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INSIGHTS ON ART MARKET TRUE RETURNS DURING MAJOR SALES IN NEW YORK DURING MAY 2013 BASED ON THE UPDATED MEI MOSES® REPEAT SALE DATABASE©

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A TALE OF TWO MARKETS FROM A TRUE RETURNS PERSPECTIVE: POST WAR AND CONTEMPORARY SALES SOAR WHILE IMPRESSIONIST AND MODERN SALES LANGUISH AT MAJOR MAY 2013 NEW YORK SALES

THE NEW YORK AUCTION ART MARKET RESPONDED TO CONTINUED GLOBAL ECONOMIC AND POLITICAL UNCERTAINTY WITH BIPOLAR RESULTS. THE POST WAR AND CONTEMPORARY (PWC) EVENING SALES PRODUCED SPECTACULAR RESULTS WITH AVERAGE COMPOUND ANNUAL RETURNS (CAR) OF 16.3% FOR THE 33 LOTS WITH PRIOR AUCTION PURCHASE PRICE DATA. IN COMPARISON THE 34 IMPRESSIONIST AND MODERN (IMPMOD) EVENING LOTS WITH PURCHASE PRICE DATA PRODUCED AN AVERAGE CAR OF 7.6%.

IN ADDITION ART SLIGHTLY OUTPERFORMED EQUITIES ASSUMING THE EQUITY RETURNS WERE BASED ON INVESTING SIMILAR SUMS IN THE S&P 500 TOTAL RETURN INDEX FOR THE SAME HOLDING PERIOD AS EACH ART OBJECT. ©

SUMMARY

There were ten day and evening post war and contemporary and impressionist and modern sales held in New York in May. This is the high point of the spring auction season in New York and the sales generated over \$1.5 billion dollars in sales at the two auction houses we cover in our analysis; Sotheby's and Christie's. The sales have been reported in the press as having results for total sales or percent sold that ranged from

spectacular to poor. We found 282 lots that sold that had prior auction prices that we could find which allow us to compute a true return for each of these objects. From a financial returns perspective of the holders of the art that sold the results were slightly below historical return results for these two collecting categories. The average of the compound annual returns (CAR) of all of the 282 lots that sold was 7.3% which is about 10% lower than our historical values for these combined collecting categories. However these returns were slightly above the returns that would have been achieved if the value of the art purchases had been invested instead in the S&P 500 Total Return index (where dividends are reinvested tax free) for the identical holding periods as the art. The average CAR for the S&P investments would have been 7.1%. This was a great result for the owners of the art since they basically received the enjoyment of viewing their art for free.

Please note that prior performance of our repeat sale data and indexes does not guarantee future results. In addition, there is no guarantee that random collections of individual works of art or stocks will yield index returns. We are not financial advisors and we are not in the business of recommending art as an investment. Investment decisions should be based on the risk return tolerance and time horizon of the investor with, if desired the support of a licensed financial advisor. This information is provided "as is" and with no representations or warranties either express or implied of accuracy, merchantability, fitness for a particular purpose or of any other nature are made with respect to this information or to any expressed views presented in this information.