted one of the biggest and most successful art auctions ever, setting numerous world records. Despite the recession-affected economy, the private collection of fashion designer Yves Saint Laurent and his longtime partner Pierre Bergé set world records for the most valuable private collection ever sold, the highest sale total for any auction in Europe, a world record for the most valuable private Impressionist and Modern art collection sold at auction and a world record for 20th century decorative arts, together amassing a total of over 400,000,000 Euros. Pierre Bergé commented on the success of the auction to Christie's.com

as "exceeding his highest expectations that confirm the potential of the Parisian marketplace to rise to such an occasion." He continues by noting that "the results also demonstrate that even in a difficult economic climate, works of art of great quality preserve their power and their value."

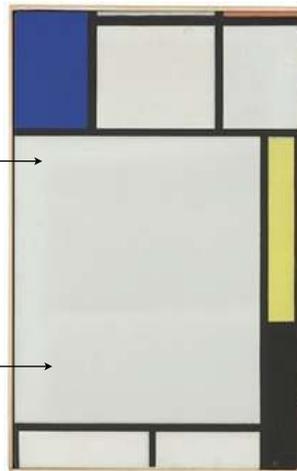
Interestingly, Parisian art market sources believe that the current economic crisis may have caused the auction bids to rise. "The super wealthy are not sure where else they can safely put their money," one Parisian art dealer said. He adds that "beyond that, collections like this come on the market very seldom and longstanding collectors in Europe and the US know that you buy art in the teeth of a crisis."

\*Look out for the second YSL auction. Viewing: November 12-16 2009. Auction: November 17-20 2009. Marigny Theatre, Paris.

PIET MONDRIAN, COMPOSITION WITH BLUE, RED, YELLOW & BLACK, 1922

This original Piet Mondrian painting received one of the highest auction prices at the Yves Saint Laurent-Bergé sale for €21,569,000 / \$27,806,131. The painting went far beyond the estimates set by Christie's at €7,000,000 - €10,000,000 / \$8,943,761 - \$12,776,801.

There is a dynamic interplay of opposing forces within this work that portrays an underlying grid that is abstract and conceptual in nature, exemplifying the tension and instability of Neo-Plasticism.



This painting demonstrates Mondrian's Neo-Plastic style which drives at painting the essence of things, discovering the universality of horizontal and vertical lines within art forms.

Composition with blue, red, yellow and black is signed with a monogram on the lower right of the canvas. This is an oil on canvas and is set in the artist's original frame.



This Mondrian painting was important to YSL as a fashion designer because it inspired a line of dresses.

PASSIONATE FOR FINE ART

Why is art sustaining its value? Because of hardcore art collectors who are extremely passionate about art, such as Artemundi Global Fund CEO Javier Lumbreras, fifth generation art collector. These art lovers are the last ones standing in this market, living, breathing and always submersing themselves in exceptional Fine Art; they love it too much to ever abandon it. These hardcore art lovers and collectors are looking for quality, rarity and exclusivity because that is what makes an exceptional work of art. These works are finite in number and fundamental to our cultural existence. A world without art is a world without inspiration.



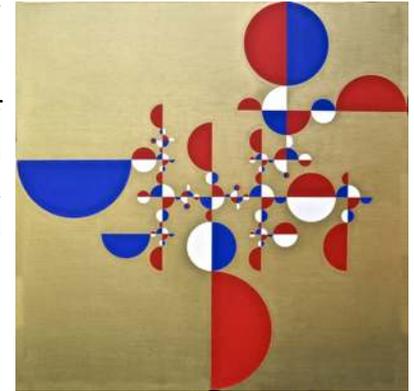
RECENT AGF ACQUISITIONS

Confident that AGF will mirror some of the success carried out by the diversified art strategy of the Yves Saint Laurent auction, Artemundi Global Fund is compiling a portfolio with works from the early 15th Century to the late 20th, exemplifying this unique collection's breadth and diversity. Our oeuvre will be diversified into three large segments: Old Masters, Impressionist and Modern, with a focus on European and Latin American Art, and some well stabilized Contemporary Art. Because Contemporary works are fairing the worst in the current art market, we are focusing our efforts more towards secure, dependable and reputable artists who have withstood the test of time.

Artemundi Global Fund has just acquired a work of art by established artist Gabriel Orozco for the collection. Margaret Sundell of *Artforum Magazine* describes Orozco as "the man that practically invented today's genre of globe-trotting artist. But, Orozco's at-home-everywhere-and-nowhere persona is less a stylish

pose than an extension of his artistic project: a fusion of post-Minimalism's concern for site-specificity and Conceptual art's reliance on the portable photographic document."

With a similar globe-trotting vibe, this artist will be exhibiting his work in a traveling show that will be on display at New York's Museum of Modern Art followed by the Kunstmuseum in Basel Switzerland and finally showing at the Centre Georges Pompidou in Paris. We are thrilled that the world renown Gabriel Orozco, regarded as one of the most original and intriguing artists of our generation, will be part of the AGF collection.



5 TIPS ON COLLECTING ART FROM A FIFTH GENERATION ART COLLECTOR

As a member of the Artemundi community, we thought we would share some helpful tips on how to collect art from the man who knows it best, Javier Lumbreras, fifth generation art collector. Here are five tips to keep in mind when looking to acquire art:

1. Buy quality and provenance. A quality work of art with a solid track record that traces back to the artist will ensure success.

2. Buy privately. Because auction records are now available to the public and a buyers premium is added on to every auction sale, Javier suggests that you buy art from private owners or art dealers instead of competing for a piece at a crowded auction and having to pay a hefty commission.

3. Buy rarity. The more unique the piece, the more you can demand for it on a later sale. As with most luxury objects, the fewer available

the more people want to get their hands on it.

4. Buy calmly. Study your purchase in advance and take your time. You should probably see the piece face to face before you make any big purchases, especially because the internet allows unethical sellers to come up on google just as quickly as the real deal. Condition is critical.

5. Negotiate. Every piece on the market is negotiable, even if the seller doesn't initially say so.

NEW MEMBER OF THE AGF TEAM



AGF has recently added their newest member to the team, Laura Sheridan. A recent Art History graduate from the University of Maryland, Laura is full of experience, creativity and determination. With past employment at the Wolfsonian Art Museum in South Beach, Locust Projects in the Wynwood Design District and a reputable Art Appraiser in Washington D.C. as well as an extensive art study abroad in Rome, Laura comes to the table with a fresh perspective and multifaceted passion for the arts. She will be working on the Artemundi Global Fund Management Team as the Head of Art Administration & Communication. Laura will be available to assist you with information on AGF, any of your Fine Art inquires, as well as providing insight on the global art market.