



Art & Finance Report

Key highlights from 2017

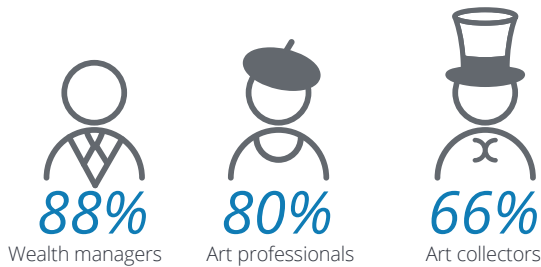
Art and wealth management survey

Estimated wealth allocation to art and collectibles in 2016 US\$ 1.62 trillion of UHNWI

Estimated wealth allocation to art and collectibles by 2026 US\$ 2.7 trillion of UHNWI

This is the second time in six years of monitoring the art and finance industry that we see an alignment of the wealth management industry with collectors and art professionals: Confirmation that art and wealth management is part of a long-term industry trend.

Should art be part of a wealth management offering?

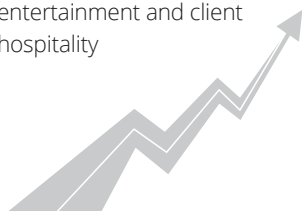


Particularly as the wealth management industry moves toward a more holistic asset management model:

85% of surveyed wealth managers consider holistic advisory relationship as key for their future business performance

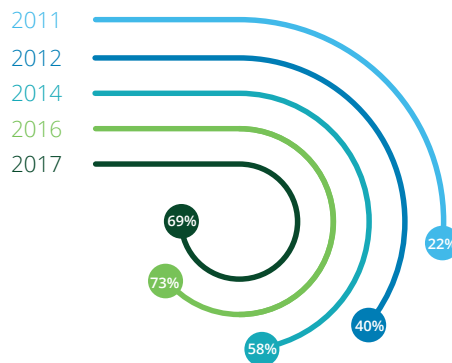
85% of wealth managers believe that the move toward a holistic wealth management model is the strongest argument for including art and collectibles in a wealth management service range

64 percent of wealth managers
67 percent of private banks
55 percent of family offices surveyed said they were actively offering services related to art and collectibles, including entertainment and client hospitality



Highest overall reading to date for anticipated investment in art wealth management services over the next 12 months. An average of **44 percent** of wealth managers reported that increasing focus and resources would be dedicated to art and wealth management services in the coming 12 months, up from **38 percent** in 2016. This is the highest reading since the launch of the survey in 2011, and is supported by a positive trajectory for all art-related products and services

Estate planning is the primary service that private banks and family offices will focus on in the next 12 months.

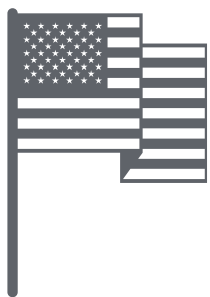


72 percent of the wealth managers surveyed said they offer services related to art philanthropy. This was up from 64 percent in 2016 and suggests that art is now playing a bigger role in the spectrum of philanthropic activities

69 percent of wealth managers said they expected their clients to want to include art and other collectible assets in their wealth reports

55 percent of wealth managers said that finding the right talent remains one of the key challenges in building an art-related service offering. **Lack of management support: 51 percent** of wealth managers said that lack of interest internally was a major challenge, up from **26 percent** in 2016. This could suggest that as interest in art and wealth management is gaining momentum, there is a lack of leadership support for these types of initiatives.

Art-secured lending

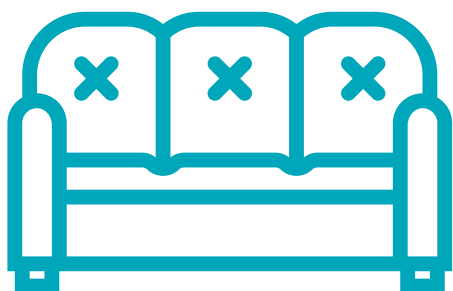


The US has taken the lead in the international development of art-secured lending, taking the advantage of the favourable legal environment.

The art-secured lending market in the US reached an estimated **US\$17-20 billion** in 2017 which represents a 13.3 percent growth from 2016

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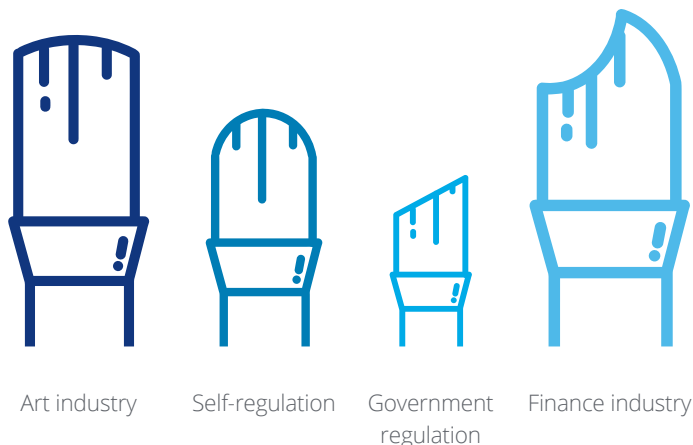
Two thirds of wealth managers surveyed said their institutions offer art-secured lending services



Top 3 challenges to the art-secured lending market: valuation, lack of liquidity, risk assessment

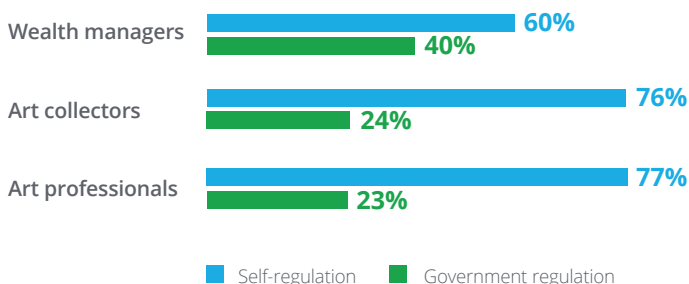
Risk managing and regulation

Over **77 percent** of art professionals and **76 percent** of collectors prefer a self-regulated approach to establish trust and credibility. A mixed approach seems recommended to support sound growth of the market.

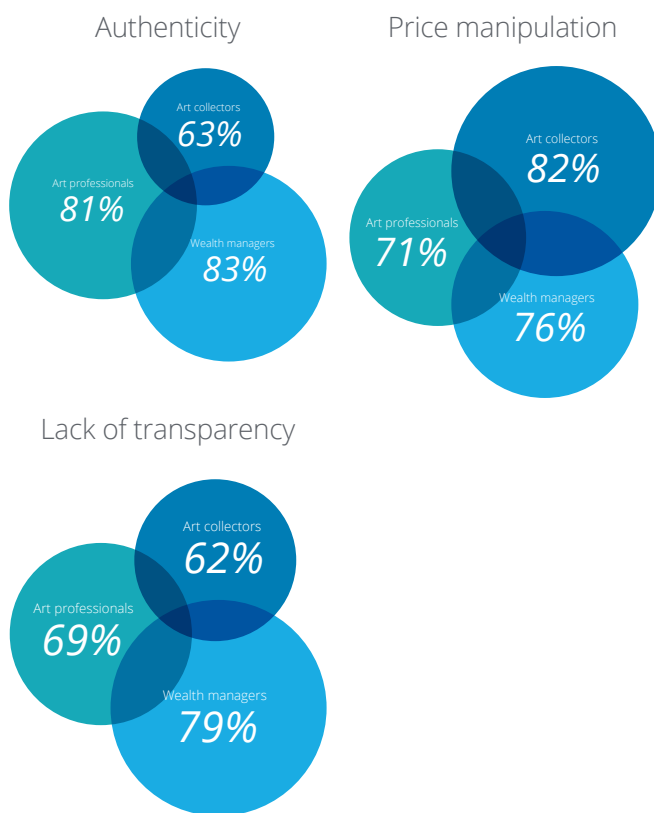


Government Regulation vs Self-Regulation

The majority of the respondents are in favour of a self-regulated art market



Top 3 - Biggest threats to the reputation of the art market



The full report can be downloaded from the Deloitte Luxembourg website at: www.deloitte-artandfinance.com

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