

The Art Trust

Facts & Figures at a glance

- The Australian Art Investment Trust (AAI) was formed in 1997 as a private investment vehicle to purchase fine art at favourable prices. Since then AAI has selectively purchased some 900 art works of which about 50% are rented to reputable businesses. The income from the rentals will cover overheads and generate profits. The AAI collection has been independently valued at about \$3.8 million.
- The AAI collection includes works by Arthur Boyd, John Coburn, Ken Johnson, Joy Redman, Geoff Dyer, Peter D Cole and Andrew Rogers and many others.
- The Art Trust is a Unit Trust that has been registered with ASIC as a Managed Investment Scheme ("MIS") to raise from \$30m to \$50m from investors to purchase a diversified collection of quality Australian art.
- As its initial acquisition, The Art Trust (TAT) seeks to purchase the AAI collection together with associated rental contracts and Intellectual Property. This acquisition will provide TAT with a cash flow from day one to help to offset management costs.
- To ensure a high level of governance, TAT will be administered by an independent Responsible Entity (Huntley Management Ltd) and independent Custodian (Huntley Custodian Ltd)
- Australian Fine Art Management Pty Ltd has been appointed Operational Manager of TAT. The directors of the Operational Manager have significant experience in Business Management, Funds Management and Corporate Governance.
- Australian Fine Art Rental Pty Limited has been appointed to manage the rental business. TAT will be entitled to 37.5% of gross rental income, and bear no costs of managing the rental business. This income generated by the rental business will be applied to defray the costs associated with the art investment business.
- Following the initial acquisition of the AAI collection, TAT will commence investment in works of art across a diverse range of categories. As part of the stringent process to ensure quality and diversification within the new collection, a committee of independent Art Experts has been appointed to advise the Operational Manager on all aspects of the investment strategy, as well as individual acquisitions and divestments.
- The members of the Art Investment Committee are Susan McCulloch, Roger Dedman and Geoffrey Edwards (all of whom are all well known experts in their respective fields).
- Other qualified personnel, including a curator, will be engaged to manage the TAT collection and advise on specific art acquisitions or disposals.

Performance expectations of The Art Trust

- TAT is an ideal alternative investment for Superannuation Funds and other investors seeking to invest patient capital to achieve compounding capital growth over 6 – 8 year period.
- There are no other Art Investment Funds similar to TAT available in Australia.
- In line with past performance of AAI and the Australian Art Market Index, TAT expects to outperform the ASX All Ordinaries index. The AAI collection has increased in capital value at the compounding rate of 10.5% pa over its 10.5 year of its existence. This does not take in to account any rental income.
- TAT does not intend to raise any debt to finance its art investments. Accordingly the Trust will have no exposure to financial markets that are currently experiencing upheaval from the problems associated with the sub-prime mortgage market in the United States.
- TAT will become a major player in the Australian art market and will use its position, contacts and influence to seek out the best possible buying and selling opportunities for the benefit of unit holders.
- To mitigate risk a diversified investment strategy will be adopted covering a variety of periods and genres in Australian art. This strategy will encompass not only the works of iconic artists but also the works of emerging artists.
- The strategy will be reviewed on a regular basis and (if necessary) amended to ensure that the collection is always relevant and of the best possible investment quality at all times.
- The Research house - Aegis has prepared a research report on The Art Trust. Amongst other things Aegis states that *“the Trust is a unique investment vehicle in the Australian marketplace that provides investors with access to an asset class that is not readily available to retail investors. The Trust is managed by a team that has extensive experience in the financial services industry, and provides access to an investment committee comprised of 3 highly experienced and well-renowned members of the art community.”* Whilst acknowledging the costs of managing the Trust are high, it also acknowledges that rental income help offset the costs. It has classified the expected Capital Return as being “High”.

For further information on structure refer to the Product Disclosure Statement at:
www.huntleygroup.com.au Project Reports - Project PDS

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