

Engaging Consignment Services to sell a noteworthy art collection at auction

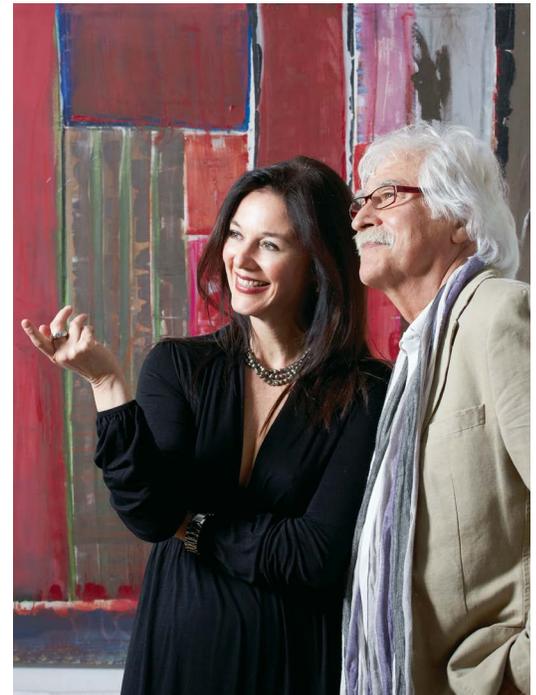
CLIENT PROFILE

A couple with a substantial art collection—worth tens of millions of dollars—had been in the process of estate planning with a U.S. Trust wealth strategist. When the wife passed away unexpectedly, the husband was determined to simplify his affairs by selling their collection of modern art. His U.S. Trust wealth strategist introduced him to the Art Services group to discuss various disposition options.

APPROACH

The Art Services group suggested that selling the art at auction could be a solution to raise cash for the client. However, approaching an auction house directly could result in significant seller fees as well as a standard auction listing, which would not have done the impressive collection justice. Therefore, to help the client attract some of the best potential buyers and competitive auction prices, the Art Services group recommended that he take advantage of U.S. Trust's Consignment Services.

- The group's knowledge of the art market, combined with a consignment agreement with several auction houses, allowed our client to access preferred pricing and other services to significantly enhance his net profit from the sale.
- The team orchestrated conversations with top auction houses to lay out the objectives of the sale and gauge interest.
- For the top two lots being sold, our client requested a guarantee—a payment for the works even if the reserve price was not met.
- For the remaining lots, the Art Services group asked that our client receive an enhanced hammer deal, eliminating seller's fees on the lots. In addition, we proposed that he collect a portion of the buyer's premium.



For more information, contact your private client advisor or the U.S. Trust Art Services group at 646.855.1107 or visit ustrust.com/art.

SOLUTIONS

After reviewing the offers from the three auction houses with his advisor, the client chose the one providing the most advantageous package.

- The arrangement guaranteed \$8 million for each of the top two lots with an upside split: any amount above \$8 million would be divided so the client received 75%.
- The auction house also eliminated seller’s fees on the remaining lots, while also providing an additional 8% of the hammer price (known as an “enhanced hammer”) for our client.
- It also was agreed that the auction house would strategically market the collection with videos, a special catalogue, a dedicated sale landing page, and a special tour of the works in Paris and San Francisco.

RESULTS

By working with his U.S. Trust® private client advisor and a team of art specialists, our client:

- Took advantage of U.S. Trust’s relationships with auction houses to secure a favorable contract from an auction leader.
- Saved significantly on fees as compared to going directly to an auction house.
- Connected with an audience of buyers who appreciated the collection, which may have led to overall higher bids and profits.

COMPREHENSIVE ART SERVICES

■ For individual collectors ■ For arts institutions

ART LENDING	ART PLANNING	CONSIGNMENT SERVICES	NONPROFIT SERVICES
Leverage your collection to unlock capital	Plan for the disposition of your collection	Arrange for the sale of art and collectibles through our partnerships with auction houses	Engage our bespoke consulting and investment management services for museums, foundations, and institutions

MANAGING YOUR WORTH WITH U.S. TRUST

Your wealth is not measured by numbers alone, but by the extraordinary opportunities and complex challenges that define your life. At U.S. Trust, we apply our deep insight and broad expertise to help you make the most of the things that matter most to you.

We begin by listening to you, learning about your life, and we work with you to understand your priorities. Your advisor and your team of specialists then build a wealth plan that aligns with your personal values and family goals.

Whether we are managing your portfolio, serving as trustee, or administering an estate, our focus is what best meets your objectives. Together, we develop personalized solutions that address the dimensions of your worth today and the legacy you're building for future generations.

For more information, please contact a U.S. Trust® advisor.

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The case studies presented are hypothetical and do not reflect specific strategies we may have developed for actual clients. They are for illustrative purposes only and intended to demonstrate the capabilities of U.S. Trust, Bank of America Private Wealth Management and/or Bank of America. They are not intended to serve as investment advice, since the availability and effectiveness of any strategy are dependent upon your client's individual facts and circumstances. Results will vary, and no suggestion is made about how any specific solution or strategy performed in reality.

Keep in mind this asset class may not be appropriate for all investors and can be a component of an overall investment strategy. Leveraging art involves risks including lack of liquidity and yield production and may restrict some movement and lending of the artwork. If default, sale of the collateral could result in distressed circumstances.

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Diversification does not ensure a profit or protect against loss in declining markets.

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