

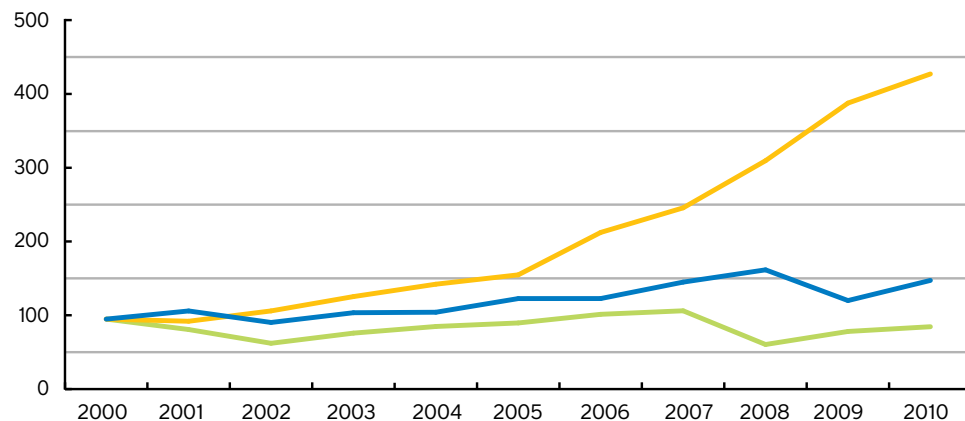


WHERE TO INVEST: PICASSO, THE STOCK MARKET, OR GOLD?

When Pablo Picasso's *Nude, Green Leaves and Bust*, 1932, brought \$106 million at Christie's New York on May 4, it became the most expensive artwork ever sold at auction. Many professionals in the field observed that this price and the overall success of the auctions held during the first six months of 2010 suggest that the art market is recovering as the global financial crisis recedes. But do Picassos represent a reasonable investment? The graphs below track our Art Sales Index's Picasso Index against the S&P 500 index and the price of gold over the past 50 years and over the past decade; the base period—when all indexes are valued at 100—is May 2000 in the first case and May 1960 in the second. Looking at the graph on the top, it is clear that over the past 10 years, gold strongly outperformed Picassos, although the ASI Picasso Index did better than U.S. stocks. The graph on the bottom indicates that over the past 50 years, investing in Picassos would have yielded far more than aesthetic pleasure and status enhancement, as the Picasso Index grew to 4,386 in May 2010, compared with gold's index value of 3,392 and the S&P 500's mere 2,103. The lesson? Buy the Picasso and enjoy it for a few decades before parting with it. BY ROMAN KRAUSSL

INVESTING FROM 2000 TO 2010

A \$100,000 investment in a Picasso in the year 2000 would have returned less over the past 10 years than an equal investment in gold but more than one in the S&P 500.



The price of art on the open market reached a new high with the sale of **Picasso's *Nude, Green Leaves and Bust***, 1932.

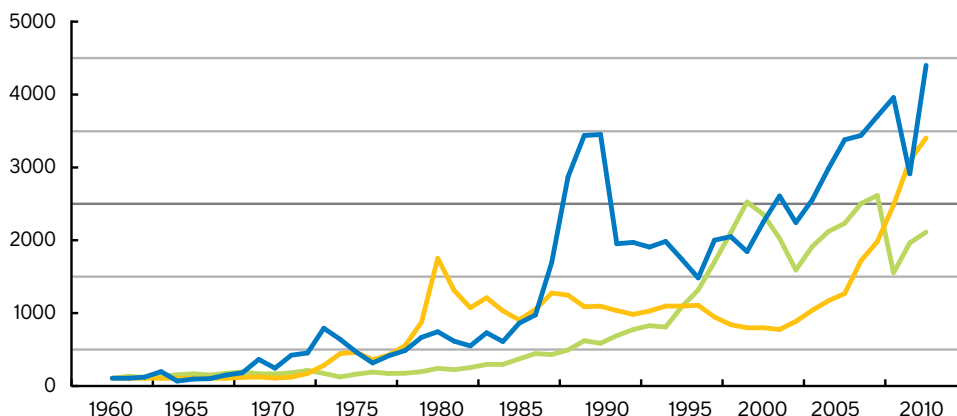
80



Gold reached a record \$1,245 per ounce in May 2010, as worries about the stability of the euro increased.

INVESTING FROM 1960 TO 2010

If you had bought a Picasso for \$100,000 in 1960 and held it for 50 years, it would now be worth more than \$4.3 million. A similar investment in gold would be worth nearly \$3.4 million, while one in the S&P would be worth a paltry \$2.1 million.



FROM TOP: CHRISTIE'S; © TOMISLAV FORGO