

Skate's Art Market Research

155 E 56th Street, New York, NY 10022 USA /phone: +1.212.514.6010 /fax: +1.212.514.6037

Monthly Art Investment Ideas from Skate's Art Market Research

June 2011

In this issue:

Review of May Sales Results	2
Renaissance of the Russian Market, Overview	4
Top 5 Art Investment Ideas for June 2011	7
<i>Still life with hollyhocks</i> by Petr Konchalovsky	7
The "Jack of Diamonds" – a price booster?.....	9
<i>Lilac bush</i> by Petr Konchalovsky	10
<i>Crimean Coast in Moonlight</i> by Ivan Konstantinovich Aivazovsky.....	11
<i>Sunset over Ischia</i> by Ivan Konstantinovich Aivazovsky	13
<i>Venice</i> by Alexei Petrovich Bogoliubov	14
Skate's Art Stocks Index.....	16
About this Newsletter and the Data Used	18

Review of May Sales Results

In May Skate's saw a record number of new entries: 220 artworks, 44 of which were repeat sales. The most significant results were again achieved by Contemporary and Chinese artists. The most valuable work of the month belongs to Chinese artist Qi Baishi; his *Eagle standing on pine tree* was sold for \$65.5 mln at China Guardian Auctions, which is nearly double the

price of the second most expensive painting - *Self-portrait (in 4 parts)*, created by Andy Warhol. Another notable result belongs to English artist Sir Lawrence Alma-Tadema. Like last year, the final price of his painting in May significantly exceeded the estimate by four times. It also achieved a positive investment return of 18.05% on an annualized basis.

Table 1 – Top 10 Entries to Skate's Top 5000 in May

Artist	Title	Year	Medium	Auction House	Auction Date	Estimate, USD	Purchase Price, USD	ERR, %
Qi Baishi	Eagle standing on pine tree		Painting	China Guardian Auctions	22-May-11	0	65,532,111	
Andy Warhol	Self-portrait (in 4 parts)	1963 - 1964	Acrylic and silkscreen ink on canvas	Christie's	11-May-11	20,000,000-30,000,000	38,442,500	
Mark Rothko	Untitled no. 17	1961	Oil on canvas	Christie's	11-May-11	18,000,000-22,000,000	33,682,500	
Sir Lawrence Alma-Tadema	The meeting of Antony and Cleopatra: 41 BC		Oil on panel	Sotheby's	05-May-11	5,000,000-7,000,000	29,202,500	18.05
Andy Warhol	Self-portrait	1986	Synthetic polymer and silkscreen ink on canvas	Christie's	11-May-11	30,000,000-40,000,000	27,522,500	
Andy Warhol	Liz no.5 (Early colored Liz)	1963	Silkscreen ink and acrylic on linen	Phillips	12-May-11	0	26,962,500	
Francis Bacon	Self-portrait (study)(triptych)	1974	Oil on canvas	Christie's	11-May-11	0	25,282,500	
Zhang Daqian	Lotus and Mandarin ducks	1947	Ink and color on paper, on scroll	Sotheby's	31-May-11	1,927,500-2,570,000	24,551,210	
Claude Monet	Les Peupliers	1891	Oil on canvas	Christie's	04-May-11	20,000,000-30,000,000	22,482,500	10.30
Maurice de Vlaminck	Paysage de banlieue	1905	Oil on canvas	Christie's	04-May-11	18,000,000-25,000,000	22,482,500	6.44

Of the total 220 entries that made the rating in May, 82 were created by Chinese artists. The most significant rise in Skate's artist rating was achieved by Zhang Daqian. As of April, he ranked #54, but as a result of May auctions he skyrocketed to the 22nd position. This phenomenal rise was due to the unprecedented number of high-prices sales – 32 works in total.

There were no public repeat sales among the Top 10 most valuable sales. The best repeat sale result of all the Chinese artworks belongs to Zao Wou-Ki's 2. 11. 5, which was sold at 65.8% annualized effective rate of return (ERR) after a four-year holding period.

Table 2 – Top 10 Most Valuable Chinese Sales in May

Artist	Title	Year	Medium	Auction House	Auction Date	Estimate, USD	Purchase Price, USD
Qi Baishi	Eagle standing on pine tree		Painting	China Guardian Auctions	22-May-11	0	65,532,111
Zhang Daqian	Lotus and Mandarin ducks	1947	Ink and color on paper, on scroll	Sotheby's	31-May-11	1,927,500-2,570,000	24,551,210
Qi Baishi	Flowers and birds		Painting	China Guardian Auctions	22-May-11	0	14,169,105
Zhang Daqian	Children playing under a pomegranate tree	1948	Ink and color on paper, on scroll	Sotheby's	31-May-11	1,927,500-2,570,000	9,583,530
Huang Zhou	Horse training		Painting	China Guardian Auctions	22-May-11	770,060-1,232,096	9,298,475
Zhang Daqian	Strange pines of Mount Huang (2 works)	1962	Ink and color on paper, on scroll	Sotheby's	31-May-11	2,570,000-3,212,500	9,007,850
Zhang Daqian	Ancient temple amidst clouds	1965	Splashed ink and color on paper	Sotheby's	31-May-11	1,927,500-2,570,000	8,720,010
Emperor Qianlong	Lotus sutra		Ink on paper, on scroll	China Guardian Auctions	22-May-11	7,700,600-12,320,961	8,590,020
Zhang Daqian	Lotus	1981	Ink on paper, on scroll	Christie's	31-May-11	771,000-1,028,000	7,280,810
Xie Zhiliu	Flower, bird and landscape		Ink and color on paper, on scroll	China Guardian Auctions	22-May-11	0	7,084,552

Table 3 – Top 10 Repeat Sales by Purchase Price in May

Artist	Title	Year	Medium	Auction House	Auction Date	Estimate, USD	Purchase Price, USD	ERR, %	Holding Period, Years
Sir Lawrence Alma-Tadema	The meeting of Antony and Cleopatra: 41 BC		Oil on panel	Sotheby's	05-May-11	5,000,000-7,000,000	29,202,500	18.05	18
Claude Monet	Les Peupliers	1891	Oil on canvas	Christie's	04-May-11	20,000,000-30,000,000	22,482,500	10.30	11
Maurice de Vlaminck	Paysage de banlieue	1905	Oil on canvas	Christie's	04-May-11	18,000,000-25,000,000	22,482,500	6.44	17
Laurence Stephen Lowry	The football match	1949	Oil on canvas	Christie's	26-May-11	5,674,200-7,295,400	9,145,595	20.20	19
Richard Diebenkorn	Ocean park no.121	1980	Oil on canvas	Christie's	11-May-11	7,000,000-9,000,000	7,698,500	12.22	25
Andy Warhol	Self-portrait	1963 - 1964	Acrylic and silkscreen ink on canvas	Christie's	11-May-11	6,000,000-8,000,000	6,802,500	23.59	13
Roy Lichtenstein	Still life with mirror	1972	Oil and magna on canvas	Phillips	12-May-11	6,000,000-8,000,000	6,578,500	-18.13	3
Claude Monet	La Seine à Argenteuil	1877	Oil on canvas	Sotheby's	03-May-11	6,000,000-8,000,000	6,242,500	9.98	7
Pablo Picasso	Mère et enfant aux fleurs	1901	Oil on board	Sotheby's	03-May-11	6,000,000-8,000,000	5,962,500	6.41	12
Jean-Michel Basquiat	Eroica I	1988	Acrylic and oilstick on paper laid on canvas	Sotheby's	10-May-11	3,500,000-4,500,000	5,906,500	20.78	11

Table 4 – Top 5 Best ERR Records in May

Artist	Title	Auction House	Auction Date	Estimate, USD	Exit Price, USD	ERR, %	Initial Purchase Price, USD	Holding Period, Years
Zao Wou-Ki	2. 11. 59.	Christie's	28-May-11	1,285,198-1,927,797	5,288,367	65.80	600,000	4
Zhang Daqian	Red trees in autumn mountain	Christie's	31-May-11	771,000-1,028,000	2,963,210	37.22	75,830	11
Fang Lijun	Series 1, no. 5	Christie's	28-May-11	706,859-963,898	2,831,302	39.71	531,200	5
Fu Baoshi	The poet Qu Yuan and fisherman	Christie's	31-May-11	514,000-642,500	2,243,610	39.43	304,437	6
Jean-Michel Basquiat	Untitled (Head)	Sotheby's	11-May-11	700,000-1,000,000	1,986,500	32.03	158,000	9

Table 5 – Top 5 Worst ERR Records in May

Artist	Title	Auction House	Auction Date	Estimate, USD	Exit Price, USD	ERR, %	Initial Purchase Price, USD	Holding Period, Years
Roy Lichtenstein	Still life with mirror	Phillips	12-May-11	6,000,000-8,000,000	6,578,500	-18.13	9,599,371	3
Andy Warhol	Hammer and Sickle	Christie's	11-May-11	3,500,000-5,000,000	3,890,500	-3.91	3,849,000	4
Pierre-Auguste Renoir	Baigneuses	Sotheby's	03-May-11	3,000,000-4,000,000	3,442,500	-1.10	3,412,500	13
Tom Wesselmann	Great American nude no.21	Christie's	11-May-11	3,000,000-4,000,000	3,330,500	-13.60	4,114,500	3
Childe Hassam	Quai St. Michel	Sotheby's	19-May-11	2,500,000-3,500,000	2,098,500	-4.03	3,027,500	13

Source: Skate's Art Market Research

Renaissance of the Russian Market, Overview

For many years the Russian art market's reputation and competitiveness has been controversial and subject to doubt. Compared to recognized global art market leaders like Britain and the United States, Russia still does not have an established infrastructure, auction history and the necessary level of reliability and transparency. Despite its shortcomings Russia neither lacks artists who deserve global recognition nor sophisticated collectors wishing to contribute to the development of the country's art market.

To unleash its potential, Russia must see a revival of collecting traditions, establish a reliable environment for purchasing and owning high quality art and provide customers with related services of expertise, storage and insurance. Special emphasis should be made on turning artworks into the investment assets

that might eventually become an alternative investment segment. This is exactly what the leading experts of the art and financial markets are currently focused on. Adopting international practices and business models and adapting them to the peculiarities of Russian market and law, companies are creating new infrastructure and opportunities in the art sphere. One of the key roles in the rebirth of the art market is played by reliable expertise and appraisal of artworks that will provide transparency and trust. Selecting high quality art and promoting it not only in Russia but around the world will turn the Russian art market to the decent global player.

Skate's estimates that the value of the premium segment of the Russian art market will grow in the near future. The first chart below indicates that after a strong performance in 2008 there was a huge crash

and in 2009 the value of Russian artists declined by more than 15 times. However, the following year the total value tripled and in 2010 overall sales of Russian art equaled \$32.8 mln.

The second chart shows the Top 5 Russian artists and their total value in Skate's rating according to the nominal auction prices. The current Russian leader is Kazimir Malevich, with a total value of \$77.1 mln, a volume which was achieved by only two paintings. Unlike the global art market where female artists play only a secondary role, in Russia Natalia Goncharova is the second most valuable artist. The annual supply of her works is very small and she usually generates much interest at auction. Notably, among the Top 5 Russian

artists there is one living artist, Ilya Kabakov, whose total trading volume is \$12.3 mln.

Apart from artists with purely Russian roots, there are many painters whose nationalities are more difficult to define. These artists are shown in the third chart. The undisputable leader in terms of trading volume is Marc Chagall, who is also characterized by extremely volatile investment returns for his art (current Weighted ERR: -1.83%). The next artist in the list is Wassily Kandinsky who, in contrary to Chagall, has positive ERR of 5.92% and a higher average price (\$4.4 mln vs \$6.5 mln, respectively). The third artist is Expressionist Chaïm Soutine: he has the highest ERR among all artists in the ranking at 14.71%. Alexej Jawlensky, conversely, has the lowest return at -10.63%.

Chart 1

Total Trading Volume of Russian Artists in Skate's Top5000, mln. USD

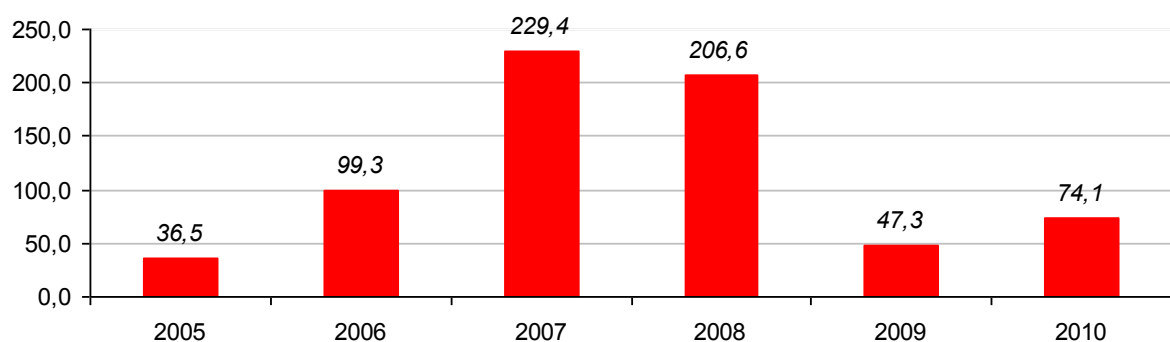


Chart 2

Top 5 Russian Artist by Trading Volume, mln. USD

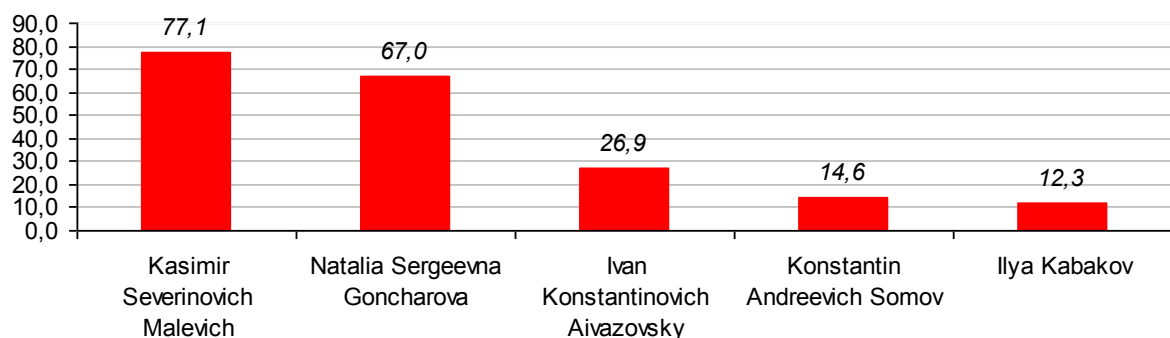
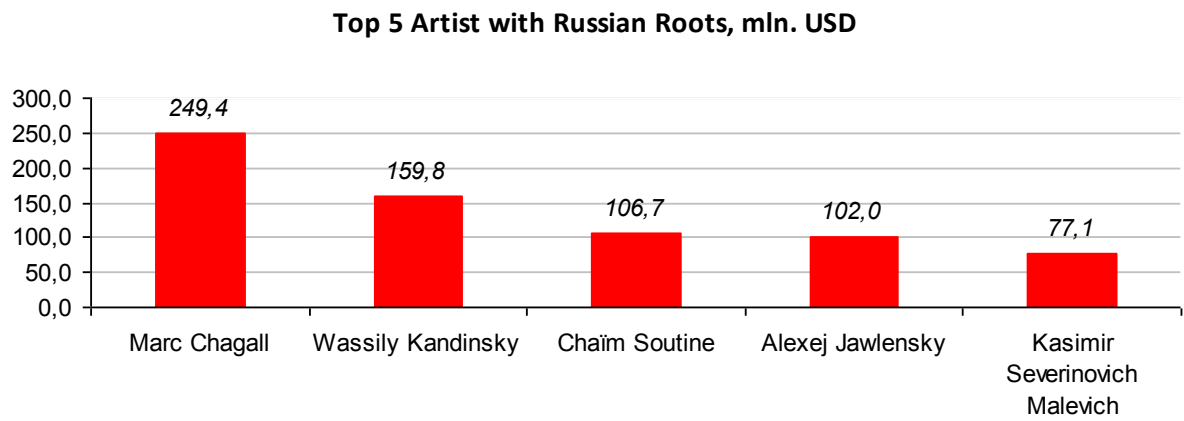



Chart 3



Source: Skate's Art Market Research

Top 5 Art Investment Ideas for June 2011

Petr Petrovich Konchalovsky		Ivan Konstantinovich Aivazovsky		Alexei Petrovich Bogoliubov
<i>Still life with hollyhocks</i>	<i>Lilac bush</i>	<i>Crimean Coast in Moonlight</i>	<i>Sunset over Ischia</i>	<i>Venice</i>
				

Artist	Title	Medium	Size, cm	Year of Creation	Estimate, USD	Sale Details	Repeat Sale	Artist's Rank in Skate's Top 5000
Petr Petrovich Konchalovsky	Still life with hollyhocks	Oil on canvas	94.5x74	1923	491,964-819,940	Sotheby's, 06-Jun-11	No	456
Petr Petrovich Konchalovsky	Lilac bush	Oil on canvas	106x84.5	1941	360,892-459,317	Sotheby's, 06-Jun-11	No	456
Ivan Konstantinovich Aivazovsky	Crimean Coast in Moonlight	Oil on canvas	56x80	1959	658,111-987,166	Sotheby's, 06-Jun-11	No	149
Ivan Konstantinovich Aivazovsky	Sunset over Ischia	Oil on canvas	69.5x100.5		822,639-1,151,694	Sotheby's, 06-Jun-11	No	149
Alexei Petrovich Bogoliubov	Venice	Oil on canvas	71.9x119.9	-	657,570-986,355	Sotheby's, 06-Jun-11	No	507

Source: Skate's Art Market Research

Still life with hollyhocks by Petr Konchalovsky

The celebrated Russian artist Petr Konchalovsky was one of the few Soviet


painters who was not banned from exhibiting during his career. Konchalovsky was actually welcomed by the government and often traveled to Europe where he was influenced by the top level of French Post-Impressionist artists. As a result, in 1909 he became one of







the founding members of the “Jack of Diamonds” - the scandalous artistic movement that attracted many celebrated artists who jointly held a number of exhibitions dedicated to the development of avant-garde styles. This artistic union will be described in detail later in the report.

In June Sotheby’s will auction two still life paintings with flowers: *Still life with hollyhocks* (1923) and *Lilac bush* (1941). The first of these belongs to the early period of the artist’s career. The Sotheby’s catalogue highlights the painting’s peculiarities that allow it to be grouped with the “Jack of Diamonds”: “Making use of the achievements of Cézanne, and occasionally Matisse, these artists brought back mass, volume, color and three-dimensional form to objects.”

Skate’s analysis shows that before 1930 Konchalovsky created a number of paintings which, on the basis of auction prices, have a value much higher than those from the late period. One of them – “Malvy” (1921) – was sold in 2007 for \$2,141,309 – the artist’s most expensive work.

The peer group constructed for *Still life with hollyhocks* shows the difference in final prices paid for the artist’s flower paintings that he created during the two periods. The average price of the early period is \$878,026, while the average for the late period is \$273,703. The auction estimate for *Still life with hollyhocks* therefore does not include an irrational premium; its high point corresponds with the fair market value.

Painting Description		
Artist	Petr Petrovich Konchalovsky	
Artist’s Rank in Skate’s List	456	
Title	Still life with hollyhocks	
Year of Creation	1923	
Medium	Oil on canvas	
Size, cm	94.5 x 74	
Auction House	Sotheby’s	
Auction Date	06-Jun-11	
Estimate, USD	491,964-819,940	

Skate's Peer Group for <i>Still life with hollyhocks</i>						
	Early Artistic Period			Late Artistic Period		
						
Title	Flowers on a blue ground	Malvy	Flowers on pink	Still life	Still life with flowers	Still life with roses, jasmine and asparagus
Year of Creation	1908	1921	1918	1949	1955	1954
Medium	Oil on canvas	Oil on canvas	Oil on canvas	Oil on canvas	Oil on canvas	Oil on canvas
Size, cm	68.1x43.9	91.5 x 74	89 x 108	66 x 82	61 x 46	61x 50.5
Auction House	Sotheby's	MacDougall's	Sotheby's	MacDougall's	MacDougall's	MacDougall's
Auction Date	30-Nov-2009	28-Nov-2007	24-Nov-2008	30-May-2006	27-Nov-2006	27-Nov-2006
Premium Price, USD	427,805	2,141,309	1,532,840	160,092	152,000	118,750
ERR, %	-	-	18.26%	-	-	-
Holding period	-	-	4 years	-	-	-

The “Jack of Diamonds” – a price booster?

Petr Konchalovsky was one of the founding members of the “Jack of Diamonds”, an artist society that was formed in 1909. Among the leading participants were Aristarkh Lentulov, Ilya Mashkov, Mikhail Larionov, Natalia Gontcharova, Kazimir Malevich, Alexander V. Kuprin, Robert Falk, Alexander Osmerkin, Wladimir Burliuk and Petr Konchalovsky. The movement later attracted some foreign artists such as Gabriele Munter and Léopold Survage, and thus acquired the international status.

Starting in 1910, the avant-garde society began organizing sensational exhibitions in Moscow. Even though all of these artists pursued various artistic methods and drawing techniques that differed greatly from one other throughout their career, for a couple of years they were unified under the same







purpose and created numerous paintings that bore a striking resemblance to one another, combining two artistic styles - Primitivism and so-called Russian Cezanneism.

The peer group below represents some of those works that most likely contributed to this “Jack of Diamonds” movement and were later sold publically at international auctions. The group is composed of still life canvases that were particularly popular among this group of artists during the described period.


The table below shows that Natalia Goncharova leads in terms of auction prices for bouquets in the style of the “Jack of Diamonds.” However, her husband and like-minded artist Mikhail Larionov was more successful in other genres. The *Still life with flowers* by Ilya Mashkov is, conversely, his personal record.

The table below therefore shows that an attribution to the “Jack of Diamonds” movement has no evident influence on the

price of a work; rather, the key feature is the identity of the artist.

Skate's Peer Group for <i>Jack of Diamonds</i>						
						
Artist	Natal'ia Sergeevna Goncharova	Ilya Mashkov	Gabriele Munter	Mikhail Larionov	Natalia Sergeevna Goncharova	David Burliuk
Title	Lilacs in a vase	Still life with flowers	Stilleben mit Heinzelmännchen	Still Life with Irises and a Doll	Tournesols	Still Life with Shells
Year of Creation	1905	Circa 1912	1910	-	Early 1900s	-
Medium	Oil on canvas laid down on board	Oil on canvas	Oil on canvas	Oil on canvas, laid on board	Oil on canvas	Oil on canvas
Size, cm	105.7 x 74.8 cm	137.5 x 100.5	56.5 x 49.6	50 x 30 cm	93 x 65 cm	89 x 53.5
Auction House	Christie's	Sotheby's	Christie's	MacDougall	Sotheby's	MacDougall
Auction Date	28-Nov-2007	01-Dec-2005	6-Nov-2008	28-Nov-2008	02-Nov-09	28-Nov-2008
Premium Price, USD	3,272,310	3,695,501	86,500	247,889	866,500	68,381

Lilac bush by Petr Konchalovsky

Painting Description		
Artist	Petr Petrovich Konchalovsky	
Artist's Rank in Skate's List	456	
Title	Lilac bush	
Year of Creation	1941	
Medium	oil on canvas	
Size, cm	106x84.5	
Auction House	Sotheby's	
Auction Date	06-Jun-11	
Estimate, USD	360,892—459,317	





Another painting by Petr Konchalovsky that is being auctioned in June by Sotheby's is *Lilac bush*. This one belongs to the later period of the artist's career that was described earlier in this report. Paintings that Konchalovsky created after 1930 have historically been valued lower at auction, as shown in the peer

group above. *Lilac bush*, however, is dedicated to a distinct subject in the artist's oeuvre. Of the many paintings that the artist dedicated to lilacs, only four have been sold publically at auction. The table below shows all of these sales. Their average price is \$184,102. This low average means that the estimate of *Lilac bush*


includes a substantial irrational premium of approximately 150%.

According to the Sotheby's catalogue note, this painting is particularly special by two criteria. First, it draws on the homonymous work by Van Gogh who was a significant influence on Konchalovsky. Second, in contrary to an ordinary still life, this work depicts lilacs in the

natural position, growing in front of the landscape. Finally, given the rarity of Konchalovsky's works appearing on the market and the vigorous activity of the Petr Konchalovsky Foundation that was founded in 2006, this work is expected to generate interest of auction bidders notwithstanding the amount by which its estimate exceeds the fair market value.

Skate's Peer Group for <i>Lilac Bush</i>				
				
Title	Still life with lilacs	Lilacs in the dacha	Les lilacs	Lilacs
Year of creation	-	1949	-	1948
Medium	Oil on canvas	Oil on canvas	Oil on canvas	Oil on canvas
Size, cm	68.5 x 54.5	153.5 x 200	48.3 x 68.6	99 x 109.2
Auction House	Sotheby's	Sotheby's	Sotheby's	Christie's
Auction Date	26-May-2004	20-Nov-2002	21-Apr-2005	29-Nov-2006
Premium Price, USD	56,624	88,213	96,000	495,571

Crimean Coast in Moonlight by Ivan Konstantinovich Aivazovsky

Painting Description		
Artist	Ivan Konstantinovich Aivazovsky	
Artist's Rank in Skate's List	149	
Title	Crimean Coast in Moonlight	
Year of Creation	1959	
Medium	Oil on canvas	
Size, cm	56 x 80	
Auction House	Sotheby's	
Auction Date	06-Jun-11	
Estimate, USD	658,111 - 987,166	

In June Sotheby's will auction nine paintings by Ivan Konstantinovich Aivazovsky with a wide range of depicted subjects, most of which are

dedicated to various sea views. Among them, there is only one painting that depicts a flock of sheep – indeed a very rare subject matter







for the artist. Most of the works with such a theme are stored in museums. The auction market has seen only three paintings with this theme. Yet as interesting as this work is, it does not have a comprehensive base of analogous works to compile a peer group. The estimate of *Shepherds with their flock at sunset* is the highest: \$1,316,222-1,974,333.

Two other works to be sold at Sotheby's might become attractive long-term investments: *Crimean Coast in Moonlight* and *Sunset over Ischia*.


The first one - *Crimean Coast in Moonlight* – was created in 1959 and depicts a calm seascape at night. The artist was born in Theodosia, which had always remained a sacred place for him. As stated in Sotheby's catalogue note to one of Aivazovsky paintings, "In 1845, he could not wait to return to Theodosia and wrote "*I enjoy spending winter*

in St. Petersburg, but at the first breath of spring I am assailed by homesickness and I am drawn to the Crimea and the Black Sea". The Crimea, Yalta and Theodosia in particular, continued to inspire him throughout his lifetime and he was to paint them many times from both life and memory."

The peer group for *Crimean Coast in Moonlight* shown below was compiled from the set of paintings dedicated to the artist's views of his beloved homeland. The average price of works in the peer group is \$459,931. The estimate assigned to *Crimean Coast in Moonlight* therefore includes an irrational premium of 114.6%. However, as we can clearly see from the peer group, the size of the painting appears an important criterion of price identification. *Crimean Coast in Moonlight* is a middle-sized canvas with special subject matter and is likely to be valued higher, which may justify the irrational premium.

Skate's Peer Group for <i>Crimean Coast in Moonlight</i>						
						
Title	Sunset over the Crimean coast	Crimea	View of Yalta	View from the hills above Theodosia	A bathing hut, Theodosia	The black sea coast at night
Year of Creation	1875	1857	1867	-	1862	-
Medium	Oil on canvas	Oil on canvas	Oil on canvas	Oil on canvas	Oil on board	Oil on board
Size, cm	47.5 x 64	36.6 x 57.8	52 x 78	62 x 92	27.8 x 24	27.5 x 20
Auction House	Sotheby's	Sotheby's	Sotheby's	Sotheby's	Sotheby's	Sotheby's
Auction Date	24-Nov-08	26-Apr-06	26-May-04	22-May-02	30-Nov-10	19-Nov-03
Premium Price, USD	535,655	1,206,851	691,699	228,343	81,110	88,932






Sunset over Ischia by Ivan Konstantinovich Aivazovsky

Painting Description		
Artist	Ivan Konstantinovich Aivazovsky	
Artist's Rank in Skate's List	149	
Title	Sunset over Ischia	
Year of Creation	1857	
Medium	Oil on canvas	
Size, cm	69.5 x 100.5	
Auction House	Sotheby's	
Auction Date	06-Jun-11	
Estimate, USD	822,639 - 1,151,694	


The second painting to be sold in June by Sotheby's is dedicated to a totally different location. Having travelled a lot, Aivazovsky not only reflected seascapes that he enjoyed at the moment but also constantly returned to the views that had impressed him in the past. One of those was the Isola di Ischia, an island that is located at the north part of Naples Gulf off Italy's western coast.

While Aivazovsky was recognized by his contemporaries during his life and was a commercial artist who could afford to create works on large canvases, which he often did,

the auction market has generally seen transactions involving smaller sized works. The peer group shown below is compiled exactly of such artworks – small-sized and dedicated to various seascapes of Ischia Island and Naples. However, the work being auctioned this month, *Sunset over Ischia*, is much larger and should be valued higher, although not as high as its assigned estimate. Notably, this work was already been auctioned last year, with exactly the same estimate, and, apparently, failed to find a buyer. It would not be surprising if the same scenario took place this June.

Skate's Peer Group for <i>Sunset over Ischia</i>					
					
Title	The Bay of Naples	Ship moored in the bay of Naples	Moonlit view of the Bay of Naples	Shipping off Ischia	View of Ischia
Year of Creation	1860	-	1876	-	1872
Medium	Oil on canvas	Oil on canvas	Oil on canvas	Oil on panel	Oil on canvas
Size, cm	103.3 x 153	62 x 92	25 x 61	18.5 x 23.5	23.5 x 29
Auction House	Sotheby's	Sotheby's	Christie's	Sotheby's	Sotheby's
Auction Date	22-May-2002	22-May-2002	30-Nov-2004	30-Nov-2010	26-May-2004
Premium Price, USD	391,451	318,975	135,441	160,187	108,731






Venice by Alexei Petrovich Bogoliubov

Painting Description		
Artist	Alexei Petrovich Bogoliubov	
Artist's Rank in Skate's List	507	
Title	Venice	
Year of Creation	-	
Medium	Oil on canvas	
Size, cm	71.9 x 119.9	
Auction House	Sotheby's	
Auction Date	06-Jun-11	
Estimate, USD	657,570 - 986,355	

Our fifth investment pick in June is a painting by another Russian artist, Alexei Bogoliubov. *Moscow, View of the Cathedral of Christ the Saviour from the Kremlin*, the artist's only work to enter Skate's Top 5000, is dedicated to a Russian scene. However, Bogoliubov's most celebrated theme is not devoted to his motherland but to Venice. The city had such a strong influence on the artist that he visited it three times, creating numerous artworks with magnificent views of Venetian canals. The frequency of paintings dedicated to the Italian city and the excitement the artist felt to this charming land drew criticism from his contemporaries. At the same time, paintings

with Venice scenes were among the most sought-after by collectors and allowed the artist to receive substantial commissions and enjoy travel, exploring new areas. In June Sotheby's will auction one such painting - *Venice*. The fair market value for the painting based on the peer group is \$635,519. The auction estimate therefore includes a 55.2% irrational premium. However, the peer group below was compiled from smaller canvases, and *Venice* is one of the large-size paintings that the artist dedicated to the Italian city. This fact allows us to suggest that such a modest irrational premium may be justified in this case.

Skate's Peer Group for Venice

					
Title	The Eve of the Celebration, Santa Maria Della Salute, Venice	View of Venice. Customs House	View of Venice	Venice	View of Venice
Year of Creation	1867	-	-	-	-
Medium	Oil on canvas	Oil on canvas	Oil on canvas	Oil on canvas	Oil on canvas laid down on board
Size, cm	62 x 113.5	53 x 82	67 x 35	48.2 x 73.6	10.2 x 19.1
Auction House	Sotheby's	Sotheby's	Sotheby's	Christie's	Christie's
Auction Date	30-Nov-2010	15-Apr-2008	25-Nov-2008	11-Jun-2008	18-Apr-2007
Premium Price, USD	1,372,877	1,049,000	47,341	588,642	120,000

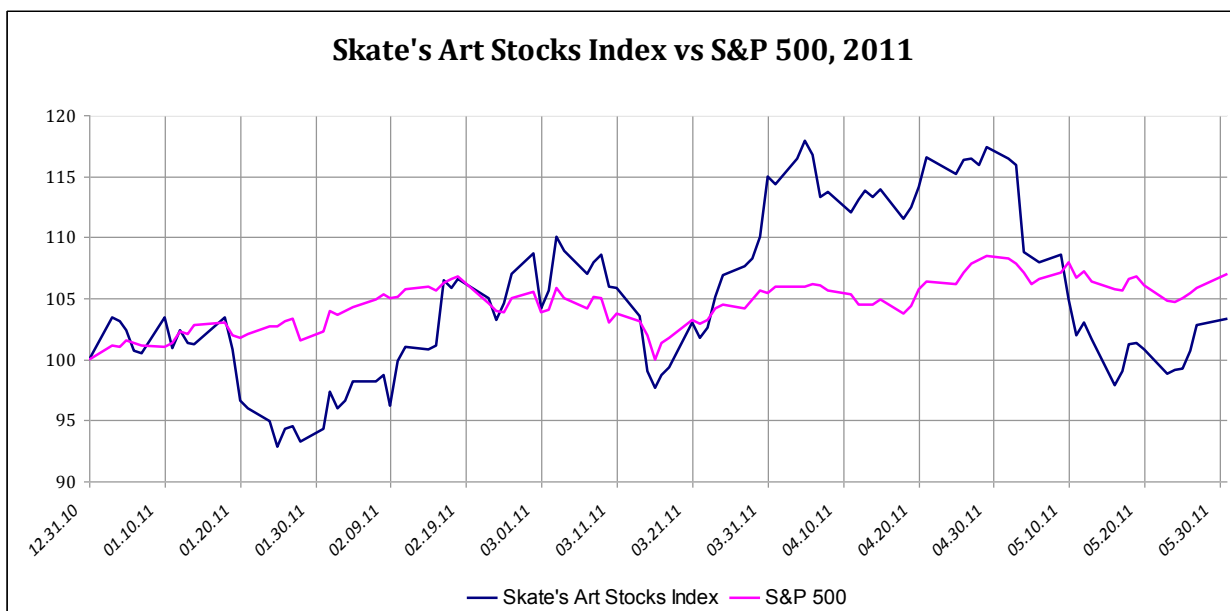
Skate's Art Stocks Index

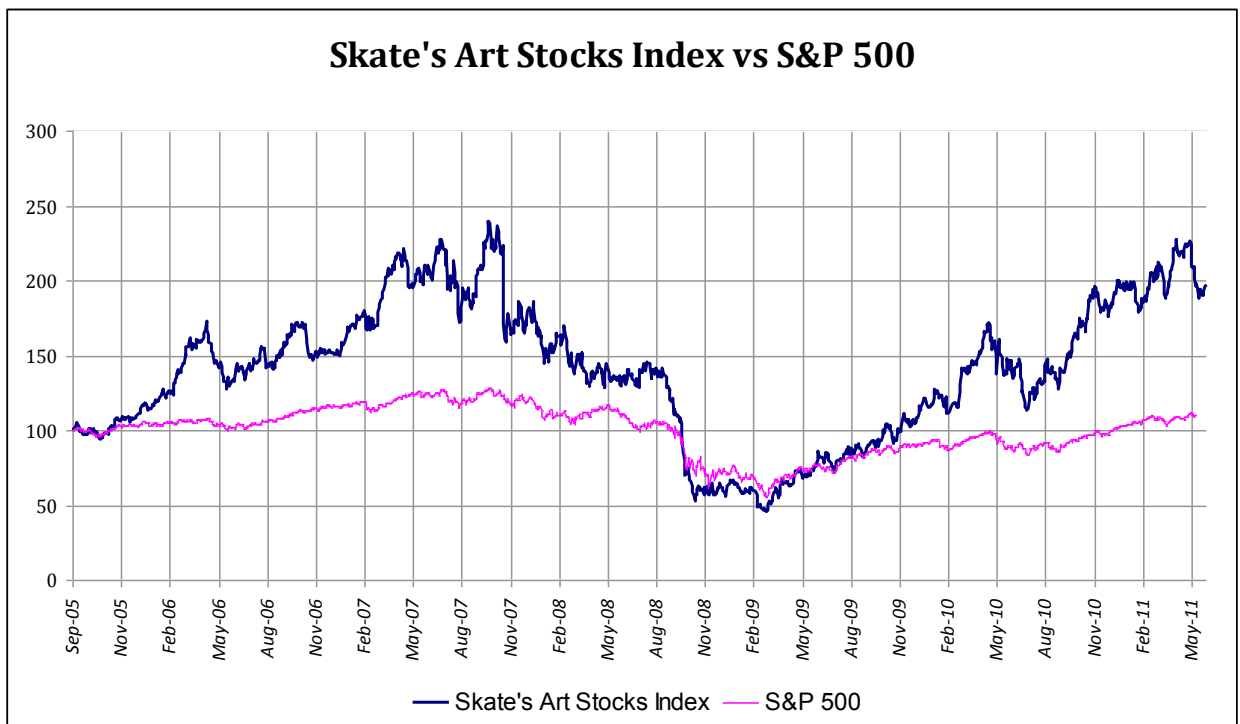
Skate's Art Stocks

All Values are in USD

Name	Listing/ Currency	May 2011 Performance	YTD 2011 Performance	Price as of May 31, 2011, USD	Market Cap as of May 31 2011, USD mln	52-wk High, USD	52-wk Low, USD
Sotheby's	NYSE/ USD	-15.8%	-5.4%	42.56	2854.29	55.67	22.06
Artprice	Paris/ EUR	2.3%	244.6%	40.92	261.79	43.55	10.46
Artnet	Frankfurt/ EUR	-34.2%	4.3%	7.36	41.42	11.50	5.97
Collectors' Universe	NASDAQ/USD	-8.9%	0.9%	14.03	110.14	17.03	11.01
Mallett	London/ GBP	-1.2%	12.0%	1.17	16.14	1.24	0.97
Camera Work	Frankfurt/ EUR	-4.6%	21.7%	6 856.32	274.25	7 875.60	5 256.71
Art Vivant	Tokyo/ JPY	-2.4%	-9.3%	2.70	41.80	3.21	2.31
Seoul Auctions	Seoul/ WON	0.4%	-14.6%	3.51	58.56	4.81	2.87
Shinwa Art Auction	Tokyo/ JPY	23.6%	39.3%	527.00	30.57	1 028.46	216.00
Stanley Gibbons	London/ GBP	2.9%	22.9%	3.14	79.02	3.15	1.88
MCH Group	Zurich/ CHF	-2.5%	7.8%	54.68	262.73	59.39	38.08
Abbey House	Warsaw/ PLN	153.6%	153.6%	3.44	34.93	5.94	1.31
Skate's Art Stocks Index		-12.0%	3.3%	197.3	4 065.63	227.0	112.9

Source: Skate's Art Market Research





About this Newsletter and the Data Used

Welcome to the June issue of Skate's Art Investment Review. As always, our coverage is focused on the universe of 635 global artists whose artworks are represented in Skate's Top 5000 database, which is comprised of the world's most valuable art according to auction prices. To learn more about Skate's Top 5000 and the artworks and artists represented, please visit www.skatepress.com.

In this issue of Skate's Art Investment Review we focus on the most important May results as well as on the major June auctions:

- Sotheby's, Important Russian Paintings, June 6, 2011

Our top investment picks have been chosen based on the following criteria:

- The artist is classified by Skate's as a "Blue-chip" artist, which means that they have both outstanding liquidity (i.e., more than 20 works included in Skate's Top 5000, and significant market capitalization in Skate's Top 5000 (a combined market value of more than \$100 mln for works included in Skate's Top 5000)
- An investment rating of the artwork equal to or greater than BB- (for detailed investment reports on any of the artworks covered in this newsletter please order Skate's Artwork Background Report by calling +1.212.514.6010)
- Favorable price and liquidity trends in the market today, including a steady demand for the artist's works over the last 24 months
- A track record of positive investment returns based on repeat sales of an artist's higher value works
- The auction house's estimate for the artwork does not significantly exceed the peer group valuation range based on auction price records for comparable artworks

When looking for art investment recommendations, we also exclude all artworks priced over \$20 million, as statistically they have virtually no chance of yielding positive investment returns for buyers who go above this price threshold. Skate's also excludes all artworks priced below \$100,000, as investable art requires significant due diligence and ownership expenses, and it is not economically feasible to conduct relatively expensive research and administration for lower value works. Our recommendations are focused on works of art that have a strong chance of yielding annual returns (after auction commissions are accounted for, but before ownership costs and taxes) in excess of the threshold weighted average effective rate of return (ERR), which is calculated from the repeat sales calculated in Skate's Top 5000 (for details on this calculation, please visit www.skatepress.com). As of April 1, 2011, the Skate's Top 5000 Weighted Average ERR benchmark stands at **4.53%** per annum (in USD terms).