Presentation of the Deloitte Private and ArtTactic Art & Finance report
7th edition - 25 October 2021

Picture: Solitário - © Joana Vasconcelos | 2018
Welcome Speech

Adriano is the Global Art & Finance Coordinator for the Deloitte group of member firms and has over 20 years of professional experience.

He is in charge of the Art & Finance activities within Deloitte Luxembourg, an initiative he has been coordinating since its inception in 2008. Adriano also coordinates the development of the Art & Finance activities at the Deloitte group level. Over the past decade, Adriano has been working towards the creation of an Art & Finance/Business cluster in Luxembourg.
Introduction
Adriano Picinati di Torcello
Global Art & Finance Coordinator, Deloitte Luxembourg

Welcome Speech
Nathalie Tessier
Global Deloitte Private Leader and Global Audit & Assurance Growth Leader

Adriano Picinati di Torcello
Global Art & Finance Coordinator, Deloitte Luxembourg
Anders Petterson,
Managing Director, ArtTactic

Q&A session
The big picture

Growth of an innovative art and finance industry

The transformation of the wealth management sector, the global art market and the cultural and creative sectors (CCS) is rapidly creating new needs and opportunities at the intersection of art and finance.

• As high-net-worth individuals seek holistic wealth management offerings;
• As art and collectible assets require the same attention as other assets;
• As a new generation introduces new values;
• As the need grows for new sustainable and innovative financial mechanisms for the culture and creative sectors;
• As purpose-led investment and innovation is increasingly demanded in the cultural sector;
• As trust, transparency and regulations rise up the agenda;
• As technology matures and offers new ways to do business;
• As culture is recognized as a major engine for sustainable socio-economic growth; and
• As all of this is part of a global phenomenon...

...there are solid elements to support the growth of an innovative art and finance industry in the years to come.


Art trends

Globalization, democratization and cultural diplomacy

Trust, transparency, regulation, professionalism

Art and technology, digitalization, virtualization and tokenization

New economic reality for public cultural institutions, soft power of culture, economic driver, world cultural heritage

Creative sectors, cultural citizenship, culture and smart cities

Finance trends

Expanding class of ultra-high-net-worth (UHNWI) buyers, new generation and holistic offering

Financialization: art as a capital asset

Risk management, collection management and asset

Tax and estate assistance, philanthropy and sustainability

Art-secured lending, social impact investment and fractional ownership models
The art and finance industry is uniquely positioned at the intersection of three interconnected sectors:

**Finance**
- Private bankers
- Wealth managers
- Family offices
- Private investors/collectors
- Art/collectible fund promoters
- Art insurance companies
- Art trading companies
- Etc.

**Culture**
- Large public museums
- Private museums
- Corporate collectors
- Private collectors
- Public authorities (country, region, city, etc.)
- Etc.

**Visual art sector**
- Artists
- Companies selling art
- Digital art companies
- Art logistics companies
- Art fairs
- Art and media companies
- ArtTech companies
- Creative industries
- Etc.
Illustration of art and wealth management services

**Accumulating wealth** growing assets
- Museums endowments
- Art investment
- Art funds
- Stock of art business
- Financing of art business
- Social impact investments
- Fractional investments/STOs

**Protecting wealth** managing risks
- Art advisory
- Valuation
- Assets consolidation
- Reporting
- Art insurance
- Reporting
- Art insurance
- Passive portfolio management
- Art collection management
- Tokenisation
- Family governance

**Transferring wealth** - Creating legacy
- Philanthropy advice
- Art related & estate planning
- Securization

**Converting wealth** to income - Creating an income stream
- Art-secured lending

**Not included**
- Client entertainment
- Internal education
- Art sponsoring
- Corporate collection

- Wealth manager

Confidential
Welcome Speech
Nathalie Tessier FCPA, FCA, is the leader for Deloitte Private’s Global practice with offices in more than 80 countries. She is a member of the Global Clients & Industries Leadership team. Deloitte Private’s professionals focus on the needs of privately held companies, private equity firms, family enterprises, and high net worth individuals.
Welcome Speech

Anders Petterson is the founder and managing director of ArtTactic Ltd, a London-based art market research and analysis company set up in 2001. ArtTactic is one of the leading art market research companies and a pioneer in using crowd-sourcing techniques for gathering and processing intelligence on the art market. ArtTactic produces a number of global art market reports in collaboration with partners, such as the Deloitte Art & Finance Report, Hiscox Online Art Trade Report, JLT Next Gen Artist Report, TEFAF Art Dealer Financing, South Asia Art & Philanthropy report.
We are honored to feature the outstanding works of renowned visual artist Joana Vasconcelos in this edition of the Art & Finance report. It is an immense pleasure and privilege to collaborate with her and her wonderful team.
Table of content

Methodology
Section 01 | Wealth and the global art market
Section 02 | Art and wealth management survey
Section 03 | Art and wealth protection, estate planning and philanthropy (NEW)
Section 04 | Culture and social impact investment and sustainability (NEW)
Section 05 | Art-secured lending
Section 06 | Art and investment
Section 07 | Art and technology
Section 08 | Risk management and regulation
Priorities
Introduction

Methodology

Art & Finance report Survey participants by category

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Private banks</td>
<td>19</td>
<td>30</td>
<td>35</td>
<td>53</td>
<td>69</td>
<td>54</td>
<td>59</td>
</tr>
<tr>
<td>Family offices</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>14</td>
<td>27</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>Art collectors</td>
<td>48</td>
<td>81</td>
<td>90</td>
<td>94</td>
<td>107</td>
<td>105</td>
<td>115</td>
</tr>
<tr>
<td>Art professionals</td>
<td>140</td>
<td>112</td>
<td>122</td>
<td>126</td>
<td>155</td>
<td>138</td>
<td>182</td>
</tr>
<tr>
<td>Art secured lenders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>207</td>
<td>223</td>
<td>262</td>
<td>287</td>
<td>358</td>
<td>322</td>
<td>388</td>
</tr>
</tbody>
</table>

Section 1 of the report also includes a 12-month outlook across various geographical art markets. These findings were based on a qualitative ArtTactic Art Market Confidence Survey conducted among 113 art experts in July 2021.

Section 1 also features auction data analysis of various modern and contemporary art markets. This data is predominantly from Sotheby’s, Christie’s and Phillips.

This year, we have also included data and market analysis of the nascent non-fungible token (NFT) market; this is based on data ArtTactic, non-fungible.com and CryptoSlam.

In the art investment section of the report (Section 6), we examine the performance, risk and correlation between art and other asset classes, drawing on data analysis from Artnet.

41 articles: these provide our readers with new insights on a wide range of initiatives and models that tackle the opportunities and challenges facing the art market and the wealth management industry over the next decade.
Section 01
Wealth and the Global Art Market
Global Art & Collectible Wealth

Ultra-high net worth individuals’ (UHNWIs) wealth associated with art and collectibles an estimated **US$1,481 billion in 2020.**

**Global UHNWI art & collectible wealth 2020 estimates**

In this year’s report, we estimate that UHNWIs’ wealth associated with art and collectibles was an estimated US$1,481 billion in 2020. We project that, in 2025, this figure could grow to an estimated US$1,882 billion.

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2021
Widening gap between art market growth and wealth accumulation

**HNWI financial wealth**
US$42.7 trillion in 2010
US$79.6 trillion in 2020

**HNWI population**
10.9 million in 2010
20.8 million in 2020

**Art market size**
$57.1 billion in 2010
$50.1 billion in 2020

Art market evolution 2000- H1 2021
The impact of the pandemic was

Auction analysis—top collecting categories at Sotheby’s and Christie’s 2000–2021 (first half) - US$ million

Source: ArtTactic

• Fine art accounts for the lion’s share of auction sales (71%), more than half of these sales are accounted for by Post-War and Contemporary Art in H1 2021.

• However, other collectibles are taking a more central role (29%) in H1 2021, up from 20% the same period in 2019.
**Wealth and the Global Art Market**

1st Half 2021 sales show recovery to pre-pandemic levels

1st Half 2021 Trends

- Auction sales show a +230% increase on 1st half 2020, exceeding 2019.
- Strong growth across all collecting categories
- Hong Kong gains market share as art market turns east, overtakes London for the first time.
Art market confidence returns...

- Market confidence jumps from an all-time low in May 2020 to a 15-year high
- Signaling that the pandemic has been a catalyst for a systemic shift in how the art market operates.
What are the signs that the art market is changing?

The Covid-19 pandemic has been a catalyst for transformational change in the art market...

01 New sales channels

02 New audiences

03 New ownership models
New Sales Channels – Online sales sees a systemic shift and sets a ‘new normal’

- **Online sales set new high-water mark:** The Hiscox Online Art Trade Report 2021 found online art sales reached a record **$6.8 billion** in the first six months of the year (72% up on the first half of 2020) and could hit a record-breaking **$13.5 billion** by the year end if sales continue at the same pace.

- **Price confidence takes a leap:** Average online auction prices have jumped from **$8,600** to **$26,200** from 2019 to H1 2021.
New audiences: New art market hubs emerging
Asian buying and younger collectors

Hong Kong - Modern and Contemporary Art Auctions sales (HK$ million) at Sotheby’s, Christie’s and Phillips

Source: ArtTactic

- Strong growth during the pandemic
- Hong Kong’s market share has been on a steady increase in recent years, but saw a leap in 2020 to 23.1%, up from 17.5% in 2019, overtaking London
- Asian buyers become the biggest spenders at auction in H1 2021, with preference for living artists and buying online
- Strong demand for international artists
New ownership models emerging around collectibles in 2020...

Non-Fungible Tokens (NFT)

Fractional Ownership
Key takeaways...

- Art market has experienced a **systemic shift** (triggered by behavioral changes and broader adoption of technology).
- This has allowed innovation to address many of the “pain points”, and opening up for a more **agile and innovative** art market, which could accelerate future growth.
- Art market **resilience** during Covid-19 pandemic demonstrates its strengths as an alternative asset class (store of value).
- We could see a **larger allocation** of wealth to art and collectibles in the future as the market becomes more **accessible** and the **financialization** of the art market continues.
Collectibles in the time of COVID-19—how assets have weathered the pandemic

Nannette Hechl-Fayd’herbe, Chief Investment Officer, International Wealth Management and Global Head of Economics & Research, Credit Suisse AG

Japan: Race for the Next Art Hub of Asia—tax reforms in the art market

Yoshiyuki Umemura, Partner; Yuko Nishimura, Manager; Charlotte Lin, Senior consultant, Deloitte Japan

The state of the art in Italy: results of the third survey on COVID-19’s impacts

Barbara Tagliaferri, Deloitte Italy Art & Finance coordinator; Roberta Ghilardi, Senior Sustainability Consultant; Mario Filice, Research & Editorial, Clients & Industries Deloitte Italy

THE 266-YEAR-OLD START-UP—an insider’s view of the NFT boom

Marcus Fox, Global Managing Director, 20th/21st C. Art, Christie’s

Who has fared best? Thriving in the post-Brexit art marketplace

Simon Hornby, Senior Vice President, Crozier Europe

Growth opportunities at public auctions: key lessons for collectors trading at auctions

Christine Bourron, CEO, Pi-Ex Ltd
Section 02
Art & Wealth Management
A 10-year perspective

Do you think that art and collectibles should be part of a wealth management offering?

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2021

The results of our 10-year survey analysis of different art and finance stakeholders (wealth managers, collectors and art professionals) show encouraging and upward trends regarding art’s role and importance in wealth management with a convergence point at around 80%.
Turning point in 2016

Six years ago, we saw a significant shift in wealth managers’ perception of the role and value of art and collectibles in a wealth management strategy and service offering.

Whilst only 53% of wealth managers in 2014 believed art should be included as part of a wealth management service, this jumped to 78% in 2016.

In 2021, 85% of wealth managers said the same. Now, the question is not so much if art should be integrated into a wealth management offering, but rather how to do it and deal with the challenges.
Holistic wealth management

For 5 years, 85% of wealth managers consider the need to develop a holistic advisory relationship with their clients as the main motivation for including art and collectibles in wealth management.

Art is a store of value

Over the last 10 years, beyond being an emotional asset, the financial consideration of art collecting has become more and more important, and art is increasingly positioned as a capital asset.
Broader spectrum of services

The spectrum of art-related wealth management services has gradually broadened over the last decade with a convergence point of around 80% for all services except investment.

10-Year Perspective: Which of the following services do you offer?

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2021
### What art services are delivered by a third party?

Based on % wealth managers with an existing art wealth service offering (2012 vs 2021)

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2021

<table>
<thead>
<tr>
<th>Service</th>
<th>2012</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art Advisory (buying/selling art)</td>
<td>33%</td>
<td>71%</td>
</tr>
<tr>
<td>Art Valuation</td>
<td>15%</td>
<td>84%</td>
</tr>
<tr>
<td>Client Education (seminars, conferences on art market)</td>
<td>27%</td>
<td>64%</td>
</tr>
<tr>
<td>Estate Planning (incl. inheritance and succession planning)</td>
<td>25%</td>
<td>45%</td>
</tr>
<tr>
<td>Art Collection Management</td>
<td>30%</td>
<td>56%</td>
</tr>
<tr>
<td>Art Collectibles Investment Funds</td>
<td>35%</td>
<td>56%</td>
</tr>
<tr>
<td>Art Lending/Finance (using art as a collateral for loans)</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>Art Philanthropy/Individual Giving to the arts (gifts, donations etc.)</td>
<td>15%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Strategic partnerships and closer relationships with art professionals

© 2021, Deloitte Tax & Consulting, SARL

Picture: Dropping © Joana Vasconcelos | 2013
A vast majority of collectors and art professionals think that art and collectible should be part of a wealth management offering.

76% of collectors said they would like wealth managers to incorporate art and collectibles into their service offering, down from 81% in 2019.

96% of art professionals said they believe art should be part of a wealth management offering, up from 86% in 2019.

10-Year Perspective: Do you think that art and collectible should be part of a wealth management offering?

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2021
Adapting to changing collector needs

The biggest interest is in collection management, estate planning and art investment services, as well as a growing need for art market research and information.

80% of wealth managers recognize that their clients have significant art collections.
Collectors

Higher art values trigger the need for financial services

This year, 59% of wealth managers said higher asset values of art and collectibles have triggered a renewed look at wealth management services aimed at protecting, enhancing or monetizing the value of art. This was significantly higher among collectors (73%) and art professionals (68%), which suggests a growing client demand for wealth management services related to art in order to manage the financial value associated with art and collectibles.
Emotional value associated with art ownership remains key for collectors....

Since we launched the survey in 2011, collectors’ strongest motivation has consistently been the passion and emotional value associated with art ownership.

It is an important aspect for developing deeper and more sticky client relationships in an increasingly competitive wealth management industry.
...but financial motivations have remained a stable feature since 2011, albeit at a lower level

As in previous years, we would argue that is exactly the reason why wealth managers should engage with this asset class, by offering services catering to both the strong emotional value associated with art ownership as well as the increasing financial value that has built over the last two decades.

Wealth managers are well-placed to manage, enhance and protect these assets, as well as creating a stronger, more holistic relationship with their clients.

It is an important aspect for developing deeper and more sticky client relationships in an increasingly competitive wealth management industry.
Young collectors are driven by a stronger emphasis on the financial aspect of art ownership. But social impact and purpose-led investment ranks on par with the emotional value of buying art.
The COVID-19 pandemic triggered more interest in art as a source of financial diversification, while most wealth managers said they saw no evidence of this effect.

This year 39% of collectors and 27% of art professionals said the COVID-19 pandemic had triggered an increasing interest in art as an investment, with 30% of collectors and 39% of art professionals seeing stronger interest in art as a store of value. This demonstrates the role of asset/wealth protection that art and collectibles can play in periods of uncertainty.
Of the wealth managers surveyed, 64% have integrated art into their wealth management service offering

Percentage of wealth managers with art integrated into their wealth management services offering

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2021
Further move towards a more holistic approach to art wealth management

For the first time in the last 10 years, it looks like we have reached a point of no return, and the focus going forward will be on increasing the sophistication of the art wealth management services offered.

Gap analysis

Collectors are looking for quality and unbiased information from their trusted advisors to make informed decisions. Real opportunity for wealth managers to connect with their clients on these factors, by being an independent source of information and expertise. This also offers wealth managers an ideal entry point to integrate art into their wealth management offerings. Future collaborations with the growing number of ArtTech companies could be a way to initiate this process.
Obstacles to growth in the art and finance industry are slowly being addressed

Over the last 10 years, the challenges of integrating art into wealth management remain, despite us seeing a slight improvement in recent years. The lack of regulation and transparency still dominates, but the share of wealth managers identifying these as key obstacles has decreased since 2017. This suggests that recent developments around anti-money laundering (AML) regulation and technology’s role in increasing transparency are starting to change wealth managers’ perception of these issues.

Although a lack of interest or leadership does not seem to be the key issue, demonstrating the cost-benefit of including art in wealth management and a lack of internal expertise in integrating these services remain the main obstacles.
Wealth managers: which services will you focus on in the next 12 months?

A stable Art & Finance future indicator over the last 7 years suggests a certain maturity around art and wealth management services, particularly for the more traditional services such as estate planning and philanthropy.

It is interesting to note the renewed interest in art investment services after eight years of decline. Art secured lending remains an area of focus and development.
Family offices direct their focus on holistic service offerings around art wealth Management

86% of family offices said that art collection management (inventory management and reporting) will be a high priority area in the short term, compared with only 22% of private banks.

Half of the family offices surveyed identified risk management, while only 9% of private banks saw this as a priority.
Broadening horizons and pursuing new revenues—art advisory is no longer limited to the ultra-high net worth

Eugenie Dumont, Art Collections Manager, Banque Degroof Petercam
Section 03
Art & Wealth Protection, Estate Planning and Philanthropy
Wealth transfer and art related wealth

Global wealth transfer
The world is on the cusp of an unprecedented transfer of wealth. Over the next decade, it is estimated that US$15 trillion of wealth will be transferred to millennials and Generation Z.

Art-related wealth requires stewardship
The preservation of art related wealth goes beyond tax and legal considerations.
The majority of collectors and wealth managers believe that art and other collectibles should be part of wealth reporting to provide a consolidated view of clients’ wealth and have a better view of their overall exposure.
Art & Wealth Protection

Most relevant art wealth management services

Research and information
This year, 84% of collectors identified art market research and information as the most relevant art wealth management service, up from 71% in 2019.

Estate planning services
This year, 64% of collectors stated that estate planning services were the most relevant art wealth management service.

Collection management and wealth reporting
A significant majority (62%) of collectors cited collection management services as the most relevant service that wealth managers could offer.
Estate planning and art collections
This year, only 43% of wealth managers said their clients’ estate plans sufficiently addressed their art collection (a decline compared with 67% in 2019).

Long-term estate planning around art is in its infancy
Very few (12%) of the collectors surveyed said they had formalized their estate documents with their estate planning advisors.

Lack of dialogue with heirs
57% of collectors they had not yet had a dialogue with their heirs, but intended to. Of the collectors who plan to leave their collection to their family, only 31% had specifically discussed the artworks they will bequeath and provided the means to care for the art.
It is worth noting that the younger collectors surveyed placed more importance on art and philanthropy services, with 69% saying this was the most relevant service that a wealth manager could offer.

This is aligned with this younger age group’s focus on purpose and social impact investment, one of the highest-ranked motivations among younger buyers (86%) compared with just 32% of older collectors.
Art within wealth—a retrospective and look ahead

Suzanne Gyorgy, Managing Director and Head of Art Advisory and Finance; Dominic Picarda, CFA, Head of Content Strategy, Citi Private Bank

New Humanism and Art Insurance—how digitization shifts the focus of art insurance towards customers and their quality of life

Giovanni Liverani, CEO, Generali Deutschland AG Group Management Committee, Assicurazioni Generali SpA Global sponsor, ARTE Generali

Philanthropy and the arts: what role can contemporary wealth management play?

Laurent Issaurat, Head of Art Banking Services, Société Générale Private Banking

A Token Gesture: can Philanthropy Benefit from the Growth of Blockchain Technology?

Bernadine Bröcker Wieder, Co-Founder & CEO, Vastari

The art and science of managing collectibles and luxury assets—key considerations for family offices

Jutta Tornivaara, Director Audit & Assurance, Deloitte Private UK / Deloitte LLP

Philanthropy & Art—not as simple as it first appears

Micaela Saviano, Partner; Jared Lowe, Senior Manager, Deloitte USA
Section 04
Culture & Social Impact
Investment and Sustainability
Culture, social impact investment and sustainability exist at the intersection between philanthropy and investment

This is a relatively new domain for the art wealth management industry, providing wealth managers with a new client service focusing on social impact and purpose-led investment in the art and culture sector.

- **Responsible investment**
  Mainly focused on screening and excluding investments in certain countries, companies or sectors.

- **ESG integration**
  Mitigating risks by integrating ESG factors into the decision process, to identify issues and engage with the company to make changes.

- **Impact investing**
  Investments to primarily achieve specific and positive social or environmental benefits while also delivering a financial return.

Source: Deloitte Luxembourg

From minimizing negative impact...

... to integrating Environmental, Social and Governance factors in financial investment decisions...

... and maximizing positive impact.
Global shifts in sustainable investment trends

Sustainable impact investment in the arts could become an attractive investment model

In this year’s survey, 28% of collectors and 31% of art professionals identified sustainable impact investment in the arts as the most attractive investment model.

This was significantly higher among the younger demographic (under 35 years old), where 50% said socially responsible investment products in culture would be the most interesting to them.
The cultural and creative sectors and sustainable impact investment

The cultural and creative sectors (CCS) constitute a key growth driver in many countries: while often perceived to be of little relevance to the overall economy, CCS are a key growth driver in many countries and represent some of the fastest-growing sectors in the world’s economy. They also play a role in spurring creativity and innovation, critical factors for adapting to the COVID-19 pandemic. The United Nations (UN) has declared 2021 as the International Year of Creative Economy for Sustainable Development.

The international community has also recognized culture’s role as a driver of sustainable development: the Agenda for Sustainable Development, which was unanimously adopted by UN Member States in September 2015, comprises 17 sustainable development goals (SDGs) and 169 specific targets, and includes several explicit references to cultural topics. Cultural organizations represent a key driver for social change towards sustainable development, providing a platform for public debate and education.

The cultural and creative sectors suffer from a lack of funding, a situation exacerbated by the pandemic. The COVID-19 crisis has created an acute need for the CCS to find and explore new alternative sources of revenue and partnerships and to reconsider many of their traditional funding models. If culture is set to play an important role in society and sustainable development, there is an opportunity to find better ways and models for connecting impact investors with the CCS’ financing needs.
Investors see social investments as an opportunity, but art and culture still lag behind

According to a Global Impact Investing Network (GIIN) survey in 2020, 9% of respondents said they had directly invested in art and culture, but this only accounted for 0.1% of the sample assets under management (AUM).

New initiatives have been launched, such as “Creativity, Culture, and Capital: Impact investing in the global creative economy (CCC)”.

Source: GIIN, 2020 Annual Impact Investor Survey

Note: ‘Other’ includes investments that did not align to these sector categories such as real estate, tourism, community development, retail, and sector agnostic investments.
Art and culture in a smart city strategy - Reinventing smart cities through culture

Culture and impact investment could be influenced by the role culture can play in a smart city strategy. There is an increasing realization that urban smart cities must combine both technology and culture, because improving quality of life does not only require technology; it is also a question of connecting and inspiring people.
Points of attention

01

Creative and cultural organizations need to improve the ways they analyze their performance and impact. This is particularly important in this post-pandemic period, since many art and culture organizations are struggling to stay afloat. Measuring impact can enhance their transparency towards stakeholders, strengthen their relationships with society, and potentially attract new supporters and donors.

02

New technologies can also support impact investment in creative and cultural organizations: blockchain and tokenization are already being harnessed to generate new revenue streams. While the recent technological advancement in artificial intelligence (AI) and network theory now allows us to analyze how cities and their networks of tens of thousands of museums, non-profit organizations and commercial galleries help spur and nurture creativity in the field of contemporary visual art.

03

“The season of ‘cultural magical thinking’ of urban planners is over. Now is the time to venture into a new, more promising season of evidence-based, transformational cultural thinking that helps raise a new generation of smart cities, which successfully integrate culture and creativity in inclusive and sustainable urban growth strategies. European Cultural & Creative Cities impact bonds could widely serve this purpose, whereby repayment of investments in culture and creativity would be subject to social and not simply financial impact—from raising and retaining creative talent to addressing educational poverty to improving mental health through art and culture. A tool that would put creative cities at the forefront of social policy goals” Pier Luigi Sacco, Professor of Cultural Economics, Rector Delegate for European Projects and International Networks, IULM University, Senior Researcher, OECD - CFE/LEED / Valentina Montalto, Policy Analyst, European Commission
The cultural power of cities in a global cultural market

‘Global ranking of city impact’ represents the impact of a city and its network of art institutions (incl. commercial and noncommercial galleries, artist-run centers, private and public museums, etc.) on both the artist’s cultural recognition and the intrinsic value of their work.

The Cultural and Creative Cities Monitor (CCCM) developed by the European Commission’s Joint Research Centre (JRC).

<table>
<thead>
<tr>
<th>Cities</th>
<th>Impact on all artists</th>
<th>Impact on female artists</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>London</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Paris</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Berlin</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Madrid</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Sydney</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>15</td>
<td>26</td>
</tr>
<tr>
<td>Moscow</td>
<td>28</td>
<td>29</td>
</tr>
<tr>
<td>Mexico City</td>
<td>44</td>
<td>63</td>
</tr>
<tr>
<td>Tokyo</td>
<td>46</td>
<td>83</td>
</tr>
<tr>
<td>Milan</td>
<td>51</td>
<td>36</td>
</tr>
<tr>
<td>Beijing</td>
<td>86</td>
<td>125</td>
</tr>
<tr>
<td>Shanghai</td>
<td>101</td>
<td>84</td>
</tr>
<tr>
<td>Rio de Janeiro</td>
<td>125</td>
<td>61</td>
</tr>
<tr>
<td>Cape Town</td>
<td>269</td>
<td>201</td>
</tr>
</tbody>
</table>

Source: 2021 wondeur.ai
Culture & Social Impact Investment and Sustainability

Corporate art collection as a contribution to society
Alina Mukhina, Senior Manager | Tax & Legal Department, Transfer pricing services for CIS; Daria Rusanova, Manager | Deloitte Private, Deloitte Consulting LLC / Deloitte Russia

From wellbeing to long-lasting cultural legacy
Therme Art’s social impact investment
Mikolaj Sekutowicz, CEO, Co-Founder and Curator; Ilaria Peloso, Collections and Development Manager; Elena Fadeeva, Cultural Development and Partnerships Manager, Therme Art

Art and culture in Latin America—an opportunity for impact investing
Carolina Biquard, Co-founder and CEO, Fundación Compromiso; Bárbara Russi, Director, Fundación Compromiso; Daniel Buchbinder, Founding Chair and CEO, Alterna; Ana Gabriela, Director of Strategic Alliances, Alterna

How art and culture can benefit from the drive towards more sustainable investment
Anna Raginskaya, Financial Advisor, Blue Rider Group at Morgan Stanley; Bloum Cardenas, Trustee, Niki Charitable Art Foundation

So much talk, so little action…Business model innovation in the non-profit cultural sector
Adrian Ellis, Director, AEA Consulting and Chair, Global Cultural Districts Network

Social impact of culture: measuring for improving—new strategies for a more sustainable future
Monica Palumbo, Sustainability Partner; Verdiana De’ Leoni, Sustainability Senior Manager; Roberta Ghilardi, Sustainability Senior Consultant, Deloitte Italy

The creative city dilemma—why creativity can kill cultural vitality and how to raise sustainable creative cities
Pier Luigi Sacco, Professor of Cultural Economics, Rector Delegate for European Projects and International Networks, IULM University, Senior Researcher, OECD - CFE/LEED; Valentina Montalto, / Policy Analyst, European Commission

The cultural power of cities in a global cultural market
Wondeur.ai Team
Section 05
Art-Secured Lending
Art-secured lending market

• **Market size**
  We conservatively estimate that the overall market size of outstanding loans against art could reach between US$24 billion and US$28.2 billion in 2021, a 10.7% average growth rate, and further grow to an estimated US$31.3 billion by 2022.

• **Asset-based lenders see strong growth during the pandemic**
  Our survey uncovers significant differences in growth rates between private banks and asset-based art lenders. Whilst private banks reported an average growth rate of 5% in 2020, asset-based lenders divulged an average growth of 21% on their art loan books last year.

• **Private vs art trade financing**
  We also estimate that art-secured loans to private collectors are in the region of US$21.6 to US$25.2 billion in 2021, with the art trade (galleries and dealers) accounting for an estimated US$2.4 to US$2.8 billion.

For the breakdown by borrower type, we used the findings from the TEFAF Art Dealer Finance Report 2018, and assumed that the ratio of private versus art trade related lending has remained constant since 2018, with 90% of art-secured loans going to individuals and 10% to galleries and dealers.

<table>
<thead>
<tr>
<th>Funding sources</th>
<th>Non-exhaustive list of example providers</th>
<th>Estimated total art loan portfolio against art in 2021</th>
<th>Estimated total art loan portfolio against art in 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art-secured lending market</td>
<td>• Citi Private Bank</td>
<td>MorganStanley</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Emirates Bank Fine Art Finance</td>
<td>Bank of America</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Deutsche Bank</td>
<td>Westernd Bank</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Goldman Sachs</td>
<td>Neuland OBC</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• J.P. Morgan Private Bank</td>
<td>Northern Trust</td>
<td></td>
</tr>
<tr>
<td>Asset-based lenders</td>
<td>• Yieldstreet</td>
<td>• Fine Art Partners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Athena Art Finance</td>
<td>• arLending.com</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Artemis</td>
<td>• Borro by Luxury Asset Capital</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• AOK Advisors</td>
<td>• Lombard Loan Real Assets GmbH</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• TPC Art Finance</td>
<td>• Art Finance Partners</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Fine Art Group</td>
<td>• Unbolted</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Griffin Art Partners</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Art Capital Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Athena Art Finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auction house finance</td>
<td>• Sotheby’s</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Heritage Auction</td>
<td>• Phillips</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Artiana</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall size</td>
<td>US$24 to US$28.2 billion</td>
<td>US$26.6 to US$31.3 billion</td>
<td></td>
</tr>
<tr>
<td>Estimated total loan size by borrower type</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private collectors</td>
<td>US$21.6 to US$25.3 billion</td>
<td>US$23.9 to US$26.2 billion</td>
<td></td>
</tr>
<tr>
<td>Galleries/dealers</td>
<td>US$2.4 to US$2.8 billion</td>
<td>US$2.7 to US$3.1 billion</td>
<td></td>
</tr>
</tbody>
</table>

© 2021, Deloitte Tax & Consulting, SARL
More wealth managers are offering art secured lending services

76% of wealth managers with existing art-related services said they offered art-secured lending services, up from 50% in 2019. It is the highest reading over the last 10 years.

All the art-secured lenders surveyed rated private collectors as their most important client demographic.
Three key drivers for growth

Liquidity for business operations
83% of asset-based lenders said providing liquidity for business operations was a key demand driver (75% of private banks said the same)

Unlock capital for other investments
75% of private banks said that art finance was driven by the desire to unlock capital to put into other investments

Acquisition finance for art
67% of asset-based lenders surveyed said art secured financing to buy art without having to sell other assets was a key motivation (all of the private banks said the same). 48% of collectors are saying their main motivation for using their art collection to secure loans is to finance the acquisition of more art.

Art secured lenders—survey findings 2021
Demand drivers for art-secured lending
What are the most important “demand drivers” for art-secured lending services over the last 2 years?
Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2021
Top 5 challenges to offer art secured lending services

**Lack of liquidity**
Art market illiquidity remains private banks’ biggest concern, with 73% saying this is a key hurdle in providing art-secured lending services, up from 66% in 2019.

**Unregulated market**
70% of private banks felt that the unregulated nature of the art market was a key challenge when offering art-secured loans, compared with 61% in 2019.

**Lack of knowledge**
70% of private bankers said that a lack of knowledge about the art market was a key hurdle to providing art-secured lending services (compared with 61% in 2019). This signals that most private banks are still hesitant to fully embrace art-secured lending because their art market knowledge is insufficient to make informed decisions.

**Valuation risk**
Valuation is another concern among private bankers when it comes to art-secured lending, with 66% identifying this as one of the main hurdles (up from 63% in 2019).

**Due diligence**
Private banks also identified performing due diligence on artworks used as loan collateral as a major issue, with 65% saying this was one of the key hurdles this year, up from 56% in 2019.
Growth potential in Asia

Both European and US-based lenders see the growth potential in the Asian market, with 30% saying Hong Kong will become a strategic center for art-secured lending services, followed by 20% who singled out wider Asia as a market with future growth potential.
Mainstream or niche market?

80% of art-secured lenders said they do not believe art-secured financing will ever become a mainstream product and that it will remain a niche market.

In the long-term, do you see art secured lending becoming a standard financing tool, the way we would look at mortgages for real-estate?

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2021
Future demand

Of the wealth managers surveyed, 74% said they expected the demand for art-secured lending services to increase in the future, with 72% of collectors and 74% of art professionals saying the same.
Art Lending in 2021: the Evolution of the Art Wealth Management Space
Dana Prusen, Vice President and Art Services Specialist; Drew Watson, Senior Vice President and Art Services Specialist, Bank of America Private Bank

Post-pandemic art financing in the non-banking market
Joe Charalambous, President; Naomi Baigell, Managing Director, TPC Art Finance

Navigating a volatile market
Aymeric Thuault, Director, Link Management; Aude Lemogne, Director, Link Management; Xavier Ledru, Managing Director, REYL Wealth Management

Managing Liquidity Risk in the Art Market
Chen Chowers, Head of Operations, Overstone
Section 06
Art & Investment
Artnet’s indices display **strong short-term returns** for art and more moderate returns in the long run.
Art & Investment

Artnet indices and financial indices

Between 2019 and 2020, Artnet indices showed particularly strong positive CAGR for various collecting categories.

The Index for Global Contemporary Art, along with both indices for Chinese art, generated the most consistent returns over the past 15 years, with positive CAGR across all investment cycles.

<table>
<thead>
<tr>
<th>Artnet indices and financial indices</th>
<th>12-month return</th>
<th>5-year CAGR</th>
<th>10-year CAGR</th>
<th>15-year CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fine Art</td>
<td>0.8%</td>
<td>1.2%</td>
<td>-0.4%</td>
<td>4.9%</td>
</tr>
<tr>
<td>European Old Masters</td>
<td>8.1%</td>
<td>1.2%</td>
<td>0.4%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Global Impressionist Art</td>
<td>19.7%</td>
<td>1.8%</td>
<td>-0.1%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Global Modern Art</td>
<td>8.4%</td>
<td>0.6%</td>
<td>-1.1%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Global Post-War Art</td>
<td>-0.5%</td>
<td>0.9%</td>
<td>2.1%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Global Contemporary Art</td>
<td>6.8%</td>
<td>3.8%</td>
<td>2.7%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Fine Chinese Paintings &amp; Calligraphy</td>
<td>16.9%</td>
<td>0.2%</td>
<td>1.0%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Chinese 20th Century &amp; Contemporary Art</td>
<td>2.5%</td>
<td>2.8%</td>
<td>1.7%</td>
<td>6.7%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>16.3%</td>
<td>12.9%</td>
<td>11.6%</td>
<td>7.6%</td>
</tr>
<tr>
<td>MSCI World</td>
<td>15.9%</td>
<td>12.2%</td>
<td>9.9%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Case-Shiller</td>
<td>10.4%</td>
<td>6.0%</td>
<td>5.2%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Gold Fixing Price</td>
<td>24.2%</td>
<td>12.2%</td>
<td>3.0%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

*Returns are calculated up to the end of 2020.

Source: artnet
Art as a store of value

Art is regarded as a value-preserving asset class. The strong positive correlation between art and gold can indicate investors’ perception towards art more as a value-preserving asset class than as an investment vehicle.

<table>
<thead>
<tr>
<th>Artnet Indices</th>
<th>Volatility</th>
<th>Correlation with S&amp;P 500</th>
<th>Correlation with MSCI World</th>
<th>Correlation with Case-Shiller</th>
<th>Correlation with Gold Fixing Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fine Art</td>
<td>20%</td>
<td>0.64</td>
<td>0.73</td>
<td>0.58</td>
<td>0.89</td>
</tr>
<tr>
<td>European Old Masters</td>
<td>12%</td>
<td>0.23</td>
<td>0.34</td>
<td>0.51</td>
<td>0.54</td>
</tr>
<tr>
<td>Global Impressionist Art</td>
<td>14%</td>
<td>0.23</td>
<td>0.36</td>
<td>0.43</td>
<td>0.65</td>
</tr>
<tr>
<td>Global Modern Art</td>
<td>15%</td>
<td>0.34</td>
<td>0.47</td>
<td>0.53</td>
<td>0.72</td>
</tr>
<tr>
<td>Global Post-War Art</td>
<td>18%</td>
<td>0.70</td>
<td>0.79</td>
<td>0.78</td>
<td>0.83</td>
</tr>
<tr>
<td>Global Contemporary Art</td>
<td>16%</td>
<td>0.72</td>
<td>0.80</td>
<td>0.72</td>
<td>0.87</td>
</tr>
<tr>
<td>Fine Chinese Paintings &amp; Calligraphy</td>
<td>17%</td>
<td>0.56</td>
<td>0.64</td>
<td>0.52</td>
<td>0.89</td>
</tr>
<tr>
<td>Chinese 20th Century &amp; Contemporary Art</td>
<td>0.17</td>
<td>0.62</td>
<td>0.71</td>
<td>0.57</td>
<td>0.91</td>
</tr>
</tbody>
</table>

*Correlations are calculated from 2000 to H1 2021.

Source: artnet
Direct investment and physical ownership of art remain core ownership models

88% of collectors and 84% of art professionals believe that direct investment in art (i.e., the outright ownership of artwork) will be the most common form of art investment going forward, and 58% of wealth managers said the same.

But …
In terms of investing in art, which of the following art investment products would be of most interest to you?

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2021

- Direct investment (i.e. outright ownership of the artwork)
- Social impact investment products in culture
- Derivative products (hedging products)
- NFTs
- Fractional investments (i.e. Security tokens linked to an artwork)
- Art investment funds

Wealth Managers 2019

Wealth Managers 2021

...new interest in alternative forms of art ownership

in this year’s survey, 33% of wealth managers said their clients had expressed an increased interest in non-fungible tokens (NFTs), fractional ownership (29%) (up from 10% in 2019), art investment funds (25%) (up from 17% in 2019), and social impact investment in culture (21%) (down from 28% in 2019).
Younger collectors more tuned into recent developments in art investment products and services

64% of younger collectors$^5$ expressed a strong interest in NFTs (compared with 18% of older collectors) while 43% said fractional investment linked to artworks interested them, which is significantly higher than 17% of older collectors.

71% of younger collectors surveyed said they were drawn to social investment products in art and culture, compared with 15% of older collectors.

---

$^5$The sample is based on 16 individuals out of 114 collectors surveyed in total. Although the sample size is small, these findings still highlight significant differences between the younger generation of collectors (under 35 years old) and the older generation of collectors (over 35 years old).
Security tokens and non-bankable art assets (nBAs)

A new financial infrastructure is developing around nBAs, which also includes art and collectibles. This could open up new opportunities for the wealth management sector to generate additional fee revenue, based on the estimated US$1,481 billion of art and collectible wealth held by ultra-high net worth individuals (UHNWIs) in 2020.
A post-pandemic look at the performance of art as an asset class

Michaela Ben Yehuda, Senior Analyst, Business Intelligence; Robert Cacharani, Manager, Business Intelligence, artnet

Security tokens + art— the FIMART value proposition

Niccolò Filippo Veneri Savoia, CEO, Look Lateral Group

The art market of the future—digital ownership of art on the blockchain

Andreas Gerber, Head of New Business, Sygmun Bank
Section 07
Art & Technology
The maturing art technology industry is a key enabler for the art and finance industry

In the art and tech ecosystem over the last 10 years, the number of specialized players addressing the various friction points faced by the art and finance industry continues to grow and gain maturity. The digital transformation sweeping the art market is likely to drive more efficiency and growth.
Blockchain technology is going mainstream

Blockchain
52% of wealth managers (up from 18% in 2019) believe blockchain technology could have an important impact on their ability to further develop art-related services as part of their wealth management offering. But 85% of younger collectors see blockchain as the driver for change in the next 2–3 years. VR/AR and Big Data also tops the list.

Collection management tools
53% of wealth managers said new and improved art collection management tools will help them develop art-related wealth management services.

Which of the following technologies do you think could have the most impact on the development of art and wealth management services in the next two to three years?
Wealth managers strongly believe that technology will improve the provenance tracking and traceability of art (80%), mitigate authenticity risks (67%), enhance valuation processes (61%) and boost the overall transparency of the art market (79%).
Most younger collectors believe technology will be a major game-changer in the art and wealth management industry.

Overall, younger collectors think technological development will have a large impact on the art wealth management industry over the next two to three years.
Tipping point— the continuation of a beautiful relationship between technology and art
Paul Lee, Partner & Global Head of Research for the technology, media, and telecommunications (TMT), Deloitte UK

The ArtTech phenomenon—technology’s impact on art insurance
Jean Gazançon, CEO, Arte Generali

Art & Blockchain: unlocking new opportunities thanks to decentralized models
Jesus Pena Garcia, Senior Manager; Giulia Pescatore, Manager, Antonio Victoria, Analyst; Kristijan Sacer, Analyst, Deloitte Luxembourg

From monetization to sector resilience—blockchain as social infrastructure?
Josephine Ayako Yamada, Manager, Deloitte Japan; Taihei Shii, CEO, Startbahn Inc; Kensuke Ito, Senior Researcher, Startbahn Inc

Cultural revolution: art’s emerging digital ecosystem
Chris Bentley, Head of Fine Art & Specie, UK & Lloyd’s, AXA XL
Section 08
Risk Management & Regulation
Key threats to the reputation of the art market

There is a real consensus among stakeholders that the art market still has some way to go to increase trust. Although there are signs that certain areas are being addressed, in many cases the threats have amplified, such as the art market’s continued opaqueness.
Transparency is the key to unlocking future growth in the art and finance industry and art market as a whole. 83% of wealth managers said lack of transparency was a key factor that undermined trust in the art market (compared with 77% in 2019). Both art collectors (74%) and art professionals (79%) also identified this as a major challenge. Transparency concerns ranked even higher among younger collectors, with 86% saying this was one of the top challenges in today’s art market.
Building trust in art market data paramount for further development of the art and finance industry going forward.

What level of trust do you have in the art market data (qualitative & quantitative) currently available (% saying high and very high)?

<table>
<thead>
<tr>
<th>Category</th>
<th>2021</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art professionals</td>
<td>38%</td>
<td>31%</td>
</tr>
<tr>
<td>Collectors</td>
<td>27%</td>
<td>30%</td>
</tr>
<tr>
<td>Wealth managers</td>
<td>18%</td>
<td>16%</td>
</tr>
</tbody>
</table>
The art market in need of rapid modernization

After 10 years of analysis, it is disconcerting that most stakeholders surveyed this year believe the art market’s business processes still need modernizing, despite the acceleration of digital transformation, the growing role of technology and the increasing adoption of online markets.
More government regulation may be required

Significantly more collectors (47%) indicated their preference for government regulation this year, up from 22% in 2019, with 36% of art professionals saying the same (compared with 28% in 2019).

And 44% of wealth managers this year believe government regulation would help restore trust in the art market (only slightly below 46% in 2019).
Most wealth managers and art market stakeholders see transparency and regulation increasing in the art market in the next five years.

One ray of hope is that 67% of wealth managers expect the art market to become more transparent and regulated over the next five years, compared with 55% of collectors and 67% of art professionals who said the same.
Transparency in the art market—are exchanges of information improving the situation?
Pascal Noel, Director, Deloitte Monaco

What if... Financial institutions could monetize their experience in anti-money laundering while easing and securing art professionals’ path towards compliance?
Maxime Heckel, Partner, Astrid Bandy, Senior Manager, Deloitte Luxembourg

Anti-money laundering in the US and other art markets

Brave new media—collector risks in relation to the insurability and valuation of NFTs
Megan Noh, Partner - Co-chair, Art Law, PRYOR CASHMAN LLP

Combating Financial Crime within the Art Trade—bridging Provenance Research and AML Compliance
Victoire Louise Steinwachs, Manager, Deloitte Wirtschaftsprüfungsgesellschaft GmbH

Mitigating bankruptcy risk to artwork consignments in the United States
Megan Noh, Partner - Co-chair, Art Law, PRYOR CASHMAN LLP

Collection management platforms: legal issues concerning the digitalization of art collections and the use of new technologies
Ida Palombella, Partner; Valentina Favero, Manager, Deloitte Italy

What if... Financial institutions could monetize their experience in anti-money laundering while easing and securing art professionals’ path towards compliance?
Maxime Heckel, Partner, Astrid Bandy, Senior Manager, Deloitte Luxembourg
Priorities
Regarding wealth managers
Art is an essential part of a wealth management offering—a strategic and collaborative approach to art and collectible wealth is required.

Regarding the younger generation
The younger generation is a key driver for change—a new tech-focused art and wealth management strategy is needed for younger collectors.

Regarding technology
Technology is and will remain a key driver of innovation and change in the art and wealth management sector over the coming years. The art technology industry is maturing.

Regarding sustainability and impact investment
Impact investment in art and culture opens up new financial service models for the wealth management industry.

Regarding regulation
More regulation is needed: art professionals and wealth managers should take a more proactive approach to improve trust in the art market.
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Private is the brand under which firms in the Deloitte network provide services to privately owned entities and high net worth individuals.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organization") serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 330,000 people make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2021 Deloitte Tax & Consulting, SARL.