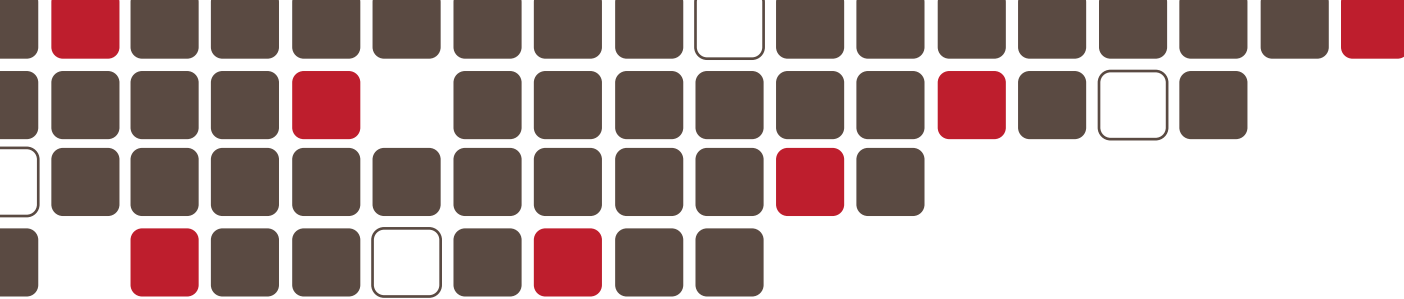




ALTERNATIVE
LatinInvestor

Latin American Art
Investment Outlook 2011





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“Nowadays people know the price of everything and the value of nothing.”
- Oscar Wilde



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Collecting and Investing: Modern and Contemporary Art

Museums and their publics owe an enormous debt to collectors who possessed the vision, enthusiasm, and resources to assemble and share their art collections in public institutions and private galleries. Whether they have been successful executives or persons of considerably more modest means, the common denominators among collectors are intellectual curiosity and passion. They define value in dual terms – cultural and commercial – where cultural value trumps the commercial. Investors, no doubt, have an appreciation for cultural value, but their primary motivations, their intentions, are on portfolio diversification and, ultimately, return on investment (ROI).

■ The Collector's Conundrums

"Buy what you love" is probably the most common guidance offered to collectors, particularly new ones. But this well-worn advice obscures many of the realities about buying and collecting modern and contemporary art. The majority of art has limited residual commercial or cultural value. Commercially, art typically appreciates gradually, if at all, contrary to the often effusive art reportage about auction results in popular media. Moreover, art's enduring cultural value is subject to curatorial preferences and market peculiarities, including fad and fashion. The various art markets are capricious and volatile, responding reflexively to supply and demand.

"I know what I like" is the most frequently heard comment uttered by a new and, sometimes, even more experienced collectors. This statement generally reflects limited exposure and lack of real perspective about art, both as a cultural commodity and as a commercial one. It also underscores a dangerous myopism often inherent to art

collectors, who buy art without understanding it. They buy with their ears, not with their brains. As a result, it is not uncommon to see "cookie cutter" collections throughout the world that triumph "names" and "trophies".

"Buy informed" is the most constructive advice to any collector. Or, as the late Roy Neuberger put it, "For art to be very good it has to be over your head." A skilled collector gradually assembles a collection, investing time, energy, and money in making well-informed decisions, rather than costly mistakes. Popular books about collecting can provide meaningful insight about various market channels and expectations, but they are often incomplete "how-to" books, neglecting subjects like transaction and holding costs, as well as tax and philanthropic issues. Likewise, many collectors mistakenly purchase on-line art price databases and, only to discover that they are generally redundant and almost always reflect just auction house results. This is a skewed view of the market, which exaggerates real market prices and does not account for the sometimes significant transaction and ownership costs (insurance, framing, warehousing, and shipping) of art.

Genuine collectors gather and absorb knowledge about artists' careers and works which sometimes rivals or surpasses curators and auction specialists. And they understand and use the variety of market channels and expertise available to them – galleries, advisors, auctions, private sales, and art fairs – to build, expand, or modify their collections.

■ The Investor's Intentions

Truly successful art investors and art funds are a rare breed, far outnumbered by collectors. In June 2009, Forbes identified 14 billionaires

whose individual collections were valued in excess of \$700 million. Few investors have created financial portfolios of equal or greater value. Art investors and art funds typically specialize in a handful of artists and are not broad generalists. (The Mugar family, for one, unquestionably holds the largest holdings of Andy Warhol's in the world, effectively cornering the market.) Whether operating as individual speculators, or buying through investment partnerships, art investors take a calculated risk that the works they purchase will appreciate financially and quickly, usually in the auction arena, within a 5- to 10-year time frame. In an overheated market like the one that ended in 2008, appreciation accelerated at a blinding pace. There are actually very few art investors and partnerships with better-than-market track records. Like collectors,

investors typically retain expertise from gallerists, reputable art advisors, and auction house specialists in making purchase and sale decisions. While investors also rely on Internet resources for price comparisons, they have deep knowledge – usually about a limited number of artists – similar to that of a portfolio specialist. Risk avoidance and ROI are the primary criteria used by art investors, although many portray themselves as collectors. As market results reveal, not all works by Picasso and Warhol are equally desirable or make sound investments. Prolific artists, like Picasso and Botero, made tens of thousands of works in all media, the majority of which are not market leaders. Art investment is a specialized field, where risk and ROI must be carefully balanced with supply, demand, and value over time.

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art collection

selection ■ development ■ management ■ investment ■ philanthropy

INTRODUCTION

Of the many qualities attributed to art — passion, expression, inspiration — its value as an asset class is often overlooked. Yet as an alternative investment, art has historically outperformed many conventional holdings and can have a favorable risk-reward ratio if the necessary due diligence has been performed. A low correlation with equity markets also makes art particularly appealing as an asset during times of economic distress, when traditional assets like stocks and bond markets are losing value. According to a recent report by The European Fine Art Foundation, the art market was able to weather the global financial crisis with relative ease due to changed spending habits of ultra high net-worth individuals: a consumption shift from expensive luxury goods to assets with long-term tangible value.

Despite its rich cultural history, Latin America is heavily underrepresented in the global art market,

both in terms of artists and collectors. According to a recent report by New Jersey based Linn | Press Art Advisory Services, this can be attributed to a combination of factors. Linn | Press cites the continent's pre-colonial history and unique cultural values as distinguishing Latin America's art world from the mainstream global market. National pride has also played a significant role in the development of the 'local' art market, with collectors approaching the market with a 'regional mentality' that makes them more inclined to buy almost exclusively from their own country. With the region fairly isolated from major art markets and lacking a city that is considered a truly global art centre, major artists have tended to move away to more traditional hubs in Europe and the US. This trend was especially pronounced during periods of military rule in Latin American countries, a time when artistic expression and creativity were frequently censored. Nonetheless, such painful times have also been a source of great inspiration for many artists.

Opposite: Frida Kahlo
The Two Fridas, 1939
oil on canvas
173.5X173cm
Collection Museo de Arte Moderno
Mexico City





Above: Lot 33
Fernando Botero (Columbian, b. 1932)
Family Scene
signed and dated 'Botero 85' (lower right)
oil on canvas
66 1/4 x 70 1/4 in. (169 x 170 cm.)
Painted in 1985.
Price Realized: \$1,706,500

Across: Enoc Peres
Puerto Rico
Normandie, 2003



The result has been a Latin American art market that is highly self-contained, with as much as four-fifths of auction sales going to buyers from the region. Although global commodity prices are seeing new highs and much of Latin America is growing rapidly, led by Brazil, the Latin American art market is considerably less costly than other contemporary works under auction in New York and London.

Nonetheless, international interest in Latin America appears to be on the up-swing spurred by globalization, the region's emerging economic prowess, increased media attention, a growing presence in international art fairs, and overall supply and demand trends in the global art market. An increasing number of museums and galleries are now making a point to include departments dedicated to Latin American art or hiring curators with expertise in the region.

The December 2010 Art Basel Miami Beach fair—considered by many to be the 'gateway' to Latin American art—drew hundreds of collectors and dealers from the region and the world. The inaugural PINTA art show in London in June 2010 also successfully showcased major works by Latin American artists with the Tate Modern in London and the Centre Pompidou in Paris among the major museums to acquire pieces.

Individual endeavors by internationally-renowned art collectors like Eugenio López Alonso (Mexico City) and Patricia Cisneros (Caracas) has also increased exposure to regional contemporary artists, helping to put Latin American art on the radar of global collectors and investors.

In this special report, Alternative Latin Investor examines the latest trends in the global art market with a special focus on Latin America's ever-growing presence.

Auction House	Theme of Sale	Recent 2010 Sales	Number of Lots	Total Sales	Number of Lots Exceeding \$1 Mio
Christie's	Latin America	17 November	130	\$23,323,275	1
Christies	Post-War and Contemporary	10 November	76	\$272,873,000	58
Phillips de Pury	Latin America	29 September	304	\$2,111,250	0
Phillips de Pury	Carte Blanche	8 November	33	\$117,055,000	16
Sotheby's	Latin American Paintings	16-17 November	260	\$20,104,250	1
Sotheby's	Contemporary	9 November	55	\$222,454,500	51

Art: An Alternative Asset Class

■ Investing or Collecting?

In assessing the significance of art as an asset, it is important to distinguish—where possible—between art collectors and art investors. The key difference lies in the value that each assigns a work of art. Whereas a collector may evaluate art based on its aesthetic qualities, emotional impact, or cultural significance—in other words, subjective criteria—an investor will be more motivated by an artwork's ability to retain, and increase, its market value over time.

According to Karina Belilty, director of the Kabe Contemporary gallery in Miami, intrepid art “collectors” are typically more open to discovering new artists and styles, whose long-term commercial value is relatively uncertain. Those purchasing art as an investment, however, will tend to follow media and market trends, and pay a higher price for art that is considered a “sure thing” in terms of increased future value. In stock market terms, this would be the equivalent of buying (expensive) shares in successful and stable blue-chip companies.

At the same time, collectors may pay an “irrational premium” for the privilege of owning art by a specific artists or a particular piece of work.

Those who purchase the world's most expensive art works are unlikely to make money on them, says Sergey Skaterschikov, of Skate's Art Market Research, but that does not matter to someone who is only interested in the “emotional value” of the piece.

These instances aside, the boundaries between collector and investor are not always clear. Alejandro Zaia, co founder of the Latin American art fair PINTA, argues that, while the difference is clear in theory, there is considerable overlap between the two. “Today, an intelligent collector is one who buys, first because something attracts or moves him in a special way, but then reason comes in to play, and an investment analysis becomes important. Both aspects—passion and reason—are fundamental.”

New technology is likely to further blur the distinction: with instant access to information and increased communication, modern collectors are more knowledgeable and aware of latest market trends than ever before. This may even be encouraging more people to buy with their ears rather than their eyes (picking up a Warhol just because it is a Warhol, for example).

*Across Above: Lot 9
Fernando Botero
Reclining nude
Bronze, black patina
Executed circa 1987.
26 x 69 x 24 in., 66 x 175.3 x 61 cm
Estimated Price: \$400/500,000
Sold for \$674,500*

*Across: Lot 14
Wilfredo Lam
Les Abalochas Dansent Pour Dhambala, dieu l'unité
Oil on canvas
1970
83 7/8 x 96 in., 213 x 244 cm.
Estimated Price: \$1.75/2.25 million
Sold for \$2,154,500*



■ The Art of Alternative Investment

Interest in art as an alternative asset class has risen considerably in recent decades. Several funds dedicated to art have emerged, the latest due to be launched soon by Emirates NBD, the largest bank in the United Arab Emirates.

Today, the mainstream financial media keep close track of auction sales, cover art fairs, and profile pioneering collectors and curators; reporting typically goes beyond cultural themes to incorporate market dynamics. As such, Christie's auction-house record of \$5.2 billion in sales in 2010—including \$106.5m for Pablo Picasso's 'Nude, Green Leaves, and Bust' (another world record)—was picked up quickly by Reuters, Bloomberg and the Financial Times, among others, as a sign of strength in the art market.

A boom year for the major auction houses—Sotheby's and Phillips de Pury also saw world record sales—at a time when the world economy was tentatively recovering from recession, gives a clue as to why the purchase of art has increasingly become an investment decision.

As an asset, art has specific characteristics that distinguish it from traditional investments:

- its value is rarely connected to production
- costs there is very little standardization
- trading channels are complex
- information is often limited

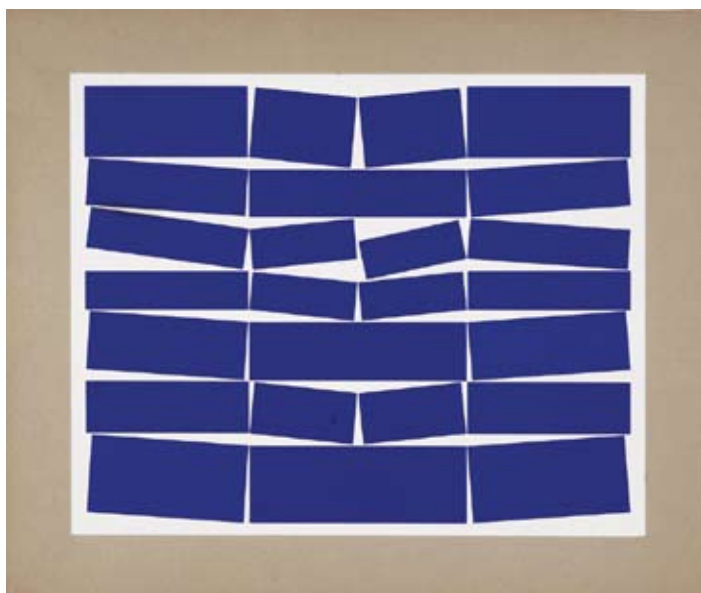
This low correlation with conventional holdings, combined with tangibility and ability to preserve its value over time, has made art a vital component of any diversified portfolio. This is especially important during periods of economic uncertainty, when stock markets and foreign exchange rates are volatile.

Sergey Skaterschikov, from Skate's Art Market Research, says high net worth individuals are increasingly aware that a sizeable portion of their capital should be invested in art as a means of preserving value. This has driven demand for works produced by so-called 'blue-chip' artists, with pieces that typically sell for between \$5 and \$20 million each, during the recent economic slump. Skate's Top 5000 ranking, which ranks the highest-valued artworks by auction prices (see box), saw an increase in total value to a record \$27.6bn.



*Above: Felix Gonzalez-Torres
Cuba
Untitled (Toronto), 1992*

*Left: Hélio Oiticica
Brazil
Untitled No.348, 1958*



Art Market Metrics

The unique characteristics of the art market make it difficult to analyse with traditional metrics. As most artworks are unique and their values are determined by a complex set of cultural, psychological, and economic factors, it is impossible to create a tradable art index.

Despite these limitations, some companies have created models that attempt to provide a guide to trends in the art market.

Skate's Art Market Research, for example, has developed a proprietary Top 5000 ranking of the world's top 5000 most valuable pieces of art based on auction prices (the current breakthrough point is \$1.8 million). Sergey Skaterschikov describes it as a comprehensive peer group of the world's masterpieces, designed to provide information and data for the art market that can be used as if it were a traditional stock or bond market. To ensure accuracy every piece of art is priced in US dollars, separated from its buyer premium, and adjusted for inflation. With each repeat sale of a work of art, an effective rate of return is calculated, which can be averaged across an artist's portfolio to show which artists are seeing big increases in value.

The company's Art Stocks Index is a market capitalization weighted index that combines 11 publicly traded stocks of companies operating in the art business (eg. Sotheby's, ArtNet). It is a useful gauge of the art market that closely tracks its biggest component, Sotheby's, and has generally outperformed traditional equity markets in the last five years.

Beautiful Asset Advisors' set of Mei Moses Fine Art Indices are also oft-quoted in the art market and media. The indices are developed using price information from more than 13,000 repeat sales at public auction, and a methodology that the owners describe as similar to Case-Schiller residential real estate index.

At the same time, high transaction and maintenance costs, and low market liquidity ensure that art investing is not without its risks. In particular, commission and taxes (including capital gains) charged on both buyers and sellers means that significant appreciation is required just to break even on the resale of an art investment. These factors clearly make art investing unsuitable for those looking for short-term gains: Skate's annual art market report for 2010 notes that collectors and investors who suffered the worst losses were generally forced to sell after a relatively short holding period.

Skaterschikov says the market for non-investment grade art (typically produced by living artists and valued under \$100,000) suffered heavily in the 2009 downturn after a boom in the preceding years. In December of that year, The Art Trading Fund, a London-based 'hedge fund' specializing in the lower-to-middle range of the market, shut down after just two and a half years in operation. Globally, the number of art funds is estimated to have diminished from over 50 before the financial crisis to around 20 (exact numbers are unavailable). Contemporary art, especially from China, also suffered a backlash after a period of intense speculation and soaring prices, though some highly desirable works in this market have remained extremely resilient.

Highest-valued artworks by auction prices

Name	Listing/ Currency	December 2010 Performance	YTD 2010 Performance	Price as of 24-Dec-2010, USD	Market Cap as of 24-Dec- 2010, USD	52-wk High, USD	52-wk Low, USD
Sotheby's	NYSE/USD	12.50%	102.22%	45.46	3,046.41	47.80	21.76
Artprice	Paris/EUR	7.14%	- 11.05%	11.70	74.86	15.70	9.00
Artnet	Frankfurt/ EUR	3.86%	-2.66%	6.92	38.29	6.97	5.45
Collector's Univrs	NASDAQ/ USD	-6.62%	49.41%	13.97	107.33	17.03	8.73

The Outlook for 2011

After a stellar 2010, the outlook is favorable for the art market in 2011. Skate's annual report forecasts another strong year for blue-chip artists, with the threshold to enter the 'Top 5000' rising above \$2million, and total value swelling to \$30billion. This is partly based on an expectation for greater securitization of art in the coming year, with more funds and diverse investment vehicles making the art market more accessible for institutional and retail investors. For example, The Art Exchange in Paris has plans to sell shares in six pieces of art, enabling people to own part of an individual work without incurring the transaction and storage costs typically associated with art investment.

Skaterschikov adds that the impressive sales in 2010 will make it easier for auction houses to attract "top of the range" art works, and expects a thick catalogue of investment-grade art in 2011. Demand is also likely to remain strong, though Skaterschikov acknowledges that the amount of defensive buying—investors shifting capital to the art market to escape losses in stocks, bonds and real estate—will fall as the global economic recovery accelerates.

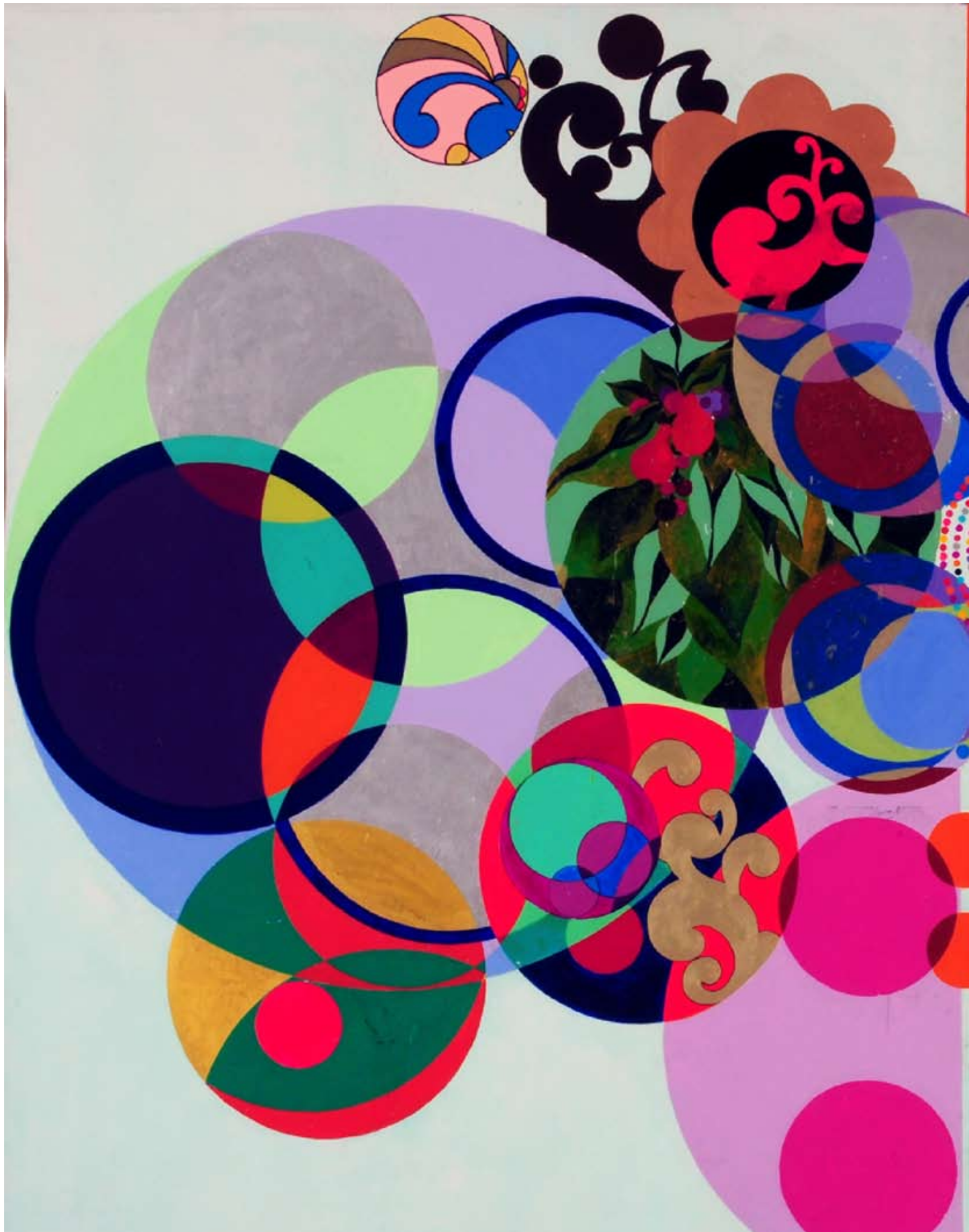
That said, Skaterschikov forecasts for another exceptionally strong year in 2011 are accompanied by warnings of overheating again, with the risk of a boom-bust cycle becoming engrained in the art market. According to research company ArtTactic, this trend will become more

pronounced as art becomes viewed more as a financial asset than just a collectible item.

This alternative view could be accelerated by a growing pool of high net-worth individuals from developing countries. According to Skaterschikov there is a clear correlation between the rapid growth of major emerging economies and increased demand for art from within those regions. He points out that an increasing number of artists from BRIC countries (Brazil, Russia, India and China) are making it into Skate Research's 'Top 5000' index precisely because the new wealthy in those countries are becoming more interested in their national art. Interest in investment grade art from the Middle East, especially the oil-rich United Arab Emirates is also likely to increase.

Though becoming increasingly important, these new markets remain small compared with the established, mainstream market, which is still heavily centralized in a handful of cities like New York and London. Nonetheless, shifting dynamics in the global economy is shaping a new generation of collector-investors, more open to discovering new artists and styles. This, in turn, is driving interest in art from Latin America, a volatile yet resource and culturally-rich region that is gradually rediscovering its potential.

*Next Page: Beatriz Milhaes
Brazil
Sinfonia Nordestina, 2008*





Carla Arocha – Stéphane Schraenen

Blurring the lines between reality and reflection

Alternative Latin Investor recently had the opportunity to interview this Belgium-based dynamic artistic team which has been making waves in the European, US and Latin American art markets. Praised for their unique use of space and light, the collaboration is known primarily for their large mirror sculptures. Carla Arocha is a Venezuela – born artist who lived and studied in the US, and left a career in science to pursue her passion for the arts. After studying Biology (BS) at St. Xavier University, Chicago, Carla went on to receive a BA at the Art Institute of Chicago and an MFA at the University of Illinois at Chicago. She currently lives in Belgium and works alongside Stéphane Schraenen, a Belgium-born artist. Stéphane studied at the Higher Institute for Communication Management in Antwerp and at the Royal Academy of Fine Arts also in Antwerp. The duo has executed successful shows in Europe, the US, Mexico and South America.

How would you describe your art and process?

We have worked in collaboration for 6 years now. Our process is cumulative, when an idea arises,

we add to it until the work crystallizes, mostly in accordance or response to a specific space. The works are choreographed in accordance to space and meaning. This choreography is an intrinsic aspect of the work thus creating a coherent whole of the exhibition itself. In doing so we direct the reading of the viewer. The use of multiple media such as photography, mirrored surfaces, printed leather, etc. is very specific to the objects created, adding meaning to such. Our work is experiential; it provides the viewer with the perceptive tools to provoke questions that ultimately is up to them to assess.

A matter of definitions: Latin American, contemporary, how do you distinguish between the two, classify yourself?

We think that contemporary art is what is happening in the field regardless of its location, therefore we consider ourselves contemporary artists - one having been born in Belgium and the other in Venezuela.

*Across: Circa Tabac, 2007
Mirror, Steel structure
905 X 60 X 15,5 inches
Brussels Biennial 1, Nationale Bank van België, Brussels /B*

*Across Top: Marauder, 2007
Mirror Plexiglas and stainless steel
11'2" x 21'2" x 4'2"
Private collection, Caracas Venezuela*





*Above: 24/7, 2009
Stainless steel
160 x 220 inches
City of Chicago commission for CTA Howard Station , Chicago, USA*

Have you seen an increase in interest of Latin American Art in Europe?

Yes, as it is also true for the global market.

Does being classified as 'Latin' have any particular advantages or disadvantages?

Even though Carla was born in Latin America, we are not considered Latin American Artists although we have had exhibited in Venezuela and Mexico and our work has been very well received there.

Why are there so many producing artists from Venezuela right now?

That is not only true for now; it has already been a fact for many decades.

How would you define an art collector versus and art investor?

There is no real difference between the two; it all depends on the ultimate intention of the buyer.

There are buyers that acquire for the pleasure of viewing others as a means for speculation. These two intentions do not exclude the act of buying from being an investment.

How would you say your Latin roots affect your art?

We could not accurately trace the effect on the work although there is a certain affinity with some artists and movements of previous decades from Latin America not excluding affinities with artists and movements from elsewhere.

Have you seen interest in Latin Art increase over the past years?

For the last two decades there has been an increased interest in Latin American work, however Miami Basel created a more solid platform for the Latin American market.

Arocha-Schraenen is represented in the Americas by Agency PLC (office@agencyplc.com)

Latin American Art

■ What is Latin American art?

Defining art as 'Latin American' can be complicated, given the vast geographical area and number of individual countries within in. Artists from Argentina, Venezuela, Brazil, Mexico were each influenced by different social and cultural traditions, which are reflected in the diversity of their work.

The Latin American tag may also lose relevance as geographical denominators become increasingly irrelevant in the modern world. The increased mobility of artists is blurring the boundaries between art categories: artists born in Latin America but who developed their style and work in another country—a common trend throughout history—may no longer define themselves by their region of origin.

Where migration flows have historically been strong, such as from Latin America to the US, the cultural influences that shape the work of 2nd and 3rd generation artists will be increasingly mediated by communication and travel.

Given these tendencies, Gilbert Vicario, senior curator at the Des Moines Art Center (Iowa), speculates that, as it stands, the term Latin American art may become obsolete in the future. Nonetheless, the category of Latin American art will remain important as a means of classifying historical art works that emerged from the region. Sotheby's Latin American director, Maria Bonta de la Pezuela, adds that even if it is hard to define 'Latin American' art, it remains an important and necessary cultural reference for both buyers and sellers.

*Across: Gabriel Orozco
Mexico
Black Kites, 1997*



... and the careers of many of the more recognizable Latin American contemporary artists transcend national and regional identities

Contemporary Latin American Artists (Examples of Iconic Brands)

- Francis Alÿs (Belgium | Mexico)
- *Jean-Michel Basquiat* (US | Haiti | Puerto Rico)
- Jose Bedia (Cuba)
- *Felix Gonzales-Torres* (Cuba | US)
- Kcho (Cuba)
- Guillermo Kuitca (Argentina)
- *Gordon Matta-Clark* (Chile | US)
- *Ana Mendieta* (Cuba | US)
- Beatriz Milhazes (Brazil)

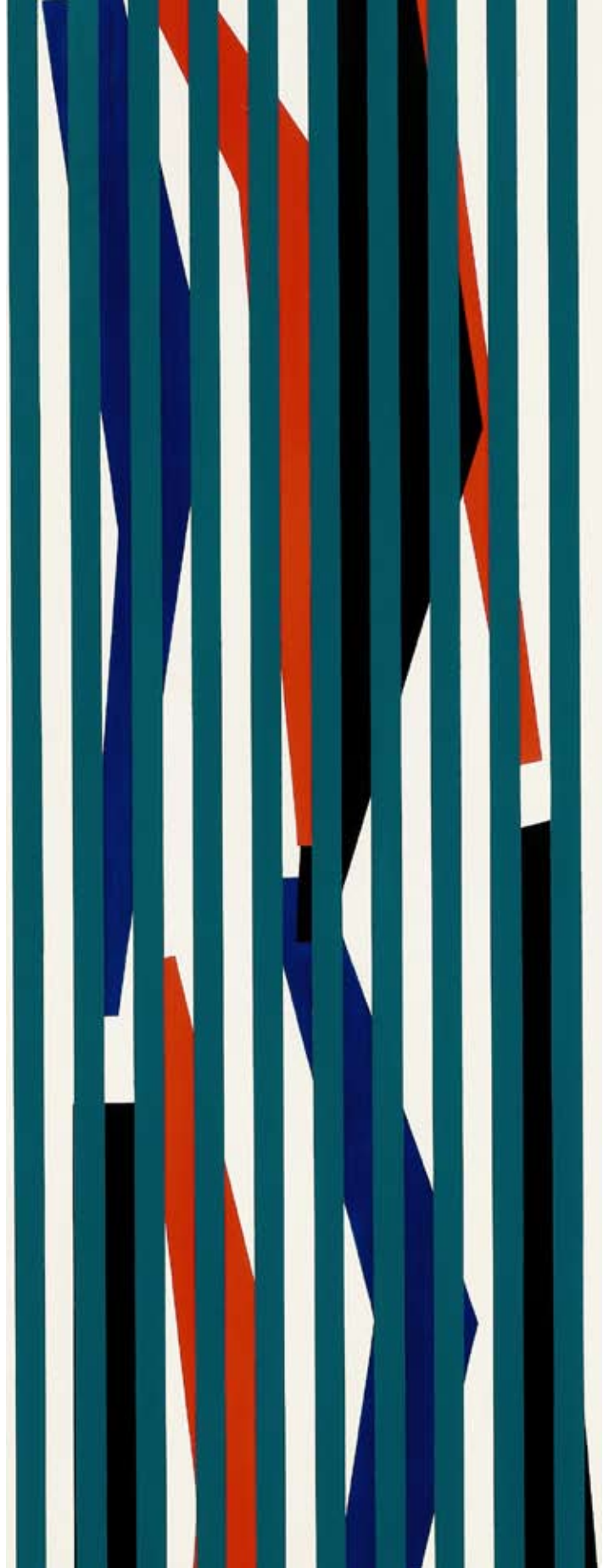
- Vic Muniz (Brazil)
- Ernesto Neto (Brazil)
- Rivane Neuenschwander (Brazil)
- Gabriel Orozco (Mexico)
- Damián Ortega (Mexico)
- Jorge Pardo (Cuba | US)
- Enoc Perez (Puerto Rico)
- Tunga (Brazil)
- Meyer Vaisman (Venezuela | Spain)

deceased

Across Top Left: Lot 24
Fernando Botero
Nuestra Señora De Cajica
Oil on canvas
1972
95 ¾ x 71 5/8 in., 243.4 x 181.8 cm.
Estimated Price: \$600/800,000
Sold for \$872,500

Across Bottom Left: Lot 24
Fernando Botero
Nuestra Señora De Cajica
Oil on canvas
1972
95 ¾ x 71 5/8 in., 243.4 x 181.8 cm.
Estimated Price: \$600/800,000
Sold for \$872,500

Across Right: *Carla Arocha - Stéphane Schranaen*
Flower, 2006
Venezuela, Belgium



■ A Region Overlooked

Despite a rich cultural legacy, Latin American artists have, on the whole, failed to make a major global impression. First introduced as an auction category by Sotheby's in 1979, interest in the region's art has spiked in the last decade, but still trails a long way behind mainstream markets.

For example, Christie's \$23.3million Latin American art auction in November 2010 pales in comparison to the \$272.8million sold in the auction houses' Post-War and Contemporary event, held just a week earlier. Even household names like Frida Kahlo and Ruffino Tamayo have limited visibility in the global market.

The range of nationalities and cultures that make Latin American art so hard to define is also a key reason for the region's underrepresentation at an international level. The lack of cultural concentration—manifest in the absence of a major art centre within the region—makes it difficult to establish a market that collectors and investors can easily identify with.

As art advisor and former specialist at Christie's Anna Christie di Stasi wrote in the *Latin American Art Journal*: "The difficult nature of a sale that expands over five centuries, a vast territory comprising of more than 21 nations, two languages, and hundreds of dialects, offering within the same sale session both a 17th century Peruvian Cuzco painting and a contemporary artwork by a living artist residing in Berlin, is at best incomprehensible and at worse, self-discrediting."

The fragmented Latin American art market, which also has a track record of political and economic instability in recent decades, has stymied artistic dialogue with other regions and within the continent itself. There are few internationally renowned academies and institutions in Latin American countries, and the lack of educational and institutional support has driven many artists to other regions.

Similarly, the most important Latin American collectors of art tend to have residences outside of the continent (namely in major US or European cities), where they display sizeable part of their collection. There has also been a tendency for collectors to purchase either art from their own nation or from outside Latin America altogether, limiting the amount of regional cohesion.

According to Linn | Press art advisory services, the content of Latin American art is often distinctive from that of mainstream markets. For example, pre-colonial and indigenous influences permeate many works coming out of the region, while others are shaped by conservative religious beliefs. Gilbert Vicario says language barriers have also historically created a divide between Latin America and the main global art markets, preventing young and unknown artists from spreading beyond their home country or region. This goes some way to explaining why, even today, an estimated 60-80% of auction sales for Latin American art were to buyers from the same region.



Lot 25
 Matta
 Childrens Fear of Idols II
 Oil on canvas
 1944
 21½ x 25¼ in., 54.6 x 64 cm.
 Estimated Price: \$500/700,000
 Sold for \$518,000

Top Fairs for Latin American Art

ART-BASEL (Miami)

Art Basel Conversations | Art Collections | Collectors as Producers



One of the leading art fairs in the world, Art Basel has become increasingly popular to view the work of Latin American artists, and is now considered a gateway between North and South in the Americas. Capitalizing on Miami's large Hispanic population and rapidly-maturing art scene, the fair includes exhibitions from more than 250 galleries from all over the world, with special areas for performance and video art.

The fair is held annually, in December. The 2010 event—the ninth so far—was attended by a large number of Latin American, and especially Brazilian, collectors, according to media reports. Shortly after the fair opened, Wilfredo Lam's 1944 painting "Les Fiancés" sold for \$3 million, a clear record for the Cuban artist (the previous record was set at auction just a month earlier).

PINTA (New York, London)

Pinta Fair 2010 – New York



PINTA is an art fair dedicated to presenting the best modern and contemporary Latin American art. Launched in 2007, PINTA gathers around 50 exclusive galleries to showcase art from the region.

An innovative feature to the fair is its museums acquisition program, which uses a system of matching funds to incentivize the purchase of works by museums and artistic institutions. This initiative, according to PINTA, is a significant step in the “unstoppable globalization of Latin American art”.

According to Alejandro Zaia, one of the founders of the fair, the latest edition in New York (November 2010) was by far the most important and expansive so far. In a sign of PINTA's growing appeal in the US, the 2010 fair was relocated to Pier 92, where the prestigious Armory Show is held, and was attended by more American than Latin American collectors.

After a successful inaugural London-based PINTA fair in 2010, Zaia is optimistic that the 2011 event will capture even more interest, providing valuable exposure for Latin American artists in Europe.

ZONAMACO (Mexico DF)



Though much smaller than BASEL, the Mexican Contemporary Art Fair is now the biggest and most important art fair in Latin America. By dedicating a large proportion of space to emerging artists from the region, ZONAMACO is becoming an important launch pad for Latin American artists looking for greater exposure in the US and, to a lesser extent, Europe. This year's ZONAMACO will run from April 6th to April 11th 2011 and will include more than 70 exhibitors from 10 nations.

ArteBA (Buenos Aires)



Not as globally significant as MACO, but Buenos Aires' annual art fair is the longest running in the region, and focuses almost exclusively on art from Latin America. The emphasis of the five-day fair is to showing off the diverse work of local artists to the estimated 120,000 visitors rather than simply creating a place for collectors to pick up new pieces. A big, and popular, section of each edition, named 'barrio joven' (young neighborhood), is reserved for emerging talent.

After using the bicentenary of several Latin American nations in 2010 as a way to promote the region's art history, 2011 will celebrate the fair's 20th anniversary.

■ The Region's Art Hotspots

The huge geographical area covered by Latin America creates a diversity of work uncommon for any single classification of art. Though this has prevented any one city or country becoming a global art centre, within the region, there are certain areas which have a greater tradition of producing top-grade artists.

Mexico City has the most developed art network in the region, says Gilbert Vicario. The giant metropolis is a hotbed of artistic and cultural creativity, which draws artists from both within Latin America and beyond. One of the most important and influential Latin American art collectors, Eugenio López Alonso, has his world-renowned Colección Jumex based on the outskirts of Mexico's capital. López combines contemporary and emerging local talent with art heavyweights like Warhol in his collection, and has helped put Latin American artists on the international map.

While Mexico may be the frontrunner for art in Latin America, Brazil is certainly the region's hotspot in today's market. Prices for works by contemporary Brazilian artists have impressed in various auctions in the last few years, driven predominantly by the increased number of wealthy collectors in Brazil. In Christie's February auction of contemporary art, Brazilian Adriana Varejao achieved a record price for a living South American female artist (£1.1million, \$1.8million), with bidding driven by collectors/investors from the region.

The São Paulo biennial, one of the world's longest-running art biennials, enables emerging Brazilian and global artists to present their work to a wider audience. In addition, major museums outside of Latin America are also discovering Brazilian artists. For example, New York's MoMa and London's Tate Modern have recently featured exhibits by modernist Mira Schendel and conceptualist Cildo Meireles, respectively.

However, high duties for importing and exporting art in Brazil are weighing on the country's abil-

ity to become a dominant player in international circles, says Karina Belilty. This will ensure that the internal market remains the key driver of Brazilian art in the coming years.

Outside of these two regional powerhouses, Latin American states have failed to make a significant impact in the global art scene. Vivian Pfeiffer, Senior Vice President at Christie's, says Venezuela has a strong tradition of art production and collection, but acknowledges that creativity is stifled in today's political climate. Economic and political instability has also restricted Argentina's presence in the global art market, even if Buenos Aires is considered by many to be Latin America's cultural capital.

In fact, the region's art capital is arguably not in Latin America at all. Miami's art scene has developed rapidly in the last decade, and is increasingly bringing the work of contemporary Latin American artists to US audiences. On top of major art fairs like BASEL, Pfeiffer says museums and galleries in Miami have done a "tremendous job" in showcasing major Latin American stars with limited international exposure. Latin American art is also well presented in several major private collections, like that of Rosa and Carlos de la Cruz, whose 30,000 sq ft contemporary art space features pieces by Hernan Bas, Feliz Gonzalez-Torres, and Assume Vivian Astro Focus.

*Across: Lot 21
Fernando Botero (Colombian b. 1932)
Seated Woman
signed and numbered 'Botero EA 1/2' and stamped with the
foundry mark 'Fonderia Mariani Pietrasanta Italy' (on the base)
bronze with dark brown patina
80 x 76 x 77π in. (203.2 x 193 x 196.2 cm.)
Executed in 2002.
Artist's proof one of two.
Price Realized: \$842,500*

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■ A Market on the Rise

The increasing presence of Latin American art in Miami is an example of its growing cachet at a global level. According to experts in the field, this is likely to keep prices rising for high-quality works from desirable artists. More frequently, major international museums and galleries are hiring curators either from the region or with expertise in it, leading to greater exhibition spaces dedicated to Latin American art.

By introducing new and relatively unknown Latin American artists to the mainstream market, this increased exposure is driving interest in the region's artistic history and generating a new appreciation of works that were largely overlooked in previous decades. Within the Latin American category, for example, Alejandro Zaia of PINTA highlights significant recent growth in Brazilian art from the 50s and

60s, kinetic art from Venezuela, and the work of conceptual artists from Argentina and Uruguay.

Zaia says Latin America's important role in 20th century art—largely without recognition — is an attraction in itself for collectors and investors who are now only just beginning to discover the region. This includes the waves of Latin American artists who studied and worked in Paris in 1930-1950 and in New York from the 1960's, as well as fine art museums and academies that have been operating for over a century. Says Zaia: "more than anything, this makes the major museums look at a historical perspective of Latin American art, helping this type of art to grow considerably in value. And without doubt this generates a solid and deep-rooted attraction in our region's contemporary artists."

Across Below: Cildo Meireles

Brazil

Insertions into Ideological Circuits – Coca-Cola Project, 1970

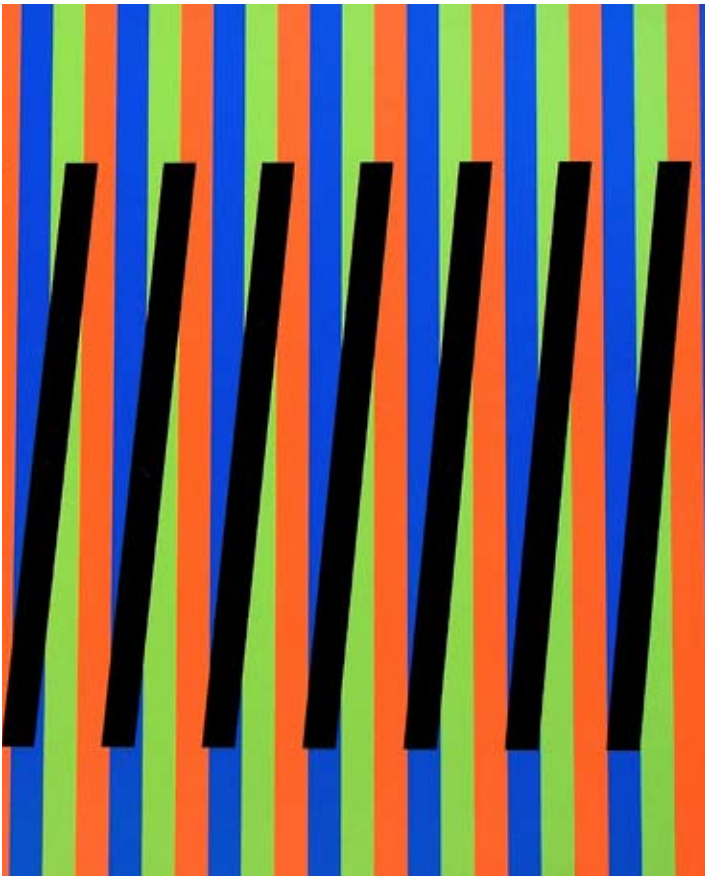
Across Top Left: Carlos Cruz Diez

Venezuela

Across Top Right: Meyer Vaisman

Venezuela

Untitled, 1994



■ Steady As She Goes

Though the pace of development in the Latin American art market has been rapid in the last five years, it remains overshadowed by other emerging markets—especially China.

Nonetheless, this may benefit long-term investors by lowering the risk of a speculative bubble forming, such as that which developed in the lead up to the 2008 market crash. A more gradual rise in prices meant that Latin American art did not suffer a heavy downturn during the credit crunch, according to Vivian Pfeffer.

Pfeffer says Latin American art distinguishes itself by not being a speculative market, but one that concentrates a large number of serious art collectors looking to hold their purchase for a long time.

Maria Bonta de la Pezuela adds that it is precisely the diversity of work within the all-encompassing Latin American category that helps dilute risk and keep the market largely stable. “Latin Ameri-

can art houses cover a wide range geographically and chronologically, so if colonial art is hot and 19th century art is not, that risk is spread over the auction... we’re not immune [to speculation], but it just doesn’t affect us as much overall.”

The relatively modest growth of the Latin American art market also means that even top-end Latin American art is more accessible to both collectors and investors, as prices are still well below other markets for art. Very few Latin American artists, for example, have broken the \$1-million threshold.

This steady, gradual growth is likely to continue in the coming years, says Bonta de la Pezuela. While major art houses like Sotheby’s, Christie’s, and Phillips de Pury are unlikely to add to their Latin American art auctions, they expect the quality of works on sale at these events to improve in the future. Phillips de Pury has also seen interesting results at its innovative Latin American art and design auction.

Skate's Markets Rankings of Latin American Artists

Ruffino Tamayo

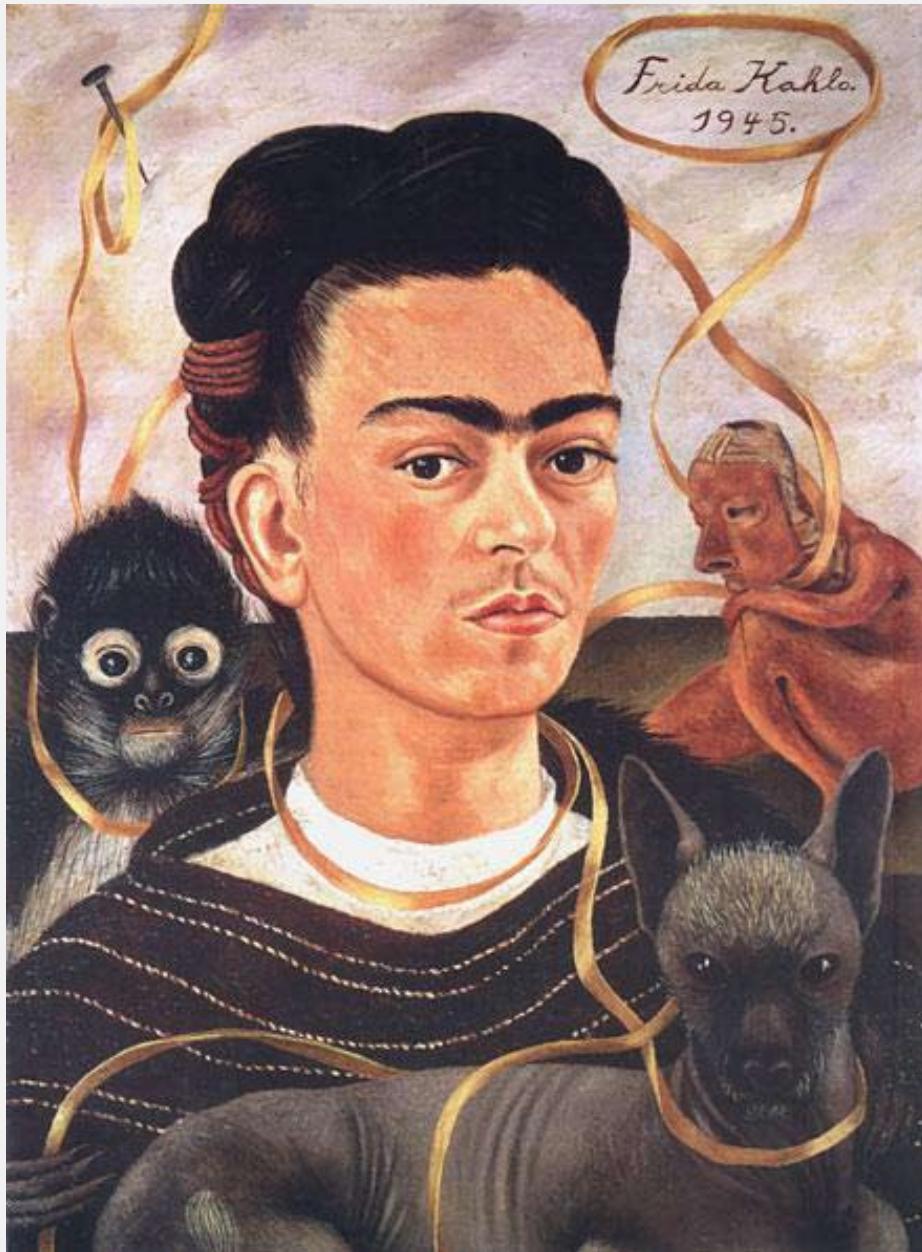
As the global art market increasingly tends to favor the more established and more liquid names, the market for Latin American art will continue to work towards new auction records for Rufino Tamayo, currently the world's most valuable artist born in Latin America (Mexico) based on Skate's Top5000 list of the world's most valuable art. With over \$22m in market cap, 5.47% in annualized ERR on repeat sales and #157 ranking among global artists, there is plenty of upside for Ruffino Tamayo market to expand in the coming years as Latin American elite increasingly recognizes the importance of Tamayo's artistic legacy and his exceptional role as the price leader for Latin American art on the global scene



Above: Ruffino Tamayo
Amigo de los pájaros (friend of the birds) 1994
oil on canvas
LA County Museum of Art

Frida Kahlo and Diego Rivera

Husband and wife in life, and neighbors in Skate's Top Artists value ranking (207 and 238 rank respectively) Frida Kahlo and Diego Rivera is the unique example of a family duo successful with market recognition of their art. Add to that that they are by far the 2nd and 3rd most valuable artists of Latin American origin (both are Mexican), and you have an exceptional equity story for both artists for many years to come. While Kahlo is generally considered to be the superior artist, and has become a cult figure, both artists will continue to generate price records for Latin American art in a near future.



Above: Frida Kahlo
Autorretrato con changuito (Self-Portrait with Small Monkey), 1945
© Collection Museo Dolores Olmedo, Xochimilco, México

Roberto Matta, Fernando Botero and Wilfredo Lam

For those global art investors looking for Latin American diversity (that is not Mexican and first-generation American artists of Latin American origin) coupled with proven liquidity on significant price level (over \$1m per artwork), there is no way to go other than to reach these three names: Matta, Botero and Lam.

Roberto Matta is the world's most valuable Chilean artist who is also ranked # 310 in Skate's Top5000 ranking. Matta's estate is represented by Pace Gallery in New York and this limits free float, transparency and number of market makers for Matta art that otherwise should have taken off much strongly supported by investors from one of the region's most vibrant economies.

Fernando Botero is not only Columbia's most valuable artist in Skate's Top5000, but he is also the most valuable Latin American living artist, a regional equivalent of Andy Warhol – with \$4.1m in market capitalization, Botero's value in Skate's Top5000 is just 1.3% of Richter's value suggesting significant upside potential should the market clearly accept Botero as the region's most valuable living artist.

Finally, after Mario Carreño and Felix Gozalez-Torres, Wilfredo Lam is the third most valuable artist of Cuban origin in Skate's Top5000 list and someone with perhaps the most interesting market development potential thanks to Chinese ancestors of Lam (his father emigrated to Cuba from China). Born in Cuba with Chinese and African blood in his veins, Lam lived for the first 21 years in Cuba and then moved to study in Europe where he became a truly international artist that kept faithful to his parents and motherland roots. This makes for a wonderful branding story and remaining the world's most valuable Cuban artist after Mario Carreño and Felix Gozalez-Torres, Wilfredo Lam is definitely the name to watch.



Above: Wilfredo Lam
Maternidad en verde, 1942
106X86.5cm



Above: Roberto Matta
Selfinity, 1995
157X199cm

Top Places to See Latin American Art

There has been an important increase in the number of exhibitions dedicated to Latin American art in museums and galleries around the world in the last five years. Here are some of the most important spots outside of Latin America to see the best of the region's art.

MoMa (New York)

MoMA has been consistently collecting art from around Latin America since the 1930s, and today has one of the biggest and most important collections outside of the region itself.

Working closely with historian and philanthropist Estrellita Brodsky, who for years has worked to raise the international profile of Latin American art, the museum has been more active in displaying its works in recent years. In 2006, Venezuelan Luis Pérez-Oramas became MoMA's first curator

specifically for Latin American art, and since then there have been more exhibitions focused on artists from the region. More recently Oramas has been tapped to organize the 30th edition of the São Paulo Bienal.

Museum of Fine Arts (Houston)

With a special emphasis on research and education, the MFAH has been a pioneer among US museums over the last decade in terms of its specific focus on art from Latin America.

Gilbert Vicario, who worked in the Latin American department at MFAH for five years, says the understanding of art from the region has grown exponentially in the US in the last decade. A number of groundbreaking exhibitions at MFAH, including 'Inverted Utopias: Avant-Garde Art in Latin American', played a significant role in creat-



Above: Lot 55
Matta (Chilean 1911-2002)
S'Enrosée
oil on canvas
painted in 1956
Price Realized: \$866,500

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Right: Joaquín Torres-García
Uruguay



ing awareness and interest in the region's contemporary art work. Vicario says this has developed further as more and more research teams dedicate themselves to discovering the region's historical art movement.

The MFAH recently celebrated the ten-year anniversary of its Latin American art department with an exhibition 'Cosmopolitan Routes', comprising over 100 works gathered or borrowed from private collectors who support the museum's commitment to promoting Latin American art. The exhibition included works from several internationally-recognised modern and contemporary artists, including Wilfredo Lam and Diego Rivera, which have not been shown in public before.

Tate Modern (London)

Traditionally focused on North American and European art, the Tate expanded its Latin American collection significantly after hiring an associate curator and forming an acquisitions committee dedicated to the region in 2002.

In 2007, the museum featured an exhibition by Helio Oiticica, the first UK showing of work by the influential Brazilian post-war artist for 35 years. The Tate Modern is a key participant in PINTA's museum acquisition program, and is also one of the venues in London's Discovering Latin America Film Festival (DLAFF).

MoLAA (Long Beach)

Established in 1996, MoLAA is the only West-coast US museum exclusively dedicated to Latin American art. It has become an increasingly important international player in the last five years, aided by the construction of a 15,000 square foot sculpture garden.

For the first half 2011, the museum will display the exhibition "Boundaries: Selections from the MoLAA Permanent Collection", picking highlights from the assortment of over 1000 works, including Chilean artist Roberto Matta and Mexico's Gabriel de la Mora.

More Latin Art Resources

■ Galleries

The undisputed global centers of modern and contemporary art are New York and London, which both have the essential elements of the art market: advisors, artists, auction houses, collectors, educational institutions, museums and, of course, galleries. Berlin, Paris, Milan, Shanghai/Beijing/Hong Kong, and Zürich have many, but not all of these elements. The latter are gallery-centric cities. New York and Miami have significant concentrations of galleries that exhibit Latin American art, which can also be seen more selectively in London and Paris. The major Latin American cities all have galleries, of course, but none have yet emerged as “powerhouse” galleries on the global scene.

■ Art Fairs

There are now more than 200 hundred art fairs globally, the largest and most significant of which are Art Basel, Art Basel Miami Beach, Frieze (London), The Armory Show (New York). Several other fairs (for example, those in Brussels, Chicago, Cologne, Madrid, Shanghai, and Turin) routinely present selections of exceptional regional and international art. During the 2010/2011 art season, Art Basel Miami Beach and The Armory Show both offered special presentations of Latin American galleries and artists, highlighting the growing importance of Latin American art and its associated participants, collectors, galleries, and institutions alike.

■ Auction Houses

Among the major auction houses, Sotheby's, Christie's, Phillips de Pury, and Bonham's all maintain representative offices in Latin America, yet none of them maintain exhibition spaces and auction floors in the major centers of the Latin American art market, including Miami. There are a handful of smaller auction houses in major Latin American cities, but the volume of works they offer is considerably less robust and the significance of the work is rivaled, if not surpassed, by the auction houses in New York and, to a lesser extent, London.

Acknowledgements

Alternative Latin Investor would like to thank the following people for their cooperation in the creation of this report. They are all experts in the industry and can be contacted for further information.

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