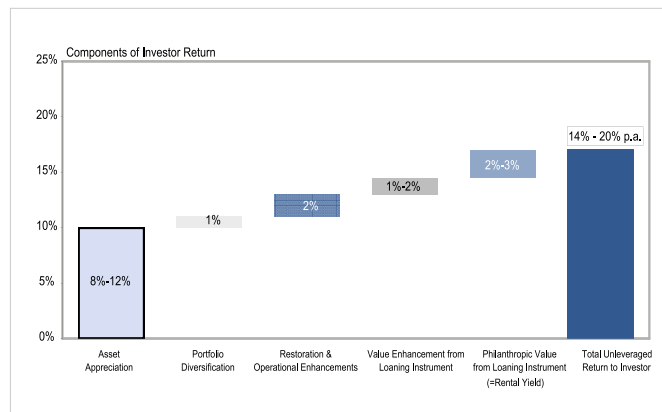


VIOLIN-LED INVESTING



Return Components

Source: Florian Leonhard Fine Violins

FINE VIOLINS - I L.P.

Focus: • Ability to invest in a portfolio of stringed instruments - individually valued at between USD 0.5mn and USD 5mn

- Specialise in high-end violins (cellos to a lesser extent) - mostly Stradivarius and Guarneris, 19th century or prior**
- Blends a philanthropic aim (loaning music instruments to up & coming musicians) with delivering performance

Strengths: • A fund partner, Florian Leonhard Fine Violins Ltd*, is one of the world's top five violin dealerships, certification, valuation and restoration houses

- Sector expertise

Weaknesses: • Suited to those with a medium term outlook

Opportunities: • Supply constrained as contemporary violin makers cannot rival the craftsmanship of 17th -18th Century luthiers

- Strong demand as these instruments are irreplaceable for classical performances
- Locked-in appreciation afforded by the scarcity value of the stringed instrument

Threats: • Restricted pool of stringed instruments**

Risk Management

Low Low / Moderate Moderate Moderate to High High

- Ability to source stringed instruments: ☐ ☐ ☐ ☐ ☐
- Ability to secure deal flow: ☐ ☐ ☐ ☐ ☐
- Authentication expertise: ☐ ☐ ☐ ☐ ☐
- Valuation: **Conservative**
 - Appreciation: **Value add potential from firm's (*) ability to select; offer: restoration and maintenance**
 - Assessment confirmed by **independent third party** (e.g. Sotheby's and/or Bonhams)
- Asserting history and provenance:
 - Firm's (*) assessments are systematically requested by major insurance companies and private collectors

- Ability to assess sound quality: ☐ ☐ ☐ ☐ ☐
- Leverage: **none at portfolio level**
- Liquidity: **via private collector, charities, orchestra (auction as alternative)**
- Currency risk: ☐ ☐ ☐ ☐ ☐
- Instrument related risk: (theft, damage, loss etc.): **fully insured**
- Key investor risk: ☐ ☐ ☐ ☐ ☐
- Key man risk: ☐ ☐ ☐ ☐ ☐

Performance Parameters

Low Low / Moderate Moderate Moderate to High High

- Targets annual returns of: **15%**
- Volatility of returns: ☐
- Portfolio diversification: ☐ ☐ ☐
- Ability to deliver returns under different market conditions: ☐ ☐ ☐

Outlook

- Barriers to entry: **Know-how, experience and network**
- Threat posed by competition: **Low**
- Consistency of returns: **High**
 - Annual returns in the high-end stringed instrument segment have not fallen below 8% since 1970
- Ability to deliver targeted returns over the next 3-5 years: **Realistic**

Investment

- Current AuM: **USD12mn**
- Targeted AuM: **USD50mn**
- Recommended investment period to optimise returns: **3-6 years**
- Targeted at: **Sophisticated investors**
- Investment restrictions: **Apply**
- Base currency: **USD**
- Complexity for an investor: **Low**
- Transparency provided: **High**

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