

ArtCoinFund.com

DEMOCRATIZATION OF ART

ArtCoin is an investor driven collective. The project is motivated by the democratization of art investment. We seek to inform, prepare and equip Token-holders with a tool necessary to make effective financial decisions in fine art. The Token-holder collective is our number one priority; community consolidated profits are our results.

ARTCOIN IMPLEMENTATION STRATEGIES

ArtCoin is a financial tool backed by an art collection. The project is based on a comprehensive blockchain platform. Blockchains allow investors to buy tokens (Ticker: ACF) of the art fund by means of digital currency, Ether. The fund's objective is to breakdown the traditional elitism within the art world, forming an egalitarian approach for investor entry starting at low thresholds. Under the guidance and expertise of the fund's manager, artworks will be collected to turnover at higher prices after the holding period.

How will this be achieved?

a) State of the Arts: analyzing where art is valued. Specific markets price artworks differently. Thorough knowledge of the respective markets allows for the implementation of profitable purchasing strategy. Ultimately creating the opportunity for a geographically leveraged arbitrage.

b) Artcoins: The most important difference between this crypto currency and others is that ArtCoin is backed by a tangible art collection. ArtCoins can be purchased from Ether and will carry its own rate of exchange pitted against the currency. Total amount of ArtCoin is set at 750,000; five percent will be burned each year.

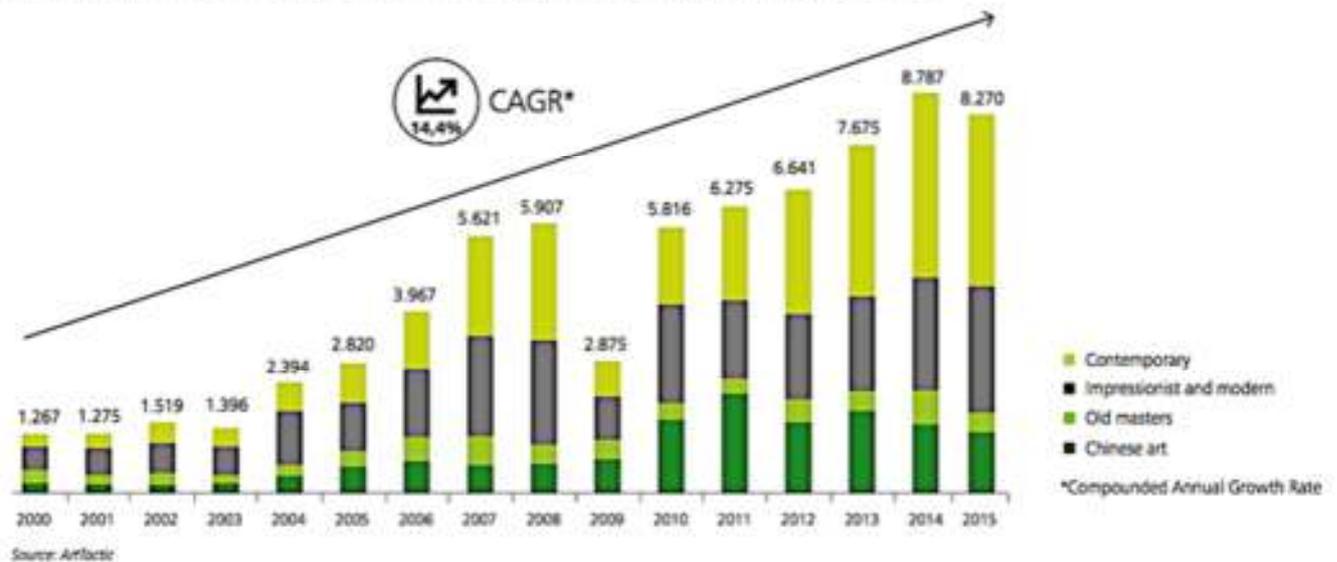
c) De-Centralized Locations: using international freeports. Assets will converge to freeports closest to the point of purchase and/or to the pertinent resale market.

d) Diversification Strategy: purchasing where and when low, selling when and where high. The fund manager will acquire Blue Chip artworks averaging at €750,000 each. Sources include a vast network of artists, private and public collections, art galleries and auction houses.

Factors in Collecting Strategy:

- 1) Geographic Arbitrage
- 2) Intrinsic Value of Artworks
- 3) Distressed Markets
- 4) Emerging Artists

Figure 1. Christie's and Sotheby's auction sales (in millions US\$) by category 2000-2015



STATE OF THE ARTS

Since January 2016, an 18% point increase has evoked confidence in art investment. Wealth managers are offering more services in arts and collectibles since the art market has repeatedly outperformed equities such as the S&P 500 Total Return Index. It has become apparent that art investment is a more superior choice than equities when seeking high turnovers, low risk, and stores of value. An estimated \$65 billion of art is traded annually. The room for capitalization is immense and is still expanding to new regions.

The opaque nature of art world practices has created many obstacles. Galleries and dealers are private entities that seldom divulge their pricing methods or records. For investors, this has negative implications i.e. paying high values for works that may never appreciate or resell at auction. The fund's role is to wade through the opaqueness, to gather pertinent information not privy to the general investor scope and to fully capitalize. The ArtCoin Fund will act as the sole buffer between all clientele and investors, implicitly breaking down the exhaustive chain of intermediaries abound in art investment.

Auction houses charge exorbitant fees, whereas brokers and dealers are not bound by transparency. All control access to information, as there is no public method in setting fair market price for art, while a complex barrage of contracts pushes discouraged investors away from art investment.

The market is undergoing a transition from such outdated practices. With the increase of access to information and the rapid rise of technology, more investors are discovering the prosperity found in art investment.

Our expert advice will guide the novice investor to navigate the notoriously opaque art world. Holdings will gather profit from purchase to de-accession. All

information is transparent to the investor at all times throughout the process, effectively changing the game.

Art has proven itself to be the optimal asset in storing value; it hedges inflation and when collected properly, it only appreciates. Increased volatility in stock markets, looming financial crisis and geopolitical instability directly affect the art market, however, positively. Between 2008 – 2012, when the financial market crisis was at its worst, the global art market saw an influx of liquidity and wealth. With low yields and limited investment options available, art and collectibles were the prime alternative asset increasingly considered as a store of value.

Art is deemed an “Investment of Passion”: the emotional benefit of collecting, combined with the potential of asset appreciation and store of value is the key motivation to an art investment. This is our valued service. The fund democratizes art investment by offering entry from very low to high thresholds. ArtCoin’s approach is rooted in allowing access to diverse investor groups, initiating widespread global participation in protected anonymity.

Funds act as an extension of the investor, assuming all responsibilities in removing intermediaries, conducting arbitrage, storing value and ultimately protecting the assets.

\$3 trillion of art safely in storage provides extensive supply and demand for quality artwork is consistently high. Creates the basis for the fund to operate successfully, reaching projected targets and persisting in longevity — opportunity is boundless.

ARTCOINS

Artcoin is the currency created and used by the fund. The amount of tokens as artcoins is capped at 750,000. The initial value of the Artcoin will be 0,1 ETH for 1 ACF (ArtCoin Fund).

The fund’s pre-ICO will occur on November 1, 2017, at 00:00:00 UTC and will end on November 15, 2017, at 00:00:00 UTC, during the pre-ICO the price will be 0,05 ETH for 1 ACF.

The fund’s ICO will occur on December 1, 2017, at 00:00:00 UTC and will end on December 31, 2017, at 00:00:00 UTC.

51% of this currency is offered pre-and during the ICO; 19% is used by the fund to buy works of art and therefore to introduce ArtCoin as a new currency benchmark for exchange in the art world. ArtCoins can be divisible up to 0.000000000000000001 (18 decimal places) and will be issued through a Smart Contract Token Sale that can be held in an Ethereum wallet ERC20 compatible.

Every year, 5% of the ArtCoins will be retired from the market (burnt) at market value and placed into a dormant wallet. All investors will be notified of the wallet’s address.

The fund assets backing the ArtCoins will be diversified in a basket of crypto currency (ETH, BTC, LTC) and by the artworks that will be appraised at both times of purchase and on December 31 every year. Authoritative third parties such as The Appraisers Association of America will conduct appraisals. These appraisals will inform investors of the art collection's correct value for each work and on each year.

Through the platform of www.artcoinfunds.com it is therefore possible for the investor to know:

- The valuation of the fund's artworks
- The various crypto wallets in which the liquidity is held to make new purchases
- The wallet address of retired (burnt) ArtCoins
- The selection process of artwork to be purchased
- To acquire the fund's analysis determining the acquisition

DE-CENTRALIZED LOCATIONS

After acquiring a work of art for the collection, the artwork will ship to the nearest freeport.

Freeports are tax suspension zones. This allows for the storage of art to be tax-free, a cost efficient advantage while holdings appreciate. It also allows for an artwork to transfer from one owner to another unencumbered by local legislations and fiscal implications. These international trading hubs can serve as locales to conduct private sales with integrated state-of-the-art storage facilities with climate control and security.

Always acting in accordance with local laws and regulations the burden of taxation is deferred to the purchaser upon the goods leaving the freeport.

DIVERSIFICATION STRATEGY

The key to investing in fine art is formulating a balanced collection, which minimizes risk, while maximizing capital gains. This is achieved through portfolio diversification, acquiring works across different periods or hedonic attributes. Contemporary art, Post-War Art, Modern Art, 19th Century and Old Masters are the main areas of collecting. Offsetting these groupings will lead to the most attractive returns. Diversification strategy is not limited to only these groupings, however. In fact, spreading the fund's investment scope into thriving international art markets can be highly beneficial. Auctions in emergent markets continually show artworks fetching high values.

Authenticity, provenance, conditions, rarity, literature and exhibitions history, academic annotations, and artistic/aesthetic importance, will deem our investments. Our motto being: there is no substitution for quality.

Accumulating this form of qualitative research, however, is not enough to ensure an artwork of investment appreciation. A fund can better speculate on the performance of an artist by using indexes, volatility, Buy In rates, and ratios such as sharpe (calculates risk) and price-earnings (measures share price relative to per share earnings).

Table 1: Regional market trends in modern and contemporary art and 2016 outlook

				
Geographical market	Future wealth indicators: predicted growth in UHNWIs in the next 10 years ¹¹	Percentage of allocation to art and collectibles (breakdown of UHNWIs wealth portfolio allocation) ¹²	Increase in allocation to art and collectibles (in percent of respondents) ¹³	Auction sales trend 2014-2015 ¹⁴
Global trends	+41%	2%	36%	Although there are significant regional differences, global sales of modern and contemporary art were down in 2015, mainly driven by a slowdown in the Chinese and the US & European post-war and contemporary art markets.
 US and European contemporary ¹⁷ art	Europe: +27% US: +30%	Europe: 3% US: 2%	Europe: 43% US: 42%	-6%
 Chinese contemporary art	+75%	2%	28%	-41%
 Indian modern and contemporary art	+105%	2%	28%	+14%
 Southeast Asian modern and contemporary art	+36%	2%	28%	+ 28%
 Latin American modern and contemporary art	+41%	1%	38%	+11%
 Middle Eastern modern and contemporary art	+54%	2%	38%	+5%
 Russian modern and contemporary art	+72%	1%	40%	68%
 African modern and contemporary art	+50%	4%	41%	+53%

¹¹ Knight Frank, The Wealth Report, 10th edition, page 64

¹² Knight Frank, The Wealth Report, page 68

¹³ Knight Frank, The Wealth Report, page 68

¹⁴ These auction sales is predominantly based on sales by Sotheby's and Christie's, but will also include domestic auction houses for markets such as China and India

These financial instruments have been assimilated in order to forecast artwork performance in the market.

The fundamental objective in selecting art is to acquire when undervalued and sell when it sees top prices. Using all the qualitative and quantifiable tools accessible will ensure the fund's objective.

DUE DILIGENCE

Artwork as an investment it is not without risk. In order to minimize such risk, we will acquire artwork through a meticulous vetting process. By ensuring acquisition through credible and reliable sources we will guarantee that the work is authentic, in excellent condition, and that the seller properly entitled. An independent appraisal will ascertain and verify that the purchased price point is correct.

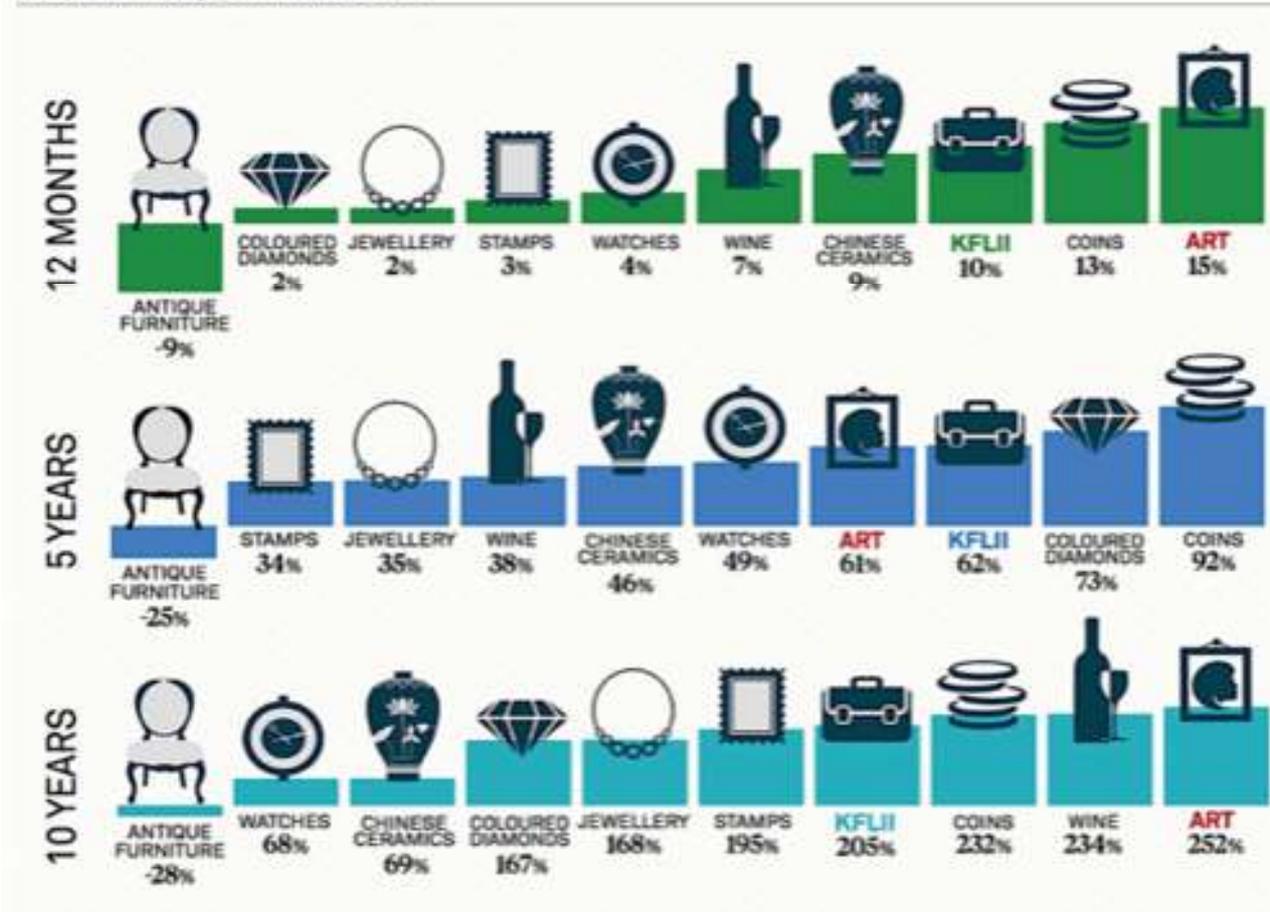
The quality of artwork informs the viability of the investment. Although investment appreciation is never guaranteed, there are parameters in the selection process that mitigate investment risk and increase the probabilities of capital gains. Coordination of the fund's in house resources allows for the purchasing of artworks at discount prices. The concession guarantees an automatic return of investment if and when placed back on the market.

A systematic and structural approach will be utilized when selecting artwork. Investment grade artwork is dependant on qualitative and quantifiable factors. Qualitative assurance is guaranteed by authenticity, provenance, conditions, rarity, literature and exhibitions history, academic annotations, and artistic/aesthetic importance.

Qualitative assurance is achieved by the meticulous analysis of artists' and markets' performance. Under the careful guidance of the fund managers' expertise, the fund will acquire artwork when an artist's production is high in demand and while their works rare in supply. As there is no substitution for quality, the artwork submitted for acquisition by our team will need to cover the following investment grade requirements:

- Market performance
- Rarity
- Desirability
- Demand
- Exit Strategy

KFLII performance by asset class (to Q4 2014*)



Sources - Knight and Frank

AUDIT & REGULATORY

- ArtCoin Fund will be incorporated in Singapore where the highest standards for privacy and regulatory oversight apply
- As per recent developments, we believe that MAS (Monetary Authority of Singapore) has positioned Singapore as a hub for Fintech innovation and ensured its primacy in global financial services for decades to come.
- ArtCoin Fund is in the process of appointing an auditor and will publish on its website a monthly audited report on all Masterpieces investments and its revenues.
- There has been some uncertainty in the Token world after SEC and Singaporean MAS communications. We are operating as a Singapore company selling Tokens that will be used as a currency accepted by our platform.

Our token is not a security since it is simply a form of payment we will accept on our platform—users have no rights attached to the token.

We will offer art masterpieces on sale through the platform, and are now accepting prepayment for the service in the Token Sale, and the token and the platform are separate.

Regulatory

3% management fee of the invested funds will be charged.
30% performance fee on investment will apply.

Accounting and investments will be audited and verified by an independent team of appraisers and auditors.

MANAGEMENT TEAM



FABRIZIO MARCOLINI:

General Partner and Fine Art Specialist (The Americas)

Avid art collector, he has sold artworks of significant historical importance to museums and private collections internationally. He acquired over three thousand artworks for world renowned museums and private collections. His intuition and years of experience guide him in selecting art pieces that hold intrinsic value and display artistic talent, rather than pieces that follow trends and art-world fads.

For ArtCoin Fund he is advisor for the Americas: he uses his years of experience and critical artistic eye to identify artworks holding the greatest store of value and profit potential.

**Read his [CV](#) and go to his [LinkedIn](#) profile.*



FRANCESCO PANDIAN:

General Partner and Fine Art Specialist (Europe)

Collector for passion, buyer and seller of famous artist for its customers, he provides art advisory service, art management, curatorial service and artistic projects.

In 2001 he founded the Cultural Association Artericambi and organizes institutional exhibitions in public and private spaces for artists such as Steven Pippin, Blu, Andrea Galvani, Giovanni Morbin, Blair Thurman.

He has participated in several editions of *Artissima* (Turin, IT); *Art Forum Berlin*, sector *Focus* (Berlin, Germany); *Miami Basel* (Miami, FL); *Art Cologne* (Cologne, Germany).

For ArtCoin Fund he is advisor for Europe.

*Read his [CV](#) and go to his [LinkedIn](#) profile.



AXEL RONDOUIN:

Investment Associate and Fine Art Specialist (Asia)

Axel Rondouin holds a degree in Art History from La Sorbonne and a Private Law Degree from Assas University. He began his career as a Clerk at a French Auctioneer and contributed during 5 years to Sale Management, Valuation, Expertise, Estate and Appraisal.

He manages prestigious private collections in Europe, North America and Asia pertaining to Old Master and Modern Paintings.

For ArtCoin Fund he is advisor for Asia.

**Read his [CV](#) and go to his [LinkedIn](#) profile.*

INVESTORS REWARDS

The Artcoin Fund offers three annual token-holders rewards. Selected amongst all Token-holders, people will be invited to participate in a tailored event at one of the world's art epicentres. The event will be held in conjunction with a renowned international art fair where investors will gain first-hand insight into the process of collecting quality artwork. The second reward is a complimentary visit to the fund's freeport holdings. A selection of the finest artworks will be curated by the acquisition team, showcased to our token-holders.

Finally, token-holders will be offered initial acquisition requests where holdings can be procured directly from the fund at below market values. International buyers have the added benefit of utilizing the the fund's freeport holdings where assets are not subject to duties and taxation until transported to their final destination. The option allows for subsequent investments to store value in tax friendly locations globally.

STATEMENT

An art investment vehicle structured within these five precepts democratizes investors enabling a personalized and integrated entry into the once inaccessible market. Accessibility is guaranteed to investors by adhering to Artcoin's egalitarian ethos: to breakdown the antiquated barriers that have surrounded the art world. The digital trading platform facilitate by Blockchains empowers each investor within a communal initiative embodied by the financial vehicle.