



Contemporary Art as an Investment

Markets, Facts and Strategies



About Magenhouse

Magenhouse owns and manages the **Pomeranz Collection**, which was originally initiated as a private collection by the company's founder, Eduard Pomeranz.



Pomeranz Collection ist **one of the most important** privately owned **contemporary art collections** in Central Europe.

Our **international network**, which was built since establishing the collection, comprises galleries, auction houses, curators and artists around the world.

Magenhouse offers it's **experience and network as a service**.



Our services

Art Consulting

Professional guidance in starting and maintaining collections and art portfolios

Art Management

Management of art portfolios on behalf of the owner(s)

Monetization of Art

Unlocking the financial value of art objects



Reasons for collecting & owning Contemporary Art

Non-material:

Personal growth by examination of the intellectual avant-garde

Emotional satisfaction provided by collecting meaningful objects

Material:

Financial growth by diligently building an diversified art portfolio

Value preservation

Protection against inflation



The art market: A multi-billion industry

US\$ 64 billion:

Total amount of **all art sales** in 2016

US\$ 34 billion:

Estimate for **private sales** (predominantly primary market)

US\$ 29 billion:

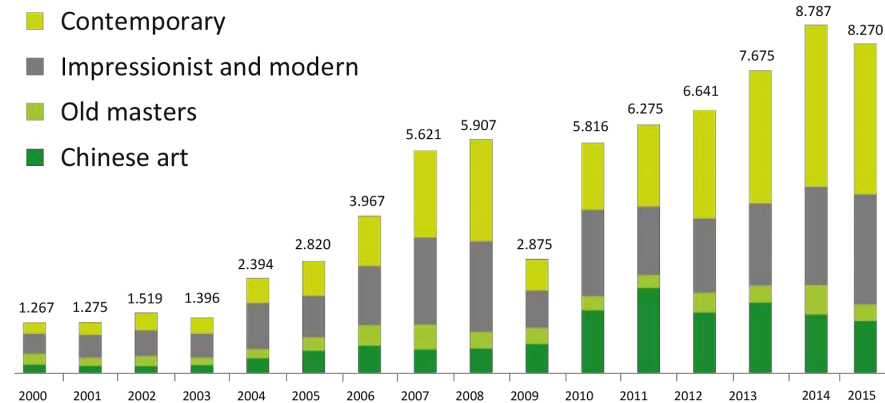
Estimate for the **post-war and contemporary art sector**

Source: TEFAF Art Market Report 2016



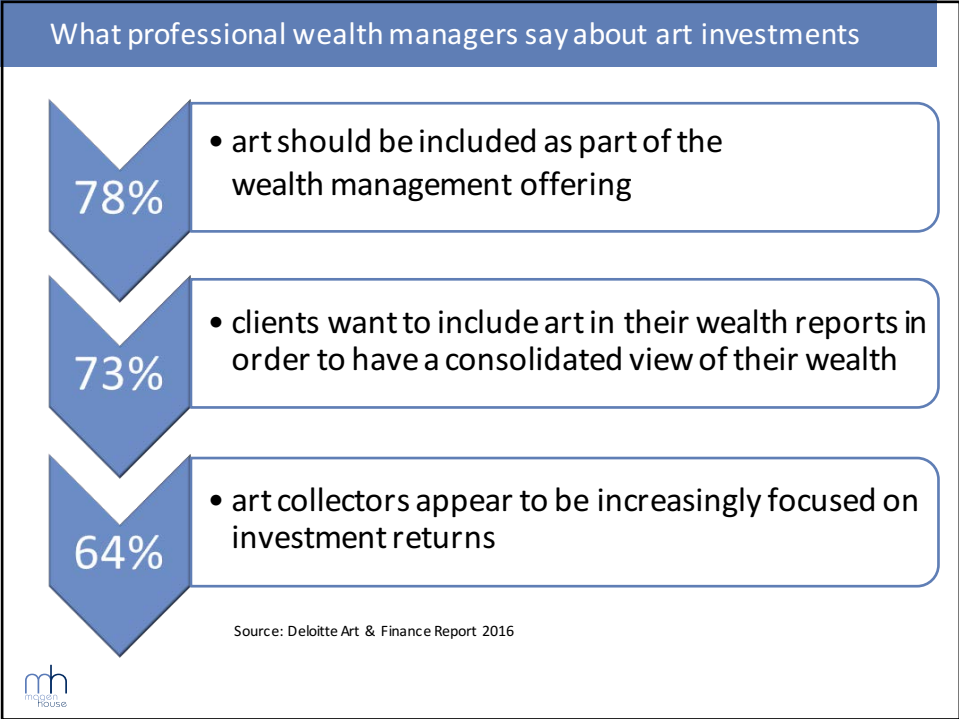
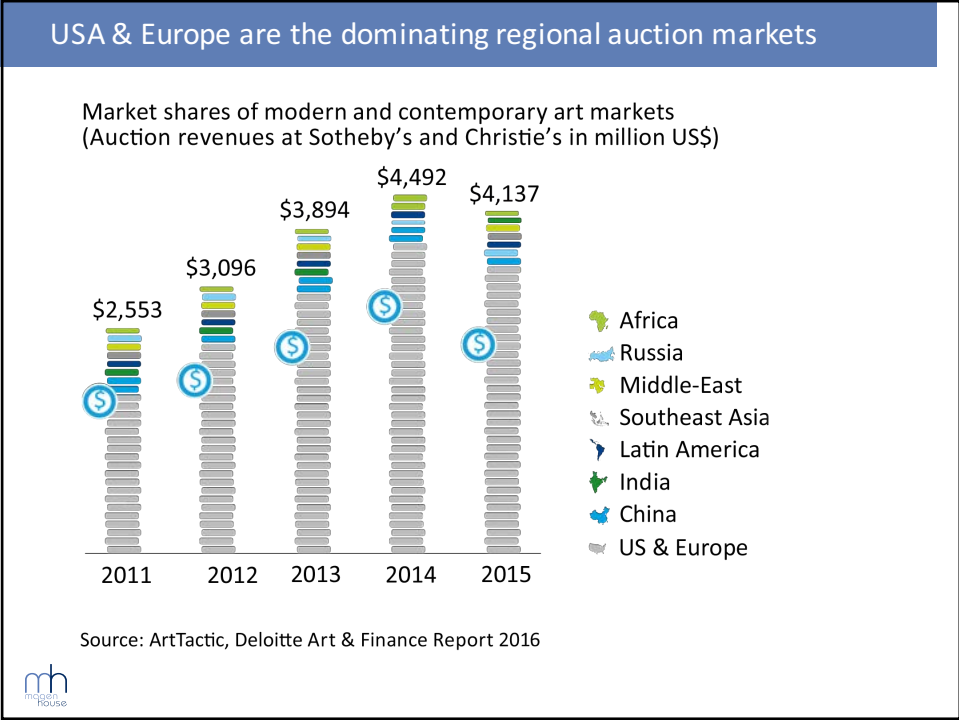
Contemporary Art became the most liquid art market

Christie's and Sotheby's auction sales (in millions US\$) by category 2000-2015



Source: ArtTactic, Deloitte Art & Finance Report 2016





But there are also a lot of challenges

Lack of transparency

- No regulation
- Insider market
- Fair evaluation may be hard to make
- (Very) limited liquidity
- Absence of a functional secondary market

Cost of carry

- Provisions
- Transport
- Taxes
- Storage
- Insurance
- All in all: Significantly higher than for financial assets



Individual traps when buying art as investment

Buying ...

- ... overpriced works
- ... biased by personal taste
- ... upon the advice from friends and family
- ... based on art magazine features (alone)
- ... to have something awesome to present to friends and business partners

Selling ...

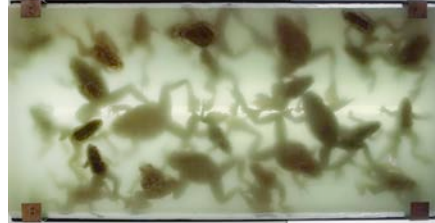
- ... mistimed
- ... at an unsuitable price



Methods to succeed anyway

Information is the most important commodity.

- History of an artist
- Forthcoming exhibitions (of an artist)
- Quality, solidity and clientele of a gallery
- Relevance of a single piece of work in the context of the complete work
- Provenance
- etc.



Methods to succeed anyway

Following a **Value Strategy** significantly helps reducing risk, as does **diversification**

Try to buy (currently) undervalued art:

- Emerging artists on the edge** to a mid level career with excellent prospects based on thorough research
- Artists who are already **accepted by art history professionals** but not (yet) appropriately valued by the market
- Use **auctions** with care

Don't buy too many works out of the same category



How much money to get started?

Following the value strategy, the **capital requirements** are **not very high**.

Much more important than a big seed capital is **continuity in a long-term investment process**.

Investing **moderate amounts** of money **into multiple opportunities over time**, automatically reduces risk.



For example: Dora Budor



Dirt is just a matter out of place (2014)

Screen-used melted cyborg finger prop (scene with K. Loken from "Terminator 3: Rise Of the Machines", 2003), honeycomb aluminum panel, paint, laminated archival inkjet print, resin, debris

91,4 x 55,9 x 10,2 cm

Unique, 9,000 \$ VAT excluded



For example: Darja Bajagic



undeRage headless goatriders

2016

Acrylic paint and UV print on canvas

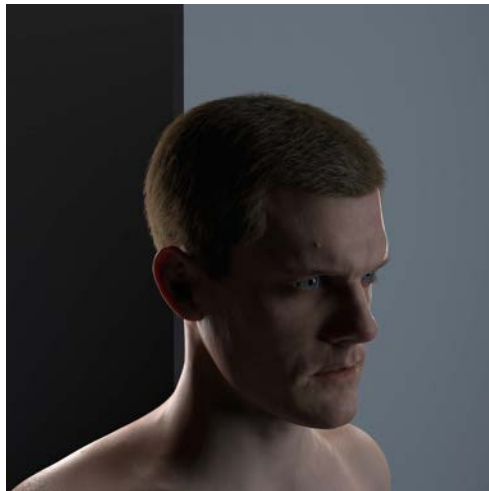
185 x 203 cm.

Unique

14,500 \$ (excl. VAT)



For example: Artie Vierkant



Expression Space, WOE

2016

76 x 76 cm

13,000 \$ (excl. VAT)



What we would like to do for you

Identify available works, which fit your profile and buy them on your behalf

Continually monitoring of artists in your portfolio and other valuable information

Identify profitable opportunities to sell works in your portfolio and sell them on your behalf

Help to monetize art on the basis of a sell and buy-back model

Open the door to international art events



Thank you for your attention

Eduard Pomeranz, Founder

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