

Confidential. This document is not complete without the accompanying verbal presentation.

# SUMMARY

Cubic started in 2022 as the first fractional ownership platform in México and LATAM. With the support from our sibling company, LS Galería, we made 5 art investments, available to more than 500 collectors from around the globe.

Two years after our inception, Cubic is raising its first investment fund, with a target of USD \$5 M that aims to be the best diversification tool for investors who are ready to immerse themselves in alternative investments. Our standards are composed of three strategies that create our unique and powerful investment thesis: First and foremost, investing 90% of allocated funds in blue-chip artists to mitigate risk and secure capital preservation; Purchase below market value in order to potentiate profits; and invest a 10% of funds in contemporary artists who are on the verge of becoming established ones.



Pablo Picasso

## FUND I

# THE FUND

Our 7 year fund will allocate its capital to a diversified portfolio of blue-chip artworks acquired at a discount from their intrinsic fair market values. The first 2 years will focus on capital deployment, followed by 3 more years for capital appreciation.

As a safe-haven asset, art will help our investors to diversify their portfolio and minimize the risks of an ever changing economy and transfer some liquidity into an asset well-suited to preserving and enhancing wealth in times of extreme uncertainty.

Joan Miró



## TERMS

# 

FUND SIZE	USD \$5 M
FUND LIFE	7 years
INVESTMENT PERIOD	2 years
VEHICLE	LLC
TARGET RETURN	20%
MANAGEMENT FEE	2 %
INVESTMENT TICKET	USD \$250 K
CARRIED INTEREST	20%

#### THE FUND

## THE TEAM



LUIS ENRÍQUEZ

FOUNDER AND PARTNER AT BRIDGE 15M USD seed capital VC fund, from the best CEO entrepreneurs of LATAM to the new ones

CO-FOUNDER & CEO AT CULTURA COLECTIVA Biggest digital media group with 30M unique visitors and 50M Followers on social media



ANDREA ZAPATA

FOUNDER AND MANAGING PARTNER AT LS/GALERIA top 5 art gallery in Mexico with over 50M USD in blue-chip art sales

MUJER EJECUTIVA 2022 ART CATEGORY



ALDO SALES

FOUNDER OF ART EQUITY GROUP AND ARTCAPITAL

WINNER OF YALE HARVEY LIPPMAN ENTREPRENEURIAL FELLOWSHIP

5 YEARS AT ENDEAVOR leading the selection and growth of the best startups in LATAM



#### KARLA HUERTA

INVESTOR AND ADVISOR

CEO of APB Sistemas y Control de Accesos

Investor at Cubic, Daisies & Midas

TED speaker

Author



Applied Mathematics and Economics













**k** daisies

#### THE FUND

## THE TEAM



#### STEFANIE STANISLAWSKI

HEAD OF PRODUCT

PRODUCT LEADER & ADVISOR COACH

HR INNOVATOR

TEDX SPEAKER

VITAL VOICES FELLOW



ISADORA GALLART

HEAD OF MKT & GROWTH

STRATEGIC BA IN COMMUNICATIONS **IBERO 2021** 

START-UP CAREER

TRUE GROWTH MASTER PROGRAM - 2022

CONDUSEF CERTIFIED -2024







ALEJANDRA

TALAMÁS

BA IN INTERNATIONAL

HOW TO BUY AND SELL

ART AT AUCTION -

ART MARKET ECONOMICS

AFFAIRS - ITESM 2022

HEAD OF SALES

SOTHEBY'S 2021

- CHRISTIE'S 2022



#### RODRIGO REYES

SENIOR SOFTWARE ARCHITECT

DATA SCIENCE - UNAM 2011

UX USING INTERACTIVE SYSTEMS - ITAM

MORE THAN 10 YEARS EXPERIENCE IN SOFTWARE DEVELOPMENT FOR FINTECH







## TRACK RECORD

*Figura en rojo y negro* is Cubic's first exit. A fine piece of Mexican Modern Art by nonetheless globally acknowledged artist Rufino Tamayo.

This piece was sold at Sotheby's New York (2021) for USD \$138 K\*. Three years later it was sold privately for USD \$215 K.

This represents a ROI of 55.79% in three years.

Launched for investors in December 2023, achieving an 10% ROI in six months.



Rufino Tamayo

\*Source: Artnet Analytics



## TRACK RECORD

Hierophante pour Dauphine, a fine oil on canvas. by Leonora Carrington is another example of a milestone. Sold by LS Galería in April 2024, this piece achieved a sale price of USD \$750 K, against its purchase price of USD \$335.2 K in 2023 at Christie's London\*.

The return on investment was of 123% in 1 year.

This piece is similar to *Les Distractions de Dagobert* which sold at auction at Sotheby's May Auction for USD \$24.5 M.



Leonora Carrington

\*Source: Artnet Analytics



## INVESTMENT THESIS

- We invest a 90% of the fund on blue-chip art to minimize risk, and the resting 10% in contemporary artists to elevate possible returns.
- We always buy 10% to 30% below market value.
- We always decide on every investment opportunity based on the exit strategy.



Henri Matisse



#### **BUYING LOW**

**Private Collectors** 

Unpaid Loan Artworks

Low Priced Opportunities

Identifying growth opp

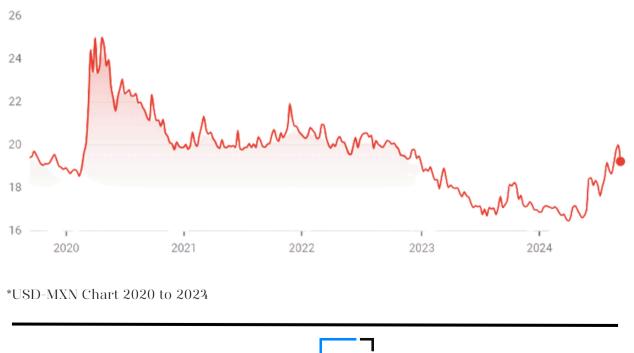
#### **SELLING HIGH**

**Private Sales** 

**Specialized Auctions** 

Museum Loans

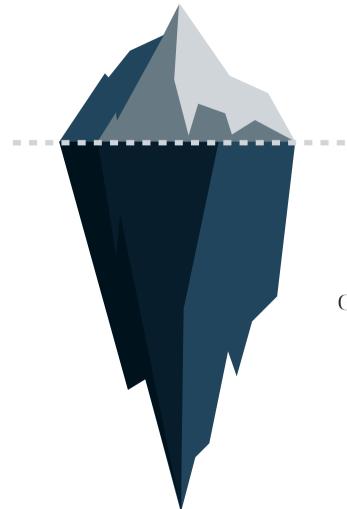
Scarcity 5 years



C U B I C F U N D

### UNTAPPED OPPORTUNITY

70% revenue is related to Blue-Chip Art



Global Public Market- **\$65B** 

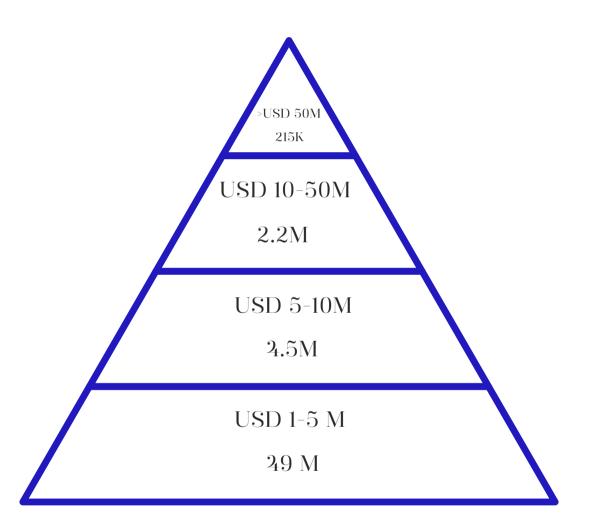
Global Private Market- **\$1.6T** moving to **\$2.7T** by **2026** 

**CAGR 6.7%** 

\*Source: UBS Annual Report 2020

### UNTAPPED OPPORTUNITY

## UHNI increased 10% in 2019 and is expected to increase by 50% in 2025



#### WEALTH RANGE

**# OF ADULTS** 

\*Source: Global Wealth Report, Credit Suisse 2021

C U B I C J F U N D

## TIMELINE

CREATION OF THE FUND INVESTMENT PERIOD (2 YEARS) HOLDING (3 YEARS) CASH OUT (2 YEARS)

RETURN ON INVESTMENT





Cy Twombly

85% of wealth managers around the world believe art investments are a must in a portfolio, but only a few could take part in this \$1.7T market... until now.

Source: Deloitte Art & Finance Report 2021



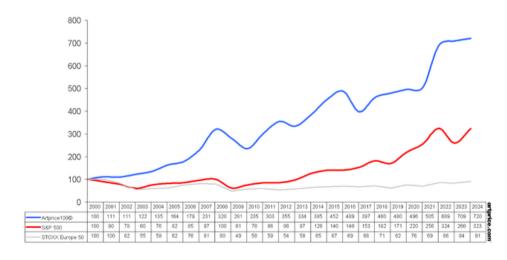
## THE BIG OPPORTUNITY

Art is considered to be a powerful asset, but usually difficult to access. It's not only a matter of economic capacity, but also of a closed or narrow scene. How do I get started? What are the safe investment options? How do I buy art? Where do I get it from? In CUBIC we are the bridge which takes care of this problem.

Once those questions are dealt with, then the next step is understanding Art as an asset. For decades Art has been an Inflation Hedge, a safe haven which behaves independently from the other markets, in spite of economic unrest.

In the last two decades, Contemporary art prices have reached 131% higher than the S&P 500\*.

Based on official reports, Privately held art is estimated to be an asset class worth \$1.7 trillion USD.





Mark Rothko

\*Source: Artprice.com



## WHAT IS BLUE CHIP ART?

Blue Chip art is the safest art investment there is.

These artists are the ones who give the highest earnings. Usually, their unique original works reach over the million dollars constantly, and the rest of their artworks are highly coveted.

The Blue Chip artists have already left a mark on history and the market. They are completely established and recognized internationally.

The value Blue-Chip art holds is always on the raise, and its growth is guaranteed to be stable, even during economic fluctuations.

Some examples are Picasso, Warhol, Dali and Pollock.



Andy Warhol



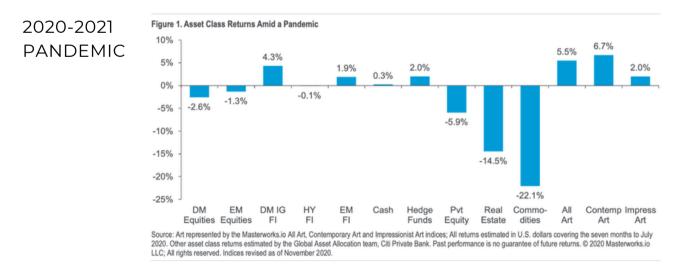
## AMIDST THE CRISIS





The low volatility of art (particularly post-war and masterpieces) was accurately demonstrated during the 2008 recession when the S&P abruptly dropped 37.5%, art indexes only dropped 4.5%.

Since then, art has increasingly been regarded as a value-preserving asset class highly attractive to investors who wish to diversify their portfolio, particularly during times of uncertainty.



The COVID-19 Pandemic had in impact all around the globe. In midst of the crisis, Asset returns in Art saw an increase over all the other classes.

### REASONS TO INVEST IN ART AS PART OF A PORTFOLIO

#### INDEPENDENT STABILITY

High art's inherent value has a proven track record for constant appreciation. It is highly uncorrelated to financial markets and macroeconomic effects, and its value is invulnerable to any financial crisis, no matter their length or severity.



#### CAPITAL PRESERVATION

Art is a safe harbor to put your wealth into when other capital investments are vulnerable to fluctuations, economic bubbles and potential loss of revenue. Art is a solid asset that offers permanence and preservation.



#### SECURITY

High art is the perfect instrument for asset protection from frivolous lawsuits, even better than gold, certificates or real estate.

#### MINIMAL EXPENSE

Art grows tax-free and the cost of caring for an art portfolio is less than \$1,800 USD per million per year. In a fund, the expense ratio is as low as < 0.8% AUM, among the lowest in the alternative investment industry.

#### **POSITIVE RETURNS**

Art appreciation is supranational, and art the most valuable and coveted cultural object in existence. The rich are not only getting richer but also growing in numbers, and fascinated by art. The Picasso Artprice index has grown 547% in the last 20 years in the painting category, compared to the 179% growth on the S&P 500 in the same period.





### POSSIBLE ACQUISITIONS

This Picasso is an original drawing which presents a big investment opportunity for us.



Pablo Picasso *Partie de campagne* Pastel and pencil on paper Signed & Published **\$630,000 USD** 

Pablo Picasso
Les Déjeuners
Pablo Picasso (1881-1973)Les Déjeunerssigned,
dated and numbered 'Picasso 26.7.61 More
colored wax crayons on paper
1961
Height 10.6 in.; Width 16.6 in. / Height 26.9 cm.;
Width 42.1 cm.
Signed
Christie's New York: Thursday, November 8, 2012
[Lot 00142]
Impressionist and Modern Works on Paper
180,000 - 250,000 USD 🔍
326,500 USD Premium @

This piece was valued in around **\$200, 000 USD** back in **2012**, and after a decade is now valued the triple that price.

Similar pieces on the market have behaved the same way.

*Deux Nus* by Picasso the same size and medium, valued in less than a million dollars was sold for **\$3.3M USD** in 2018.



Source: Artnet Database



#### THE FUND

### POSSIBLE ACQUISITIONS



Pablo Picasso *Minotaur With Woman in Arms* Ink on paper Signed (upper left corner) USD \$400,000



Pablo Picasso *Minotaur Laying With Woman Ink on paper* Signed (upper left corner) USD \$400,000



Pablo Picasso Minotaur On Top Of Naked Woman Ink on paper Signed (upper left corner) USD \$400,000

## SELECTED ARTISTS

Pablo Picasso

Leonora Carrington

ricenso

LEONORAVAREMISTON.

**Rufino Tamayo** 

Frida Kahlo

Frida Kahlo.

**Erick Meyenberg** 

Meyenberg

The fund would be comprised of world-class artists such as Frida Kahlo, Pablo Picasso, Rufino Tamayo, Leonora Carrington and Erick Meyenberg. The first four artists were chosen because of their established demand with a special focus on Latin Art and one Contemporary Artist to elevate possible returns.

> C U B I C J F U N D

### WHY LATIN ART

The advantages of Latin art fall into four specific situations:

I. The prices of artworks in this market are much lower than those in Western art markets (USA and Europe).

II. There is less competition for works by Latin American artists because collectors have not yet saturated this market.

III. Investment returns on Latin pieces can range from 9% to as high as 28%.

IV. Between 2018 and 2023, Sotheby's saw more than 1,600 usual collectors from 76 different countries enter the Latin Market; more than USD \$520 M in bids for Latin lots, and more than 1,000 new collectors within the genre.



Pedro Coronel

Sources: The Latin American Art Market: Literature and Perspectives, 2018 and Sotheby's Market Leadership 2020-2023.



### OVERVIEW

A diversified Fund of exemplary artworks from four blue-chip artists and one contemporary artist, selected for their potential to appreciate in value over the investment's term.

**I. Opportunistic investment strategy**: We have and will continue to identify a selection of undervalued artworks by blue-chip and Latin art, proving an opportunity for significant appreciation over the lifetime of the fund.

### INVESTMENT DETAILS

**II. Insurance and Storage**: Artworks will be insured by a nail-to-nail fine art insurance policy from AXA, providing coverage up to the appraised total value for the Fund. We will hold the artworks in specialized fine art storage facilities (LS Galería), except when artworks in the Fund are requested to be exhibited (e.g., by museums, major institutions or other exhibition spaces) as exhibitions tend to increase the value and demand for artworks.

**III. Monitoring Your Investment**: To track how the Fund is performing, a third party will conduct annual appraisals of each artwork (typically each December). The results will be sent for investors.

**IV. Returns Source**: As the Fund nears its maturity, we intend to partner with our network of collectors, dealers, and auction houses to sell each artwork in the Fund, preferably via private channel to avoid fees on sale. The appreciation from each sale is passed to investors.

**V. Management**: The Fund is overseen by Andrea Zapata, Executive Director at LS Galería and Cubic, and a team of in-house art investment professionals.



## HOW WE LEVERAGE TECHNOLOGY

In the current art market, some artworks can be appraised based on the wrong parameters and with a lack of transparency.

Most auction houses estimate the market based solely on the difference between sale price and their minimum estimate, leaving aside the rest of the circumstances that could better predict an artworks real value.

#### To overcome this, we leverage on technology and community to bring transparency forward and reinvent how to invest in art.

To bring more clarity to the process, we are currently developing an algorithm to properly value and appraise artworks based on the sum of real important data, such as:

- Dates
- Iconography
- Quality and quantity of work
- Market history
- Demand for works by artist
- Demand for certain style
- Artwork's curriculum





Alexander Calder

## CAPITAL COMMITMENT

MINIMUM CAPITAL COMMITMENT

\$250,000 USD

(**4** quarterly Capital Calls of **\$62,500 USD** a year)

#### INITIAL CLOSING

The initial closing will be held once there is a **\$1 million** commitment.

#### EXPECTED TARGET ANUAL IRR\*

Minimum aim of 20% net of all fees & expenses.

\*Our Capital Commitment and Target IRR are a projected expectation, and not guaranteed.



## ABOUT US





Cubic is an art investment platform specifically designed to protect and grow wealth of our investors. Through Cubic's Fund I, we aim to create impact investments that are both culturally and financially enriching for our investors.

## C U B I C J F U N D

### THANK YOU