

Daniel Steegmann Mangrané
Barcelona, Spain, 1977
"('", 2014, aluminum curtain and painted steel, Artist's collection, Courtesy Mendes Wood DM
Photo by Gian Lana

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PIPA GLOBAL REPORT

PIPA GLOBAL REPORT

ANALYSIS

Now THIS was an eventful quarter. HUGE currency swings, Europe's entrance in the QE/ZIRP club, terrorist events in Paris, accelerated deterioration of two of the BRICs (Brazil and Russia) and some light at the end of the tunnel in India.

After deluging our readers with concepts and general information, we thought it made sense to offer you a shorter and more "down and dirty" report. So this quarter we will discuss two different cases: one we like - Western Union "WU" and another we don't, Best Buy "BBY". Both are businesses that at first glance can be dismissed as doomed, but we believe WU has a much stronger grip on life than BBY.

We would also like to address a case we have a higher conviction on, given we recognized some adverse trends for Berkshire in this quarter. Mainly, Berkshire is significantly "long" in energy costs, and should be negatively affected by the much lower oil prices. This "energy-long" appears through many fronts: by relevant positions in some of the major oil companies (which turned out to be liquidated), by investing heavily in clean energy projects through its Mid-American subsidiary, by the huge bet in BNSF (trains), which is a much more energy-efficient transport than trucks and even by owning Geico, the second biggest car insurance company in America. The rationale behind it is that the fall in gasoline prices will lead

Americans to make more use of their cars and, as we know, with miles come accidents. And since the drop in oil prices was VERY relevant and fast, it's unlikely to be reflected in policy prices. All of these tend to be relatively short-lived, but could generate a short-term negative effect nonetheless.

Having said all that, if by any chance you haven't had the opportunity to read the special annual report published by Berkshire to celebrate its 50 years under Buffett & Munger, we strongly suggest that you do. While no big news came from Buffett Letters (one covering the year and the other the 50 years), the mega report (some people can't resist being outdone...) includes a special part written by Munger on his take on how Berkshire became what it is today. It goes from page 39 to 43 and is a very interesting exercise in contrast. While Buffett offers us his usual folksy prose, Munger rips directly to the points in a structured, almost "powerpoint"-like way. Our favorite:

"His [Buffett's] first priority would be reservation of much time for quiet reading and thinking, particularly that which might advance his determined learning, no matter how old he became...his skill improved and improved as he got older and older during 50 years, instead of deteriorating like the skill of a basketball player does."

Western Union

Western Union is the world leader in the money remittance market. Last year it transferred USD 85

billion between 200 countries with the support of a network of 500,000 agents and 100,000 ATMs. Those big numbers and the world network are the essence of it.

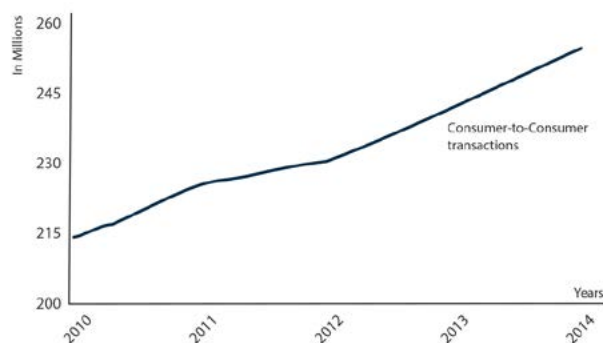
What attracted us to the case was the dominance the company has in the industry and how consistently it generates free cash flow.

The first question that came to our minds was: how can such an old and unsophisticated business survive in a technologically and financially connected world? In 2012 we weren't the only people asking this question and the stock was trading for 8x earnings - an apparent bargain when most of the other stocks we liked were valued above 15x earnings.

The key to understanding the company's importance and durability is its customers. By large, they are comprised of construction workers, domestic employees, waiters, migrants that depend on this service to send money to sustain their families back home. What makes Western Union different from the banks is that its customers are at the margin of the financial system. They don't have bank accounts or credit cards. And frequently neither do their families back in developing countries. It's as if they "don't exist" for the traditional financial players. Paypal and other online players can't reach these people as it's a basic requirement that customers have a credit card or at least a bank account. We estimate that more than 90% of Western Union customer- to-customer transactions

originate or terminate in cash, thus the importance of a large, global network of agents, a simple and unbureaucratic process and a leading brand.

Number of Transactions



The second competitive advantage that WU has mastered is the regulatory burden. Due to the less formal requirements of identification, remittance is one of the many channels used by crooks and criminals to send tainted money around the world. Governments have been confronting this situation by increasing the regulatory requirements, to the point where Western Union is expected to spend USD 200 million in 2015 to comply with local laws around the world. If this sounds too much for WU, who profited USD 850 million last year, it's almost impossible for smaller players to keep up. The 2nd largest player, Moneygram, had USD 72 million in net profits in the same period. Xoom, an online pure-player, posted losses in all but one year of its history as a public company (the largest loss so far was in 2014).

Our main source of concern is the speed of an irreversible substitution of cash by electronic means of payment. Although it seems unlikely that cash will be completely overthrown by electronic money in the foreseeable future, successful experiences such as m-Pesa in Kenya and mBank in Poland show that it's possible to provide cost-efficient banking services for poor communities despite the challenges of such enterprises. When mass bancarization succeeds on global scale, WU's mastership in physical money remittance could be rendered obsolete. But that's likely a long way down the line.

Nevertheless, mobile-based payment solutions are local by nature because of its dependence on the scale of a domestic operator, usually a telecom or a bank and there's a huge difference in technological and compliance requirements when one moves from domestic to international remittances. Having domestic payments as their core market they can also benefit from the global flow of remittances by embracing Western Union instead of avoiding it. Banks worldwide are increasingly partnering with WU for international remittance, an important example being the recent partnership with Bank of China. And despite the general impression of an expensive service, according to our research WU consistently leverages its scale to offer the best price in each corridor, keeping the competitors at bay, increasing its own scale and consolidating its position as the most attractive partner for the local networks.

As a sidenote, local regulation is also the reason why we think Bitcoin doesn't have much chance of being adopted as a de facto currency. It's an ingenious tool (and WU could eventually find a way to use it to cut costs) but governments can't let it become widespread or risk losing revenues, opening the gates for dirty money, giving up control of its own economy, etc. Supposing Bitcoin can gain clout, which is far from certain, governments will face the decision to ban it outright at the cost of spurring innovation - and some are likely to do so - or regulate what is under their control, which are the gates to the system (the exchanges). In the latter scenario, few players would be more prepared than Western Union to make a business out of it.

In November 2012, the company faced a perfect storm: an alignment of bad news that pushed the stock down by 30%. The main issue was that aggressive "price investments" (price cuts) were needed in order to remain competitive in key "corridors". Many investors seemed to think that this was a signal that the business was over - online players were killing WU. Our view was that WU had a captive cash market that could barely be impacted by online players. Most likely the fierce competition was from traditional players. Considering that WU reaps 60% of industry's profit pool with only 20% market share, it became clear that no rational competitor could sustain a price war with WU for more than a few quarters.

This matched the management's outlook that such actions should last for around 18 months.

As expected, the next quarters were tough, revenues and margins declined slightly due to the price investments. But in 2014, as the price investments phased out, revenues were back to growth and margins started to improve, albeit still under pre-2012 levels. The company's market cap already increased USD 2.5 billion (33%) to approximately USD 10 billion from November 2012 dip. In the meantime, USD 600 million were paid as dividends and USD 1.2 billion returned to shareholders in the form of stock buybacks.

Something we would like to see is the management increasing its stake of company stock. The CEO has only USD 5 million worth of company shares and all management together holds just USD 17 million. Not that this is necessarily a bad sign in itself - it's a common trait of more traditional companies, where the stake of the founder has been diluted over time - and we are also glad that common stockholders' shares of the company is not being diluted by indiscriminate stock compensation programs. Nevertheless, we would be more comfortable if we saw the management with more skin in the game.

WU operates in a rather mature market and we don't expect to see aggressive growth going forward. The online operation, westernunion.com, is an exception

and has been growing at dotcom rates (28% in 2014) but still represents just 5% of total revenues. In any case, WU consistently generates more than USD 1 billion in operating cash flow. It has recently increased its dividend - a total of USD 320 million will be distributed this year. The company has also repurchased shares at an average pace of USD 500 million per year and there's no reason to believe it will stop anytime soon, particularly at this share price. With a USD 10 billion market cap (@19.20), this means an attractive 8% yield of return to shareholders.

Best Buy

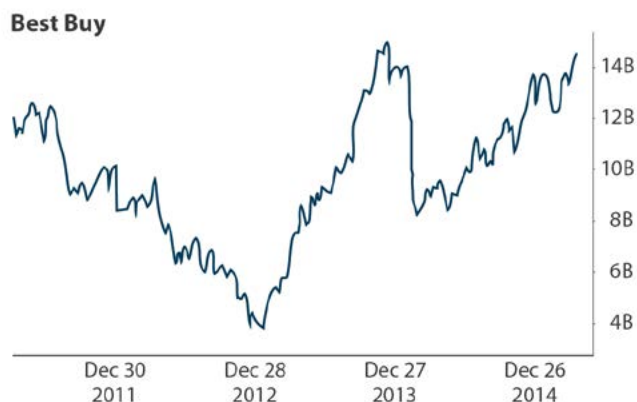
We always try to make it clear: we don't actively look for short ideas, it is simply not part of our philosophy. However, sometimes during our study process, we find companies with the opposite characteristics that we look for in a reasonable investment case, and/or are the victims of a strong trend we observe and/or stand in the way of a steamrolling competitor. This is the case of Best Buy (BBY), which taps the two most important points we consider when identifying a short case: poor business model with a deteriorating economic moat and incentives that are far from aligned with minority shareholders.

"In those days, sales people and a showroom floor were an essential piece of the business. Today, most people own several TV's, purchasing is more routine, and most consumers buy online without ever talking to anybody."

This quote from former Circuit City CEO Alan Wurtzel reflects the situation that most electronic retailers face today. During the last decade, these retailers have been under significant pressure from the online channel in terms of pricing, faster and more reliable deliveries as well as shopping experience.

As we wrote in previous reports, we genuinely admire Amazon's business model. We have been studying both the company and the sector for quite a long time now and the more we do so, the more we get the idea of how difficult it is to compete with a company like Amazon. And it gets worse, giants like WalMart and Costco, to name the biggest US players, are not happy to be "Amazoned" in the electronics categories, which has the practical effect of increasing the competitive pressure in the category.

First, let's take a look at how Best Buy's numbers evolved over time: Sales went down from USD 49.7 billion in FY 2011 to USD 40 billion in FY15¹, operating margins fell from 4.8% to 3.6% while the company's market value increased from USD 9.8 billion to USD 14.6 billion.



¹ Part of the sales decline was due to the divestiture of the European and Chinese operations. SSS improved a bit last year but from a low 2013 base.

² BBY 2013 annual report - "Operating lease obligations do not include payments to landlords covering real estate taxes and common area maintenance. These charges, if included, would increase total operating lease obligations by USD 1.5 billion at February 1, 2014."

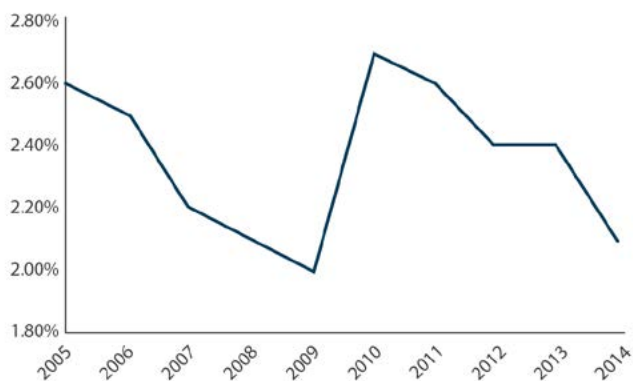
Balance sheet-wise they carry around USD 1.5 billion of net cash. We know that the retail game can be cruel when sales start to go down. The company has a high fixed cost structure with more than USD 3.9 billion of operating leases obligations in the next 1-5 years. Not forgetting that, strangely, they don't account as leasing² the payments to landlords covering real estate taxes and common area maintenance which would increase this number in "just" USD 1.5 billion. In terms of working capital structure so far the new management did a decent job, controlling and bringing down inventory levels and normalizing receivables.

Pricing pressure not just from Amazon but also from other retailers is still present. As Hubert Joly, Best Buy's CEO, mentioned several times during the last conference call, the promotional environment is intense. Second, as deliveries get faster and more reliable (with Amazon Prime even same day delivery is possible) people will shop more online. That urge to drive to the store, see the respective electronic gadget and carry it back home is becoming less and less attractive for shoppers. Or even worse, people go to the stores, look at the electronics, compare prices and still shop online on a competitor. This is what Wurtzel would call "showrooming".

To make things worse, during a long period of time in the "golden years", much if not all of the profits came from high margin guarantee extension sales.

Those were high pressure sales at the check out. But people aren't stupid. They started to notice that with the accelerated product cycles, most products are now substituted before the original guarantee expires. And quality controls got much better in general, implying in less defective products. Last but not least, if sales are falling and you're cutting staff, it gets unlikely that you will have the highly trained (and almost harassing) salespeople to push the extended guarantees.

Extended guarantee's sales as % of revenue



In 2012, the year Hubert Joly became CEO, he started to put into practice several initiatives including the Renew Blue, in which the company was able to cut a reasonable amount of costs and therefore quickly improve its margins. This led to a healthier bottom line but still stagnant growth. In the short term, it can be taken as a sound initiative, but in a business that involves a daily relationship with customers, lack of investments can directly impact the quality of the

entire shopping experience. You don't need to dig very deep to see that quality of the stores and the level of services is worsening at a fast pace.

And now we have Walmart, as mentioned above, and other general merchants increasing average pay in order to get better educated/trained workers to try to differentiate themselves by offering a better customer experience at their stores. We don't know how well that will work out yet, but we know for sure it'll be one more competitive issue for Best Buy. And speaking about Walmart, in a recent talk with Roberto Setúbal, Marcel Telles, former CEO of Brahma, Partner of Banco Garantia and one of the 3 founders and "magicians" from 3G of InBev, BurgerKing, Heinz and now Kraft, commented about Amazon and its, how can we say... "Disruptivity". Below is a part of his answer when asked about the impact this new digital era will have on his business.

"Normally I'm paranoid and these latest changes made me even more since I've been seeing companies that I really admire suffering. Probably there is no other company that I admire more than Walmart and I'm seeing Amazon disrupt their business"³.

When looking at the incentives, both the recent insider selling spree and the compensation plan really called our attention. Obviously, executives may sell part of their stocks for personal reasons but in the last 12 months, together with BBY's founder, they sold over USD 350 million in stocks. It is important to

³ Talk between Roberto Setúbal and Marcel Telles for Istoé Negócios.

keep in mind that the company's founder is drastically reducing his position. There are some yellow flags in the CEO's compensation structure as well, such as the easy to beat variable package with few long term performance metrics and the vast amount of money he pocketed recently.

We bear in mind the good old saying from Keynes that "markets can remain irrational a lot longer than you and I can remain solvent" and in the short term we see some risks to the case. The first one is that the recent fall in oil prices will leave consumers with more money to spend. A second risk is the company being acquired by any of the Private Equity firms that have their pockets full and clients demanding investments, or even another company with the urge to increase its physical retail presence. There is also the risk of a massive improvement in the company's online operation which sounds very far down the road, taking into account the company website's poor performance during the holiday periods.

In the end, even after we factor in the risks, we are comfortable in defining BBY as a short case.

PERSPECTIVES

The clash of (at least) four tidal waves

Over the last few months, we watched somewhat bewildered four major events:

- The decline in about USD 60/bb (more than 50%) in oil prices represents an approximately USD 2 trillion annual transfer of wealth from oil producers to third parties, mostly consumers in the US, Japan and Germany.
- Much to the disgust of Germany, the ECB's decision to inject EUR 1.2 trillion in the European markets through Draghi's bond purchase plan.
- The major mess that two of the original BRICs, Brazil and Russia, have become. These are countries that supposedly should be driving world economy and demand going forward.
- And last but definitely not least, the major currency movements, jumpstarted, of all things, by the Swiss Central Bank's "re-float" of its currency.

All that on top of the now "new normal" scenario of ZIRP (Zero Interest Rate Policies) in most of the developed world, to the point where in many countries, nominal interest rates are negative.

Well, we're not macro-economists (very, very far from it), but as we stated on the cover of our previous report (4Q 2014), when something stands out, you can't miss it. What is NOT out of our previous experience is the fact that more than 80 startups having been "valued" at more than USD 1 billion sounds a bit disturbing.

Our understanding is that Capitalism is based on money and in money having a cost, which brings with it the all important concept of “opportunity cost”. When you have generalized long term ZIRP and widespread negative interest rates, we’re clearly out of the system’s boundaries. Mean reversion is a dangerous concept, specially in “disruptive times”. Could it be the “new normal” and that we finally have got the ever fugid “this time it’s different” situation? We leave you with this open question. Meanwhile, we’ve spent some time pondering real capital protection ideas. For inasmuch we believe in the vast and ever accelerating impact of technology, disruptive business models and even give the Singularity concept some credit, we’re not ready to factor all the implications in our worldview as if they’re going to happen tomorrow.

So why, one should ask, do we still believe in carrying relevant long positions? Because the only thing one can be sure of is that mistakes will happen. Just make sure you keep in mind the great tennis player Martina Navratilova. When being interviewed after a game by a typically “inspired” reporter in Wimbledon, she was asked how she felt having been passed so many times when going for the net, she answered: “Well, didn’t feel good any time, but I won the game, haven’t I?” We understand that there are MANY things one can’t forecast and that in a relatively stable scenario, it’s

pretty reasonable to pay 15 to 20 times free cash flow for great businesses growing at about 5% a year.

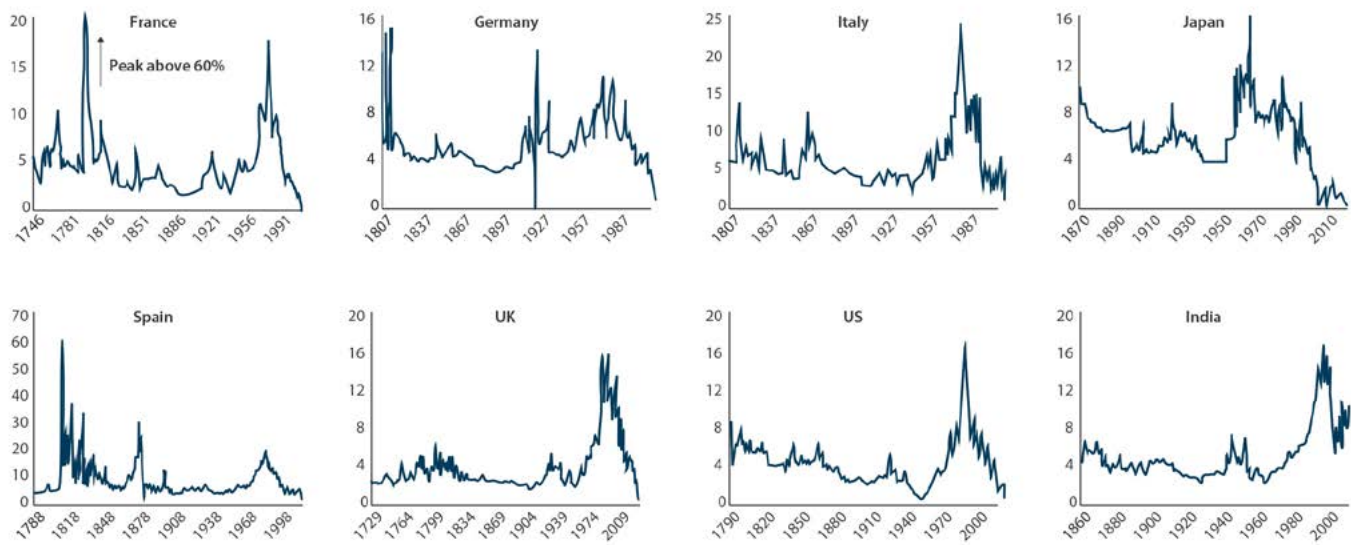
The best way to put it to our readers is that we’re hoping for the best but preparing for the not so good. And if there’s one thing these almost three decades in business have taught us is that “to finish first, first you have to finish”.

Being no specialists ourselves, we found it nonetheless intriguing the comments and data presented by the Deutsche Bank in a recent report:

“We ask whether bonds are the final bubble in what has been a near two decade rolling series of inter-related bubbles? After the Asian/Russian/LTCM crises of the late 1990s we entered a super cycle of very aggressive policy responses to major global problems. In turn this helped encourage the 2000 equity bubble, the 2007 housing/financial/debt bubble, the 2010-2012 Euro Sovereign crisis and arguably some recent signs of a China credit bubble (a theme we discussed in our 2014 Default Study). At no point have the imbalances been allowed a full free market conclusion.”

Maybe. We believe it’s wise to hold some gold, just in case. Always try to be in the position of the guy who sells handkerchiefs (or paper towels) when everybody else is crying.

Nominal 10yr Yields by Country



Source: Deutsche Bank, GFD

Goldman Sachs on Oil

"Goldman Sachs lowered its 2015 price forecast for Brent to USD 50.40 a barrel from USD 83.75, following a string of market analysts that have revised their estimates in recent weeks. It cut its WTI outlook for this year to USD 47.15 a barrel from USD 73.75"

— *FT*

- "Why am I giving Goldman any credibility, did they predict this decline?" Hell no! Why should I think they know anything about where it'll go from here? They know as much as a broken clock, I will give them that".

— *reader comment on FT*

- ".....oh, one last thing for the Financial Times. Be more careful about who you interview, I don't want to pay for shoddy opinions!!!" - Comment on the same page of the FT with the quote above..."

— *reader comment on FT*

About the Swiss Franc move and risk models:

Goldman Sachs Chief Financial Officer Harvey Schwartz said on the earnings call that this was something like a 20-standard-deviation event.

A "much more frequent" 7-standard-deviation move should happen about once every 390 billion days, or about **once in a billion years.**

About the importance of remittance for certain populations:

According to the United Nations, more than 230 million people were living outside of their countries of birth in 2013.

Officially recorded remittances to developing countries were an estimated USD 404 billion in 2013.

Global remittance flows, including those to high-income countries, are estimated at USD 542 billion in 2013.

The top recipients of officially recorded remittances in 2013 were India (USD 70 billion), China (USD 60 billion), the Philippines (USD 25 billion), and Mexico (USD 22 billion).

Some countries' economies are deeply dependent on remittance. Top recipients relative to GDP were Tajikistan (52%), Kyrgyz Republic (31%), Nepal and Moldova (both 25%), and Samoa and Lesotho (both 23%).

Source: World Bank

MISCELLANEOUS

"Bean counting is a great skill to have when people are trading beans. But when people start trading, say, liquids instead, the skill becomes less relevant."

— **FT Lex about Nielsen**

"In economics things take longer to happen than you think they will, and then they happen faster than you thought they could."

— **Rudiger Dornbusch**

"Your mind will answer most questions if you learn to relax and wait for the answer."

— **William S Burroughs**

"The only function of economic forecasting is to make astrology look respectable."

— **John Kenneth Galbraith**

"Criticism may not be agreeable, but it is necessary. It fulfils the same function as pain in the human body; it calls attention to the development of an unhealthy state of things. If it is heeded in time, danger may be averted; if it is suppressed, a fatal distemper may develop".

— **Winston Churchill**

"Separating the roles is an easy box to mark on a governance checklist. It is harder to assess whether a non-executive chair has a backbone; or whether the board members are qualified and vigilant. But the quality of the board as a whole is at least as important as whether or not the chief executive chairs it. Churchill was no box-ticker. Neither should investors be."

— **FT Lex Note on Corporate Governance**

“Watson is phenomenal at that because it’s unbiased. That is crucial. People are not unbiased — they have so much data, that they just cannot deal with it all, so they develop biases. But Watson can handle the data.”

— **Ginni Rometty, IBM CEO**

“Decentralization is the cornerstone of our management philosophy.” “[Warren Buffett and I] are both proponents of a decentralized management philosophy: of hiring key people carefully; of pushing decisions down the organization; and of setting overall principles and resisting temptation to be involved with details. In other words, don’t hire a dog and try to do the barking.”

— **Tom Murphy**

“People will do what you inspect, not what you expect.”

— **Louis Gestner, former IBM CEO**

“Tact is the ability to tell someone to go to hell in such a way that they look forward to the trip.”

— **Winston Churchill**

“One of the most uncommon things in life is common sense.”

— **Tom Murphy**

PIPA PRIZE

PIPA PRIZE

IP ART AWARD

As we enter PIPA's sixth year and reach an ever widening and more globalized audience we thought a recap was due.

To start, it's by invitation only; there is no application process.

Every year PIPA's Board, composed of two representatives of MAM-Rio (Museum of Modern Art of Rio de Janeiro), two from IP Capital Partners, one from Instituto IP and two or three "outside members" invite approximately 30 names for the Nominating Committee.

Those are people closely involved with Brazilian contemporary visual arts scene and responsible for nominating the artists who will be invited to participate each year. The Board strives to build a matrix-like list, with art experts from different parts of the country and abroad while at the same time preserving some balance between their activities: curators, collectors, gallerists and "established artists".

This year's list, with 26 members, announced in February, can be represented by the following chart:

	Curators/ Art Critics	Collectors	Gallerists	"Established Artists"
North	11.6%			
Northeast	7.7%			
Midwest	3.8%			
Southeast	38.5%	3.8%	7.7%	3.8%
South	7.7%		3.8%	
Abroad	11.6%			

Each Nominating Committee member nominates up to 3 artists they consider worthy to be rewarded.

They are free to name up to three visual artists of all different media. The artist can be a Brazilian living abroad or even a foreigner who lives or has lived in Brazil, or simply has his work connected to the Brazilian contemporary art.

In March, after compiling the data, PIPA announced the list with the 67 nominees. This process is done throughout a week, with 3 "bulletins" per day, so that each artist receives a due amount of attention, instead of being buried in a 60-name list.

Only the nominated artists that sign the Term of Participation and accomplish all the requirements of the Regulation within the terms fixed, are considered Participating Artists and may run for the awards in its four categories (PIPA, Popular Vote Exhibition, Online and Popular Vote Online). Gladly, 66 of the 67 opted in.

The list with this year's nominees can be found at www.pipaprize.com (or www.pipa.org.br, in Portuguese).

As per habit to always try to organize data in a way that makes it more useful, below are two tables, to know from where are the artists and their age range:

	Place of Birth	Place of Residence
North	9.0%	7.4%
Northeast	17.9%	21.0%
Midwest	3.0%	4.5%
Southeast	52.2%	53.7%
South	16.4%	6.0%
Abroad	1.5%	7.4%

Age Range	
20-30	7.5%
30-40	52.2%
40-50	29.8%
50-60	7.5%
60-70	0.0%
70-80	1.5%
Over 80	1.5%

On June 12th the Board will announce this year's four finalists, which will receive BRL 12,000 each and participate in PIPA's 2015 exhibition at MAM-Rio, from September 5th to November 15th.

As Brazil's inflation has been affecting the Prize value, we decided to update the award. The winner of the main category will receive a total of BRL 130,000, including the funding for a three months residency program at Residency Unlimited, in New York. The other categories (Popular Vote Exhibition, Online and Popular Vote Online) will have their prizes updated at approximately the same rate. The PIPA Online award also includes an international artistic residency program, at another institution, Sacatar, in Bahia.

On a final note, we couldn't help commenting on an article published by Harry Eyres on the Financial Times (The Slow Lane column, edition 15/16 March 2015). As most brilliant British writers do, he starts quite well, citing platitudes based on the original writings of John Ruskin, who in 19th century wrote:

"There is no wealth but Life," he wrote, in words that deeply stirred Mahatma Gandhi among others.

"Life, including all its powers of love, of joy, and of admiration. That country is the richest which nourishes the greatest number of noble and happy human beings; that man is richest, who, having perfected the functions of his own life to the utmost, has also the widest helpful influence . . . over the lives of others."

Ruskin (the son of a prosperous wine merchant) is not against people being wealthy; what he is in favour of is that wealth, in all its forms, is used for the good of others. Then he goes on to mention a report by the Warwick commission that "The cultural and creative industries are, apparently, the fastest growing sector of the British economy, representing up to 10 per cent of the economy".

That statement closely matches our anecdotal evidences. But then he shows what is it that he really is out about. He starts to criticize the Tories budget cuts all around, including arts, education, NHS...

Well, nobody likes to receive a smaller part of the pie (assuming fasteners and faquir as excluded). Those used to something will always fight to keep it. But history (and InBev and Danaher...) has proven that it's always possible to do more with less. And better!

We have been privileged to just visit a memorable exhibition of Rubens and his influences at the Royal Arts Academy and it was sponsored by BNY Mellon. The 2nd year students exhibition of the same Royal Arts Academy was vibrant, full of interesting works

and with an audience that most state-sponsored museums would die for. Same for an exhibition of the works of students of the Royal College of Arts. It seems that the fact is that “the culture and creative industries are, apparently, the fastest growing sector of the British economy, representing up to 10 per cent of the economy”, despite the cuts...

We’d dare to say that efficacy-wise, what we do with PIPA in Brazil, which neither receives nor seeks to receive any public sponsorship or tax-benefit, or what Itau Cultural and Instituto Moreira Salles, both in Brazil, our country of origin, do, are nice jobs in terms of advancing the arts and bringing it to the people, being it directly and/or online. We’re certainly incurring on the mistake of omission of many other

projects in Brazil and elsewhere that proves the same point: art is such a big necessity that it doesn’t need the State to help creating it. Preserving the established, probably.

In conclusion, when we get to this subject, we always like to remember the unsurpassable Mrs Thatcher: “There’s no such thing as public funds. All there is is taxpayer’s money”, or as our great friend and idol Armínio Fraga, former president of Brazil’s Central Bank, at a time when Brazilian Government was something worth of credit and even admiration, said during the 2002 crisis, when patiently explaining to an “all-important” but “not so enlightened” Brazilian Congressman where all the money came from: “From my pocket, from your pocket, from our pockets....”

PIPA
PRÊMIO □ PRIZE

Ajude a divulgar o PIPA.
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Daniel Steegmann Mangrané was one of the PIPA Prize 2014 finalists. The others were Alice Miceli (PIPA 2014 winner), Thiago Martins de Melo and Walter Malta Tavares. The catalan artist, based in Rio de Janeiro, has his work composed by subtle poetics and, at the same time, raw interpretations that question the relationship between language and the world. Although mostly conceptual, his installations engage the viewer’s imagination. For PIPA’s show, held at the Museum of Modern Art of Rio de Janeiro, from September 6th through November 16th, 2014, the artist created an intervention with “curtains” inspired by the Museum’s architecture.

