



## **CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

### **Articulate Investment Fund, LLC**

The Fund, the General Partner and the Investment Manager are not registered as investment companies under the Investment Company Act, in reliance on an exemption provided for privately-offered investment companies in Section 3(c)(1) or Section 3(c)(7) of that Act.

Accordingly, the Interests will be sold only to persons who satisfy the standards of a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act and in the rules and interpretations thereunder.

The Offering of the Interests is made in reliance on an exemption from the registration provisions of the Securities Act pursuant to Section 4(a)(2) of the Securities Act and Rule 506(c) of Regulation D under the Securities Act, which exempts transactions by an issuer not involving any public offering. Accordingly, the sale of the Interests will be limited to persons who are “accredited investors” as defined in Regulation D under the Securities Act.

Articulate Investment Fund, LLC and General Partners have a fiduciary duty to act in the best interests of the fund. It is important for the fund to disclose this relationship and potential conflict of interest to its investors.

This is an important clause because it specifies that the offering of the Interests has been made in compliance with the laws and regulations of the Securities Act, which govern the issuance of securities. The specifics of the exemptions used for this offering are included here to reassure investors and regulators that the fund is operating within the confines of the law.

The fund’s strategy involves significant risks and is suitable only for investors who are capable of understanding the risks involved. An investor should make an investment only if the investor is able to bear the economic risk of losing the entire investment. An investment should be viewed as long-term in nature. Potential investors should read this confidential memorandum carefully and consult with their legal, tax and financial advisors before making an investment decision.

This paragraph highlights the significant risks involved in investing in the Fund. The statement emphasizes that only investors who understand and are capable of bearing these risks should invest in the Fund.

This statement seeks to protect the confidentiality of the information in the Memorandum by requiring potential investors to seek permission from the General Partner before sharing or distributing the Memorandum to others. This is a common provision intended to safeguard sensitive and proprietary information from unauthorized access or use.

The standard of suitability outlined herein, and later confirmed in the subscription agreement and investor questionnaire, states that the offering is solely appropriate for sophisticated investors for whom the offering does not constitute a comprehensive investment program.

Under Delaware law, an accredited investor doesn't need to meet the "sophistication" requirement. All investors are accredited, as per Regulation D, or qualified clients, as per the Investment Advisers Act of 1940. This statement should still be included for an additional layer of protection, even if not strictly required from a regulatory perspective. Additional investments may be for a minimum of \$100,000, unless otherwise determined by the Articulate Fund's General Partner.

Confidentiality is of utmost importance in regard to this Confidential Memorandum. If the potential investor doesn't purchase any Interests or if the subscription isn't accepted, this Memorandum and all related documents must be returned without retaining any copies. Tax treatment and tax structure information may be shared without restrictions. Forward-looking statements are based on the General Partner's and the Investment Manager's past experience and future market expectations. They are not guarantees of future performance.

Conflicts of interests may arise between Limited Partners, the General Partner, and the Investment Manager. This Confidential Memorandum does not constitute an offer to sell or a solicitation of an offer to buy in any state or other jurisdiction where such an offer or solicitation is not authorized under Delaware law. This Memorandum's accuracy is believed to be reliable, but no express or implied representation or warranty is made regarding the accuracy or completeness of the information contained herein.

Investors are encouraged to independently investigate the Articulate Fund and an investment in the Interests. The summaries of the Fund's Partnership Agreement and other agreements referred to in this Confidential Memorandum do not purport to be complete and should be referred to in their entirety.

The Articulate Fund reserves the right to withdraw this offering at any time before the acceptance of investor subscription agreements and to terminate the offering of Interests at any point. It also reserves the right to accept or reject, at its sole discretion, any offer made by an investor to purchase securities.

Employee benefit plan fiduciaries subject to the Employee Retirement Income Security Act of 1974 (ERISA) should consider whether investment in the Fund is prudent and otherwise in compliance with ERISA. The General Partner intends to restrict the admission of Limited Partners and the transfer of Interests so that Employee Benefit Plans will not hold, directly or indirectly, 15% or more of the Interests.

This Confidential Memorandum should not be considered legal or tax advice. Potential investors should consult with their own legal and tax advisors regarding all matters related to an investment in the Interests.

### **THIRD PARTY DATA**

Certain data included in this Memorandum is derived from information provided by third-parties that we believe to be reliable. The discussions contained in this Memorandum relating to the Portfolio, the artists, the art market, and the art industry are taken from third-party sources that the Company believes to be reliable and reasonable, and that the factual information is fair and accurate. Certain data is also based on our good faith estimates which are derived from management's knowledge of the industry and independent sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified such third-party information, nor have we ascertained the underlying economic assumptions relied upon therein. The statistical data relating to the art market is difficult to obtain, may be incomplete, out-of-date, or inconsistent and you should not place undue reliance on any statistical or general information related to the art market included in this Memorandum. The art market data used in this Memorandum involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such data. While we are not aware of any material misstatements regarding any market, industry or similar data presented herein, such data was derived from third party sources and reliance on such data involves risks and uncertainties.

### **TRADEMARKS AND COPYRIGHTS**

We own or have applied for rights to trademarks or trade names that we use in connection with the operation of our business, including our corporate names, logos and website names. In addition, we own or have the rights to copyrights, trade secrets and other proprietary rights that protect our business. We do not own any copyrights to the Portfolio. This Memorandum may also contain trademarks, service marks and trade names of other companies, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this Memorandum is not intended to, and should not be read to, imply a relationship with or endorsement or sponsorship of us. Solely for convenience, some of the copyrights, trade names and trademarks referred to in this Memorandum are listed without their ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our copyrights, trade names and trademarks. All other trademarks are the property of their respective owners.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This Memorandum contains certain forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, or state other forward-looking information. Our ability to predict future events, actions, plans or strategies is inherently uncertain. Although we believe that the expectations reflected in our forward-looking statements are based on reasonable assumptions, actual outcomes could differ materially from those set forth or anticipated in our forward-looking statements. Factors that could cause our forward-looking statements to differ from actual outcomes include, but are not limited to, those described under the heading "Risk Factors." Readers are cautioned not to place undue reliance on any of these forward looking statements, which reflect our views as of the date of this Memorandum. Furthermore, except as required by law, we are under no duty to, and do not intend to, update any of our forward-looking statements after the date of the Memorandum, whether as a result of new information, future events or otherwise.

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## **EXECUTIVE SUMMARY**

The subject hedge fund ("Articulate Investment Fund") will utilize an investment strategy focused on the acquisition of blue-chip art ("Art Investment Strategy"), primarily from the post-war and contemporary art segments. This strategy is intended to yield superior risk-adjusted returns for the Fund's investors, while simultaneously providing an effective hedge against inflation.

The Art Investment Strategy capitalizes on the proven historical stability and capital appreciation of blue-chip art, which is distinguished by its quality, rarity, and the renown of its artists. These artworks typically retain their value irrespective of broader economic conditions, thereby serving as a valuable hedge against inflation.

The Fund leverages its proprietary art-market analytical capabilities, utilizing an evidence-based approach to determine purchase timing and pricing. The Art Investment Strategy focuses on acquiring artworks from established and recognized artists who have demonstrated a stable or increasing price trajectory in the primary and secondary art markets.

Furthermore, the Fund follows stringent due diligence processes to ensure the provenance, authenticity, and legal title of each artwork purchased, mitigating potential legal and reputational risks. It also employs robust art asset management practices to maintain and enhance the physical condition and value of its art portfolio. These practices include museum-standard storage, conservation, and insurance arrangements to protect the Fund's art assets against damage, theft, or other adverse events.

Notwithstanding, the Art Investment Strategy is subject to inherent risks and potential legal implications. This includes illiquidity risk given the typically long holding periods for art investments and the unpredictable nature of the art market, which can impact the valuation and salability of artworks. The Fund also bears the risk of changes in art and culture-related laws, regulations, and international treaties that may affect the import, export, and ownership of artworks.

Overall, the Fund's Art Investment Strategy constitutes a compelling blend of capital appreciation and wealth preservation, poised to deliver strong returns while providing a valuable hedge against inflation. Additionally creating market control through reputation and creating liquidity within the market.

## INVESTMENT OBJECTIVE & STRATEGY

### *Investment Objective - Blue-Chip Art Acquisition*

The investment strategy is centered around the acquisition of blue-chip art, which includes works by renowned artists such as Andy Warhol, Banksy, Basquiat, Soulages, Yaacov Agam, among others, acquired at undervalued prices. This approach is rooted in the understanding of the long-term scarcity of works from such iconic artists, and the leveraging of this scarcity to drive investment value. We will strategically identify and invest in emerging artists from diverse backgrounds with great potential, and who stand to create considerable cultural impact ahead of their time. These dual-focused tactics are anticipated to deliver significant returns, potentially multiplying certain investments by 1000x.

Our unique acquisition strategy employs the expertise of seasoned art dealers to discover outlier prices in the art market. This enables us to effectively capitalize on arbitrage opportunities within the sector, buying low and selling high, to maximize investor returns.

Further, we appreciate the intrinsic emotional allure of owning significant art pieces and the influence of collector psychology on the art market. Our investments aren't just financially profitable; they are designed to be emotionally fulfilling, creating a collection that satisfies the collector psyche and fosters a deeper engagement with the investment. In tandem with the financial prospects, we are deeply committed to fostering the global arts community.

By investing in both prominent and emerging artists, we are providing active support to the broader arts industry, reflecting our conviction that art represents a dynamic and culturally important asset class deserving of strategic investment. Regarding our fee structure, we're introducing a unique approach that is testament to our confidence in this strategy. Instead of the inefficient traditional management fee, we will charge a 30% performance fee. This means that we only profit when our investors do. We're so confident in our investment strategy that for the first three years, we will operate with a 0% management fee.

This aligns our interests directly with our investors, providing them with the assurance that our primary goal is the growth of their investments. Our aim is to create an innovative, engaging, and profitable investment platform that aligns art appreciation with wealth creation while making a significant contribution to the global arts community. We're doing this with a level of confidence and commitment that is encapsulated by our performance-based fee structure, creating a truly investor-centric model in the art investment industry.

### *Investment Strategy:*

**Identification of Blue-Chip Art:** The strategy involves comprehensive research and analysis to identify blue-chip art, including works by established and highly regarded artists such as Andy Warhol, Banksy, Basquiat, Hockney, Soulages, Yaacov Agam and other influential figures. Thorough due diligence will be conducted to evaluate the historical significance, rarity, and market demand for these artworks.

**Undervalued Purchases:** The investment approach aims to acquire blue-chip art at undervalued prices, leveraging opportunities arising from market inefficiencies, temporary dips, or undervalued pieces that have not yet garnered mainstream attention. Diligent negotiation and

expertise in art valuation will be employed to secure artworks below their perceived intrinsic value.

**MIT AI:** Collaborating with the esteemed Massachusetts Institute of Technology's AI research division presents a promising opportunity to bolster the art hedge fund's authentication processes and prevent the inadvertent acquisition of forgeries. Through this partnership, cutting-edge AI technologies can be harnessed to analyze intricate details, provenance, and historical data associated with potential art acquisitions. By integrating advanced machine learning algorithms and computer vision techniques, the AI system can discern subtle nuances that human inspection might overlook, thereby enhancing the accuracy of authenticity assessments. This collaborative effort is aimed at instilling confidence among investors and stakeholders by ensuring a rigorous due diligence process that significantly reduces the risk of purchasing forgeries. Furthermore, the synergistic combination of the art hedge fund's expertise in the art market and MIT AI's technological prowess holds the potential to establish a pioneering framework for the entire art industry, fostering increased trust and integrity within the global art market ecosystem.

**Up-and-Coming Artists:** In addition to acquiring renowned blue-chip art, the strategy emphasizes identifying emerging artists with exceptional talent and potential. Extensive scouting, engagement with the art community, and collaborations with art experts will aid in the discovery of these promising artists before they gain widespread recognition. Investments in their artworks will be made with the anticipation of substantial appreciation over time.

**Global Network Development:** The investment strategy includes building a global network of art enthusiasts, collectors, galleries, and industry professionals. This network will facilitate the exchange of information, trends, and potential investment opportunities. Collaborations with influential individuals and organizations within the art world will provide access to exclusive insights and opportunities for strategic partnerships.

**Supporting the Arts Community:** The investment approach is committed to actively supporting the arts community. This involves fostering partnerships with art institutions, museums, and non-profit organizations to contribute to the growth and development of emerging artists. Financial support, mentorship programs, and sponsorships will be employed to empower artists and strengthen the arts ecosystem.

**Risk Management:** A robust risk management framework will be implemented to mitigate potential risks inherent in the art market. Diversification of the art portfolio, regular evaluation of market trends, and consultation with art experts will be integral to managing risk and optimizing investment decisions. This notice serves to outline the proposed allocation of excess capital reserves within the fund for the purpose of engaging in additional low-risk, moderate-return positions to further hedge the already inflation-hedged art holdings.

**Double Hedging:** The Fund aims to diversify its investment portfolio by strategically opening small (1-2%) positions with excess capital in various financial instruments, including indexes, commodities, technology companies, shorting NFTs on NFT Perp instruments, and basically anything that's heavily overvalued thereby mitigating potential risks associated with the volatile art market. These strategic investments are intended to create increased cash flow and assets for the Fund, bolstering its financial position and facilitating the accumulation of additional art assets. Furthermore, the Fund may explore the possibility of securing loans against its art holdings, subject to appropriate valuation and risk assessment, to facilitate further capital growth and investment opportunities. However, it will be essential to exercise due diligence and comply

with applicable legal and regulatory requirements when contemplating such loan transactions to ensure the Fund's continued adherence to prudent financial practices.

The investment objective and strategy summarized above seek to maximize returns through the acquisition of blue-chip art at undervalued prices while identifying and investing in up-and-coming artists with significant growth potential. The ultimate aim is to create a globally renowned art collection, establish a robust network, and actively contribute to the arts community's growth and prosperity.

## **Market Data/Risk Factors**

**The Art Market:** The global art market is a network of auction houses, dealers, galleries, advisors, agents, individual collectors, museums, public institutions, and various experts and service providers engaged in the purchase and sale of unique and collectible works of art. Based on data included in the latest Art Basel & UBS Report on the Art Market in 2022, total annual art sales have ranged from \$50.3 billion to \$68.2 billion over the past 10 years and have grown at 15% from 2012 through 2021. Despite the global recession in 2020, the art market recovered strongly in 2021. Aggregate art sales grew by 29% to reach an estimated \$65.1 billion; a transaction volume that surpassed pre-pandemic levels of 2019. The growth rate recorded last year is the largest year-on-year increase since 2010. A major shift that occurred as a result of COVID was a shift to online sales in the art market, as participants could only transact digitally. However, since 2021, there has been a significant change in the proportion of sales that take place online as opposed to in-person. While online sales made up for more than 70% of total sales during the COVID-19 pandemic in 2020, by 2022 this had decreased to 48%. Nevertheless, this figure is still double the amount of online sales that took place in the same period in 2019. Though all sectors of the market grew in 2021, auctioneers had the most dramatic recovery with public sales increasing. By comparison, private sales increased by just over a third while the dealer market grew by 18%. Postwar and Contemporary art continued to be the most valuable segment, accounting for 55% of global auction sales, or \$6.7. 15 billion, a 42% increase year-on-year. Works created in the past 20 years accounted for \$2.5 billion in global sales, twice as much as in 2020. This growth in transaction volume was driven by both a higher number of lots sold, as well as higher average prices. Galleries, auction houses and dealers facilitated transactions through traditional in-person events, online sales and a hybrid of the two. According to early findings from the first half of 2022, aggregate sales from the major international auction houses indicate that the market is continuing to rebound from the pandemic. Sales at Christie's, Sotheby's, and Phillips increased by 21% from the same period in 2021. Total sales conducted by auction companies are estimated to have reached \$30.4 billion in 2021, up by 45% in 2020. In general, the global art market is influenced by the overall strength and stability of the global economy, geopolitical conditions, capital markets and world events, all of which may affect the willingness of potential buyers and sellers to purchase and sell art. While the global art market is large, its exact size is unknown and statistical data is inconsistent. Much of the uncertainty stems from differing estimates of the size of the private



dealer and gallery market, which is based on survey data, but disparities also exist in reported auction sales.

**Market Volatility:** The art market can be subject to significant volatility, influenced by various factors such as economic conditions, changing tastes and trends, and shifts in investor sentiment. Fluctuations in the broader financial markets can also impact the value of art investments, potentially leading to a decline in prices.

**Art Market Illiquidity:** Unlike more traditional investment assets, art can be relatively illiquid. Selling artworks may require significant time and effort, as finding suitable buyers and negotiating transactions can be a complex and lengthy process. Illiquidity may limit the ability to quickly convert art holdings into cash, potentially affecting liquidity needs and investment strategies.

**Artwork Authenticity and Provenance:** One of the key risks in the art market is the authenticity and provenance of artworks. There is a risk of inadvertently purchasing counterfeit or forged artworks, which can result in substantial financial losses and reputational damage. Thorough due diligence, engaging reputable experts, and conducting extensive research are essential in mitigating this risk.

**Artwork Valuation:** Valuing art is subjective and can be challenging, as it relies on individual appraisals, market perceptions, and the availability of comparable sales data. Incorrect or inaccurate valuations may lead to overpaying for artworks or underestimating their potential value. It is crucial to engage qualified professionals and art experts to assess and validate artwork valuations. Condition is a major factor in determining price. The physical condition of an artwork over time is dependent on technical aspects of artistic workmanship, including the materials used, the manner and skill of application, handling and storage and other factors.

**Changing Market Trends:** The art market is influenced by evolving tastes, trends, and cultural shifts. Artists who are highly sought after today may experience a decline in demand in the future, potentially impacting the value of their artworks. Investing in art requires staying informed about market dynamics and adapting investment strategies to align with changing trends.

**Regulatory and Legal Risks:** The art market is subject to various regulatory and legal risks, including issues related to copyright infringement, import/export regulations, and compliance with anti-money laundering (AML) and know-your-customer (KYC) requirements. Non-compliance with these regulations can result in legal consequences, financial penalties, and damage to the reputation of investors.

**Physical Damage and Loss:** Artworks are vulnerable to physical damage or loss due to factors such as theft, fire, natural disasters, or inadequate storage and handling. Adequate insurance coverage and implementing appropriate security measures are essential to mitigate these risks. However, complete protection against such events may not always be possible.

**Limited Diversification:** Investing heavily in art, especially in specific artists or art genres, may result in a lack of portfolio diversification. Concentration risk arises when a significant portion of the investment portfolio is allocated to a single asset class or a few artworks. A decline in the value of these specific art investments can have a significant impact on the overall portfolio's performance.

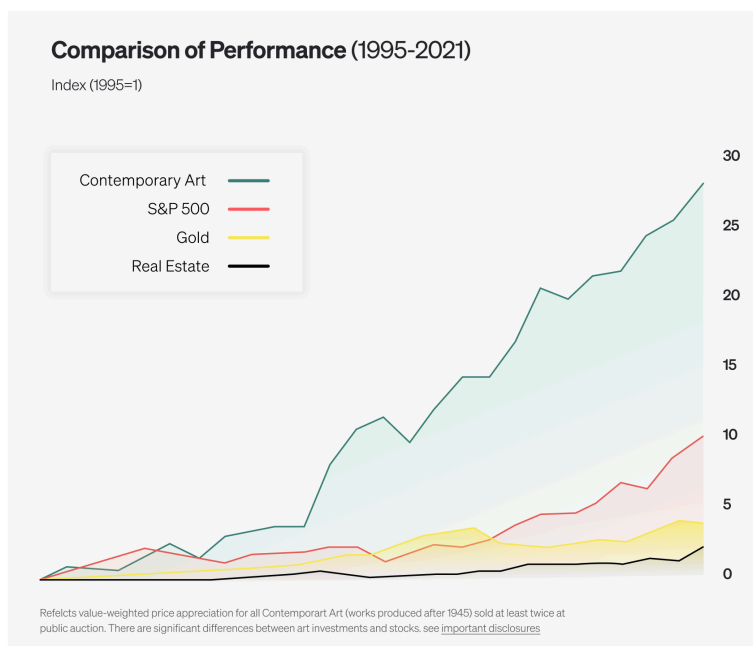
**Art Market Bubbles:** The art market is not immune to speculative bubbles, where prices inflate rapidly and unsustainably. Speculative behavior driven by hype or market speculation can lead to inflated prices that may not reflect the intrinsic value of the artworks. Bursting of such bubbles can result in substantial value corrections and potential losses for investors.

**Economic and Geopolitical Factors:** Broader economic factors, such as recessions, political instability, trade disputes, or geopolitical tensions, can influence the art market. Economic downturns or geopolitical events may impact consumer confidence and discretionary spending on luxury assets, including art. Changes in tax regulations or import/export restrictions can also affect the art market dynamics.

**Authenticity:** Claims with respect to the authenticity of a work may result from incorrect attribution, uncertain attribution, lack of certification proving the authenticity of the artwork, forgery of a work of art, or falsification of the artist's signature. We generally obtain representations of authenticity from sellers, but these representations may not effectively eliminate the risk.

### Relating To The 7 Current Art Market Indices:

**Market Volatility:** The art market, including indices like the Top 100 Artists, European Old Masters, Impressionist Art, Modern Art, Post-War Art, Contemporary Art, and Chinese Art and Artist Indices, can experience significant volatility. Fluctuations in these indices may be influenced by economic conditions, investor sentiment, art market trends, and changes in demand for specific artists or art movements. Market volatility can impact the value of art investments and potentially result in financial losses.



**Index Performance and Accuracy:** The performance and accuracy of art indices, such as the ones mentioned above, rely on various factors, including data quality, methodology, and the selection of included artworks. Inaccurate or flawed index calculations can lead to misleading performance indicators, affecting investment decisions based on these indices. Investors should carefully evaluate the credibility and reliability of the indices they rely upon.

**Past Performance as Indicator:**  
Using historical sales history

for back testing purposes, including the AMR Index, involves relying on past performance as an indicator of future results. While historical data can provide insights into market trends and

potential returns, it does not guarantee similar performance in the future. Art markets can evolve, and past trends may not necessarily persist or align with future market conditions.

**Concentration Risk:** Depending heavily on specific art indices or backtesting sales history, such as the AMR Index, may result in concentration risk. Overreliance on a limited number of indices or historical data sources may lead to a lack of diversification in the investment portfolio. Concentration risk increases the vulnerability to downturns or underperformance in specific art sectors or indices.

**Limited Data Availability:** The availability and quality of historical sales data, especially for older or less documented artworks, can be limited. Inaccurate or incomplete data can affect the reliability of back testing and historical analysis, potentially leading to flawed investment decisions. Investors should be aware of the limitations and potential biases in the data they utilize.

**Counterparty Risks:** Art transactions often involve various intermediaries, such as art dealers, brokers, galleries, and auction houses. Counterparty risks can arise when dealing with unscrupulous or unauthorized individuals or entities. Verifying the legitimacy and reputation of counterparties involved in art transactions is crucial to mitigate the risk of fraudulent activities or disputes.

**Art Market Manipulation:** The art market is not immune to potential manipulation or unethical practices. Market participants may engage in activities that artificially inflate or manipulate the prices of artworks, indices, or specific artists. Investors should be vigilant and exercise due diligence to identify any potential market manipulation risks.

**Changing Index Composition:** The composition of art indices can change over time, influenced by factors such as new artist discoveries, shifts in art market preferences, or revisions to index methodologies. Changes in index composition may impact the performance and relevance of the indices, potentially affecting investment strategies tied to specific indices.

**Regulatory and Legal Risks:** Engaging with art indices and utilizing historical sales data may involve compliance with regulatory requirements, such as licensing, intellectual property rights, and data privacy regulations. Non-compliance with these regulations can result in legal consequences and reputational damage. Investors should ensure they adhere to applicable laws and regulations when using indices and historical data.

**Limited Predictability:** The art market, including the indices and back-tested sales history, is influenced by subjective factors such as artistic value, cultural trends, and individual preferences. These factors introduce an inherent level of unpredictability, making it challenging to accurately forecast future performance or identify investment opportunities. Investors should be prepared for the possibility of unexpected outcomes and fluctuations in the art market.

Our capital requirements include the liquidity necessary to support our recurring business needs, capital required for the pursuit of growth opportunities, and capital reserved to mitigate the risk of a cyclical downturn in the global art market. The assessment of our capital requirements also takes into consideration the risks associated with our use of auction guarantees and their potential impact on our liquidity. We believe that our cash balances and available revolving credit facility borrowings provide an adequate level of capital to support our

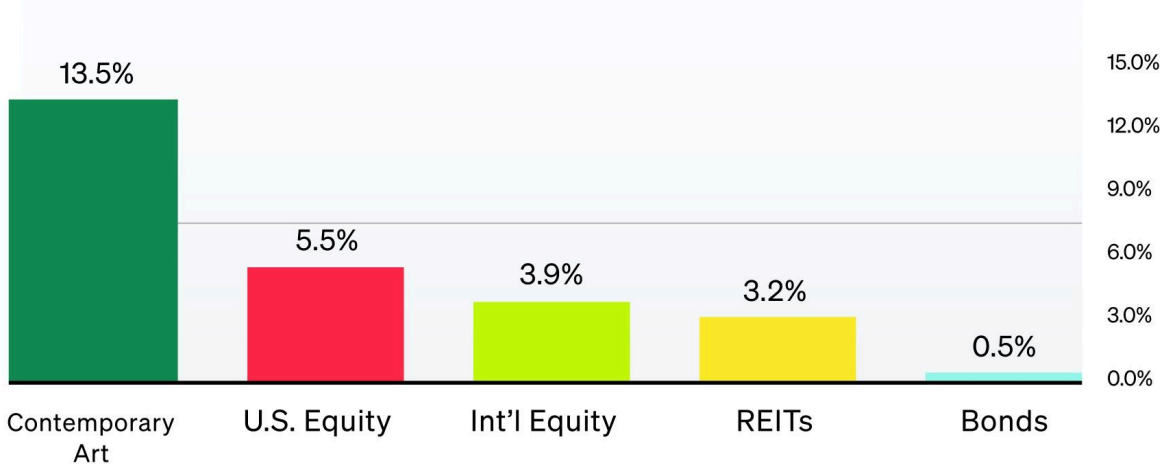
anticipated short and long-term commitments (as discussed in more detail below), operating needs, and capital requirements.

**HISTORICAL DATA: \*PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS\***

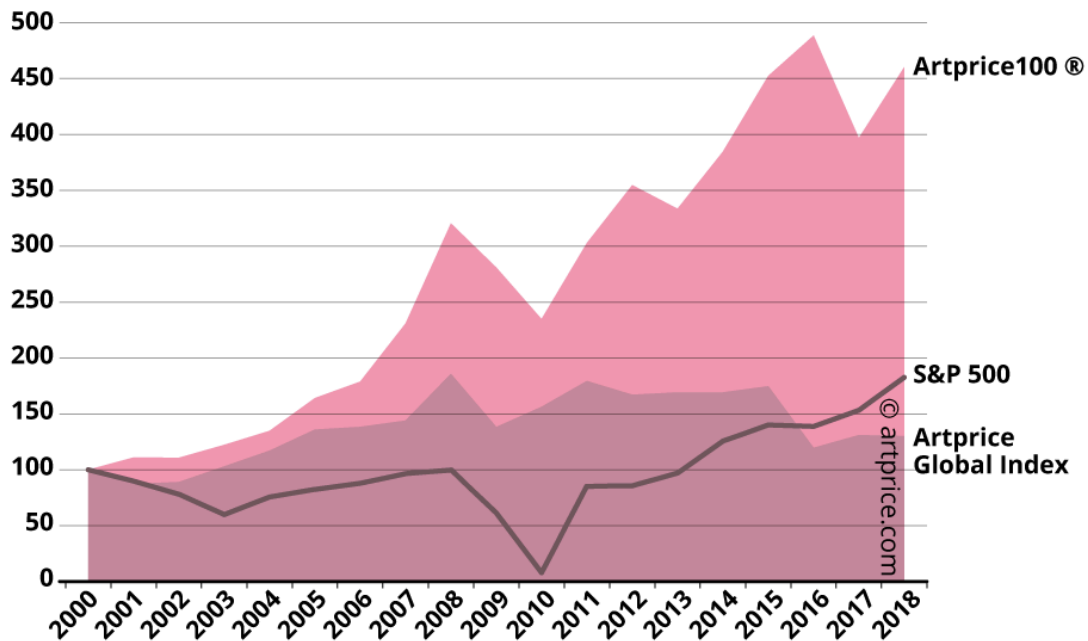
## Art still performs in high inflationary periods

Contemporary Art has demonstrated strong appreciation in high inflation periods, like right now.

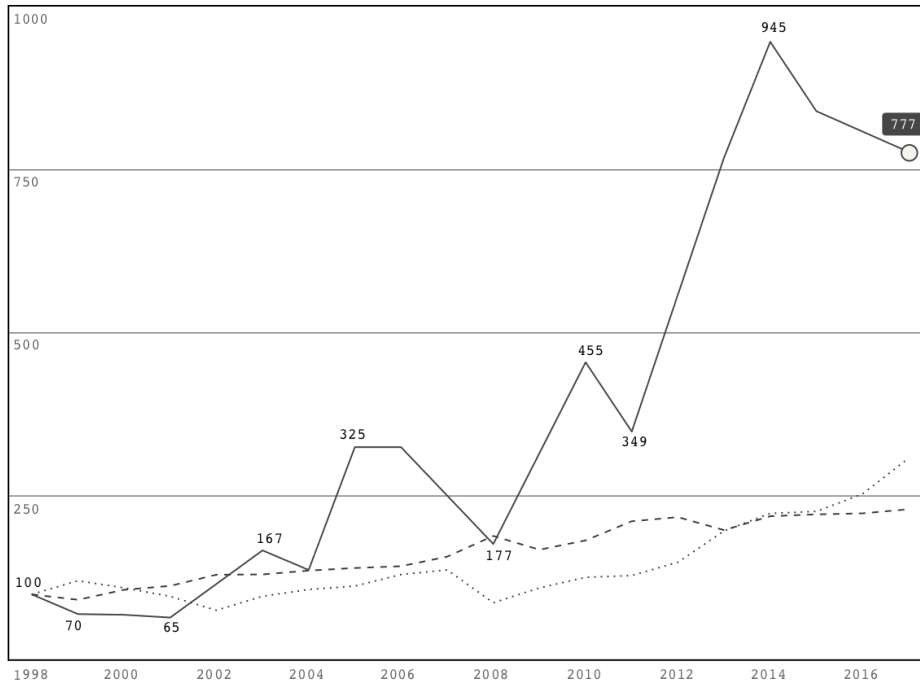
### Average appreciation in high inflation periods



Reflects value-weighted price appreciation for all Contemporary Art (works produced after 1945) sold at least twice at public auction. There are significant differences between art investments and other asset classes. See important disclosures.

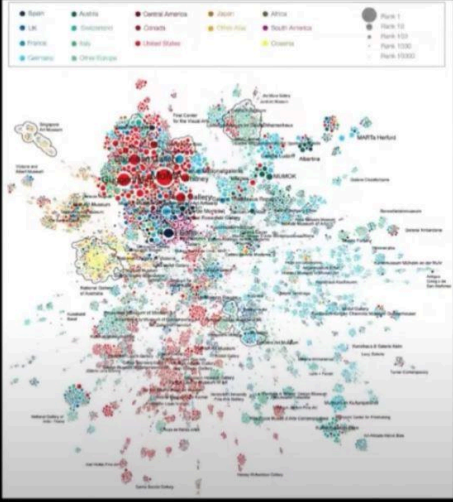


**Performance of Reversal Series against S&P 500 with dividend reinvestment and 10 Year US Government Bonds**



- ..... S&P standardized to 100 in 2008
- .... 10 Year Gvt Bond Standardized to 100 in 2008
- Warhol Reversal Series

Data sourced from [http://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/histretSP.html](http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html)



## Artists with access to high Prestige Institutions...

- 2x exhibitions
- 4.7x sales
- 5.2x max price

Fraiberger et al. (2018)

MIT Technology Review

# Basquiat

## Selected Similar Auction Sales

Date of Sale	Title	Year	Dimensions	Auction House	Lot Number	Low Estimate (1)	High Estimate (1)	Realized Price (1)
11/15/2018	Untitled	1982	72 x 48 in	Phillips	15	9,000,000	12,000,000	8,977,500
5/26/2018	Untitled (Orange Sports Figure)	1982	60 x 48 1/4 in	Christie's	60	7,902,519	11,981,238	9,333,257
5/17/2018	Red Rabbit	1982	64 x 69 in	Christie's	33	5,000,000	7,000,000	6,612,500
10/15/2015	Untitled (The Black Athlete)	1982	71 5/8 x 60 in	Sotheby's	19	5,372,850	6,907,950	6,246,321
7/1/2015	Orange Sports Figure	1982	60 x 48 in	Sotheby's	4	7,864,500	11,010,300	8,866,437
2/15/2012	Orange Sports Figure	1982	60 x 48 in	Sotheby's	23	4,714,500	6,286,000	6,401,112
5/11/2010	Self Portrait as a Heel	1982	50 x 40 1/6 in	Christie's	60	4,000,000	6,000,000	5,906,500
10/25/2008	Gem Spa	1982	72 x 56 1/3 in	Corrette de Saint Cyr Maison de Ventes S.A.S	27	1,898,400	2,531,200	2,185,994
6/29/2008	Untitled	1982	72 x 42 in	Phillips De Pury & Company	229	1,995,400	2,993,100	2,764,127
11/13/2007	Sugar Ray Robinson	1982	59 7/8 x 48 1/4 in	Christie's	26	6,000,000	8,000,000	7,321,000
2/7/2007	Untitled (Black Skull)	1982	72 x 60 in	Sotheby's	51	2,750,020	3,535,740	3,779,313
6/23/2005	Untitled	1982	67 7/8 x 60 in	Christie's	32	1,822,300	2,733,450	1,953,505
2/10/2005	Untitled	1982	72 x 47 3/4 in	Sotheby's	33	1,115,520	1,487,360	1,264,256
6/24/2004	Untitled	1982	70 1/8 x 48 in	Christie's	6	454,350	636,090	823,736
11/13/2000	Untitled	1982	72 x 48 in	Phillips	24	300,000	400,000	230,000
11/17/1999	Self Portrait as a Heel	1982	50 x 40 in	Sotheby's	65	400,000	600,000	827,500
6/23/1999	Untitled	1982	70 7/8 x 63 in	Sotheby's	39	236,790	315,720	228,107
11/18/1997	Untitled (Black Skull)	1982	72 x 60 in	Christie's	142	180,000	220,000	222,500
6/25/1997	Untitled (Orange Sports Figure)	1982	60 x 47 7/8 in	Christie's	73	115,745	148,815	166,176
5/4/1993	Red Rabbit	1982	68 7/8 x 64 1/6 in	Sotheby's	260	40,000	60,000	60,250
12/3/1992	Mississippi	1982	77 1/2 x 42 1/2 in	Christie's	61	64,400	80,500	70,840
5/7/1992	Orange Sports Figure	1982	60 x 48 in	Sotheby's	145	60,000	80,000	66,000
2/27/1992	Loin	1982	72 x 47 1/4 in	Christie's	134	60,000	80,000	68,200
11/14/1991	Red Rabbit	1982	69 x 64 in	Sotheby's	249	40,000	60,000	73,110
2/16/1989	Untitled (Orange Sports Figure)	1982	60 x 48 in	Christie's	346	65,000	85,000	126,500
11/11/1988	Red Rabbit	1982	69 x 64 in	Sotheby's	390	25,000	30,000	110,000

# Warhol




Image	Title	Medium	Date of Work	Dimensions	Sale Info	Date	Lot Number	Low Estimate	High Estimate	Sale Price
	<i>One Pink-Black Marilyn, Reversal Series</i>	Polymer Paint	1979-1986	18 x 14 in.	Sotheby's New York	May 9, 1990	455	\$80,000	\$100,000	\$110,000
	<i>One Green Marilyn (Reversal Series)</i>	Acrylic	1979-1986	16 x 14 in.	Sotheby's New York	May 1, 1991	253	\$80,000	\$80,000	\$82,500
	<i>Multicolored Marilyn</i>	Polymer Paint	1979-1986	18.1 x 13.7 in.	Sotheby's New York	October 6, 1992	98	\$80,000	\$80,000	\$77,000
	<i>One Grey Marilyn (Reversal Series)</i>	Work on Canvas	1986	18 x 14 in.	Christie's New York	October 8, 1992	147	\$50,000	\$80,000	\$38,500
	<i>One Green Marilyn</i>	Work on Canvas	1979-1986	16 x 14 in.	Sotheby's New York	November 18, 1992	166	\$80,000	\$80,000	\$82,500
	<i>One Green and Pink Marilyn (Reversal Series)</i>	Polymer Paint	1979-1986	20 x 15.9 in.	Sotheby's London	December 3, 1992	77	\$46,948	\$82,597	\$63,693
	<i>One Multicolored Marilyn, bleu vert</i>	Acrylic on Canvas	1979	18.1 x 13.8 in.	De Quay & Lombrai	October 17, 1994	101	\$38,812	\$48,515	\$58,218
	<i>Marilyn</i>	Acrylic on Canvas	1986	18 x 14 in.	Christie's London	May 25, 1995	88	\$19,243	\$25,657	\$72,963
	<i>Untitled (Blue/Green Marilyn - Reversal Series)</i>	Acrylic on Canvas	1986	18 x 14 in.	Christie's New York	May 8, 1996	355	\$50,000	\$70,000	\$46,000
	<i>One Multicolored Marilyn (Reversal Series)</i>	Acrylic	1979-1986	20 x 16 in.	Sotheby's New York	May 9, 1996	228	\$80,000	\$100,000	\$101,500
	<i>Multicolour Marilyn</i>	Acrylic	1979-1986	18.1 x 13.8 in.	Christie's London	May 23, 1996	91	\$37,832	\$52,966	\$73,849





























Image	Title	Medium	Date of Work	Dimensions	Sale Info	Date	Lot Number	Low Estimate	High Estimate	Sale Price
	<i>Marilyn</i>	Acrylic on Canvas	1979-1986	18.3 x 13.8 in.	Sotheby's London	October 23, 1997	127	\$48,947	\$85,263	\$85,005
	<i>Multicolored Marilyn</i>	Silkscreen on Canvas	1979-1986	20 x 16 in.	Sotheby's New York	November 20, 1997	322	\$60,000	\$80,000	\$68,500
	<i>Multicolored Marilyn</i>	Silkscreen on Canvas	1979-1986	18.1 x 14 in.	Sotheby's New York	May 15, 1998	160	\$80,000	\$100,000	\$211,500
	<i>Marilyn</i>	Silkscreen on Canvas	1979-1986	18 x 14 in.	Sotheby's London	March 25, 1999	92	\$114,192	\$146,818	\$128,058
	<i>Multicolored Marilyn</i>	Silkscreen on Canvas	1986	20 x 16 in.	Sotheby's New York	May 19, 1999	304	\$125,000	\$175,000	\$167,500
	<i>Marilyn</i>	Silkscreen on Canvas	1979-1986	20 x 16 in.	Christie's New York	May 10, 2000	720	\$100,000	\$150,000	\$121,500
	<i>Multicolored Marilyn</i>	Silkscreen on Canvas	1979-1986	18.1 x 13.7 in.	Sotheby's New York	May 18, 2000	324	\$125,000	\$175,000	\$192,750
	<i>Marilyn</i>	Silkscreen on Canvas	1986	20.1 x 16 in.	Christie's London	June 29, 2000	423	\$104,994	\$134,993	\$140,917
	<i>One Multicolored Marilyn</i>	Polymer Paint	1979-1986	18.3 x 13.7 in.	Christie's New York	November 16, 2000	225	\$100,000	\$150,000	\$127,000
	<i>Marilyn</i>	Silkscreen on Canvas	1979-1986	20 x 16 in.	Sotheby's London	February 8, 2001	221	\$72,928	\$102,100	\$109,393
	<i>One Multicolored Marilyn</i>	Silkscreen on Canvas	1979	18.3 x 13.8 in.	Cornette de Saint-Cyr	March 25, 2001	69	\$136,236	\$163,483	\$163,483

Image	Title	Medium	Date of Work	Dimensions	Sale Info	Date	Lot Number	Low Estimate	High Estimate	Sale Price
	<i>Marilyn (Reversal Series)</i>	Acrylic on Canvas	1979-1986	18.3 x 13.8 in.	Sotheby's London	February 6, 2003	41	\$131,839	\$197,758	\$489,123
	<i>Marilyn (Reversal)</i>	Acrylic on Canvas	1979-1986	18 x 14 in.	Phillips New York	May 15, 2003	30	\$180,000	\$250,000	\$218,500
	<i>Pink Marilyn (Reversal)</i>	Polymer Paint	1986	18 x 14 in.	Christie's New York	May 12, 2004	195	\$200,000	\$300,000	\$276,300
	<i>One Multicolored Marilyn</i>	Polymer Paint	1979-1986	18.1 x 14.1 in.	Christie's London	June 25, 2004	202	\$163,666	\$218,221	\$304,873
	<i>Marilyn (Reversal)</i>	Synthetic Polymer and Silkscreen Inks on Canvas	1979-1986	18.3 x 14 in.	Christie's New York	May 12, 2005	268	\$250,000	\$300,000	\$688,000
	<i>Marilyn (Reversal Series)</i>	Synthetic Polymer and Silkscreen Inks on Canvas	1979	18 x 14 in.	Christie's New York	May 10, 2006	189	\$400,000	\$600,000	\$688,000
	<i>Marilyn (Reversal Series)</i>	Synthetic Polymer and Silkscreen Inks on Canvas	1979-1986	18 x 14 in.	Christie's New York	November 13, 2008	131	\$500,000	\$700,000	\$458,500
	<i>One Grey Marilyn (Reversal Series)</i>	Synthetic Polymer and Silkscreen Inks on Canvas	1986	18 x 13.9 in.	Christie's New York	December 16, 2008	67	\$400,000	\$600,000	\$290,500
	<i>Marilyn (Reversal Series)</i>	Synthetic Polymer and Silkscreen Inks on Canvas	1979-1986	20 x 16 in.	Christie's New York	November 11, 2010	141	\$400,000	\$600,000	\$962,500
	<i>Marilyn (Reversal Series)</i>	Acrylic and Silkscreen Ink on Canvas	1979-1986	20 x 16 in.	Sotheby's London	October 13, 2011	41	\$629,227	\$943,841	\$738,162
	<i>Blue/Green Marilyn from Reversal Series</i>	Synthetic Polymer and Silkscreen Inks on Canvas	1979-1986	18.1 x 14 in.	Phillips New York	May 16, 2013	15	\$1,000,000	\$1,500,000	\$1,325,000

Image	Title	Medium	Date of Work	Dimensions	Sale Info	Date	Lot Number	Low Estimate	High Estimate	Sale Price
	<i>Marilyn (Reversal Series)</i>	Acrylic and Silkscreen Ink on Canvas	1979-1986	18.3 x 14 in.	Sotheby's New York	November 14, 2013	230	\$900,000	\$1,200,000	\$1,925,000
	<i>One Multicolored Marilyn (Reversal Series)</i>	Acrylic and Silkscreen Ink on Canvas	1979-1986	18 x 13.9 in.	Phillips London	February 10, 2014	14	\$985,221	\$1,313,628	\$1,777,504
	<i>Pink Marilyn (Reversal)</i>	Synthetic Polymer and Silkscreen Inks on Canvas	1986	18 x 14 in.	Christie's New York	February 10, 2014	150	\$1,000,000	\$1,500,000	\$2,165,000
	<i>One red Marilyn (Reversal)</i>	Acrylic and Silkscreen Ink on Canvas	1979-1986	20 x 15.9 in.	Christie's London	July 1, 2014	33	\$1,200,068	\$1,714,383	\$1,650,064
	<i>One Pink/black Marilyn (Reversal Series)</i>	Acrylic and Silkscreen Ink on Canvas	1979-1986	18 x 14 in.	Sotheby's New York	November 12, 2014	260	\$1,200,000	\$1,800,000	\$2,405,000
	<i>Marilyn (Reversal)</i>	Synthetic Polymer and Silkscreen Inks on Canvas	1979	18 x 13.9 in.	Christie's New York	May 12, 2015	149	\$1,200,000	\$1,800,000	\$2,345,000
	<i>Marilyn (Reversal)</i>	Acrylic and Silkscreen Ink on Canvas	1979-1986	18 x 14 in.	Christie's New York	November 11, 2015	159	\$800,000	\$1,200,000	\$1,205,000
	<i>Marilyn (Reversal)</i>	Acrylic and Silkscreen Ink on Canvas	1979-1986	20.1 x 15.9 in.	Christie's London	March 7, 2017	40	\$1,220,852	\$1,831,278	\$1,471,126

## Banksy

ARTWORK		DATE OF SALE (2022)	SIGNED/ UNSIGNED	VALUE OF SALE (GBP)
Girl With Balloon (pink)		30/06/2022	Signed	£403,200
Girl With Balloon		15/03/2022	Signed	£378,000
		19/01/2022	Unsigned	£163,800
Donuts, Strawberry (hand finished)		26/04/2022	Signed	£277,200
Thrower (grey)		26/04/2022	Signed	£277,200
Kate Moss (purple)		19/01/2022	Signed	£239,400
Choose Your Weapon (gold)		15/03/2022	Signed	£239,400
Kate Moss (AP)		26/04/2022	Signed	£226,800

**Table 3. Crisis Classification**

This table presents the classification of crises: Economic and Financial Crises, Systemic Shocks, and War Crises. The Economic and Financial Crises are defined as two successive quarters of negative economic growth, as measured by the seasonally adjusted quarter-on-quarter figures for real GDP. The systemic crises are identified by Schularick and Taylor (2012) as events during which a country's banking sector experiences bank runs, sharp increases in default rates accompanied by large losses of capital that result in public intervention, bankruptcy, or forced mergers of financial institutions.

Crises	Event	Date	Duration (years)	Note
Economic and Financial Crises	Post-WWI Recession	1919-1921	3	The end of World War I
	Great Depression	1930-1931	2	US Depression reducing demand for UK exports (in UK aka the Great Slump), high interest rate defending the gold standard
	1956 Recession	1956Q2-1956Q3	0.5	Inflationary pressures, credit squeeze caused by high bank interest rates, effects of the Suez crisis – oil embargo by Arab countries
	Mid-1970s Recessions	1973Q3-1974Q1	0.75	1973 oil crisis, stagflation, decline of traditional British industries, inefficient production, high inflation caused industrial disputes over pay
		1975Q2-1975Q3	0.5	
	Early 1980s Recession	1980Q1-1981Q1	1.25	Deflationary government policies including spending cuts, pursuance of monetarism to reduce inflation, switch from a manufacturing economy to a services economy
	Early 1990s Recession	1990Q3-1991Q3	1.25	US Savings & Loans crisis, UK high bank interest rates in response to rising inflation caused by the Lawson Boom and to maintain British membership of the Exchange Rate Mechanism
Great Recession	2008Q2-2009Q2	1.25	Financial crisis, rising global commodity prices, subprime mortgage crisis infiltrating the British banking sector, significant credit crunch	
Systemic Shocks		1974, 1991, 2007		In the UK, largely overlapping with periods of Economic and Financial Crises
War Crises	World War I	1914Q3-1918Q4	4.25	UK is the leading Allied Power
	World War II	1939Q3-1945Q3	6	The contribution of the British Empire and Commonwealth in terms of manpower and materiel was critical to the Allied war-effort
	Early War Periods	1914Q3-1915Q4; 1939Q3-1941Q1		The Early War Period for the semiannual series includes: WWI: 1914H2, 1915H1, 1915H2; WWII: 1939H2, 1940H1, 1940H2, 1941H1.
	Late War Periods	1916Q1-1918Q4; 1941Q2-1945Q3		The Late War Period for the semiannual series includes: WWI: 1916H1, 1916H2, 1917H1, 1917H2, 1918H1, 1918H2; WWII: 1941H2, 1942H1, 1942H2, 1943H1, 1943H2, 1944H1, 1944H2, 1945H2.

**Panel D: Art Mean Real Return by Crisis**

Year	Crisis	Real Art Return	Real Equity Return	Real GDP Growth	Real Consumption Growth	Inflation
<b>Economic and Financial Crises</b>						
1930	Great Depression	-17.06%	-8.25%	-1.07%	1.09%	-2.80%
1931	Great Depression	-62.87%	-15.87%	-5.49%	0.62%	-4.30%
1956	1956 Recession	5.41%	-6.00%	1.53%	0.01%	5.16%
1974	Mid-1970s Recessions	-22.95%	101.69%	-1.71%	-1.46%	15.73%
1975	Mid-1970s Recessions	-17.63%	-11.22%	-0.47%	-0.13%	22.70%
1980	Early 1980s Recession	-7.18%	17.60%	2.31%	-0.23%	15.15%
1981	Early 1980s Recession	-4.70%	1.56%	-3.00%	-0.19%	11.81%
1990	Early 1990s Recession	1.51%	-17.45%	1.52%	0.44%	6.97%
1991	Early 1990s Recession	-37.34%	15.59%	-1.27%	-1.93%	7.53%
2008	Great Recession	-11.82%	-30.59%	-1.09%	0.02%	3.60%
2009	Great Recession	-16.51%	27.07%	-5.12%	-3.87%	2.17%
<b>War Times</b>						
1914	World War I	-24.39%	6.37%	-0.48%	-0.42%	-0.30%
1915	World War I	-32.36%	-17.71%	6.77%	1.53%	12.50%
1916	World War I	20.62%	-25.45%	1.22%	-8.68%	18.10%
1917	World War I	19.22%	-4.89%	0.07%	-8.04%	25.20%
1918	World War I	-11.81%	-2.23%	0.10%	-0.86%	22.00%
1919	Post-WWI Recession	-5.43%	-10.92%	-11.45%	14.54%	10.10%
1920	Post-WWI Recession	-21.80%	-22.96%	-7.26%	-0.39%	15.40%
1921	Post-WWI Recession	-40.46%	65.02%	-2.74%	-0.11%	-8.60%
1939	World War II	-14.28%	-4.68%	0.00%	-0.50%	2.80%
1940	World War II	-13.57%	-17.23%	9.56%	-9.93%	16.80%
1941	World War II	13.23%	27.23%	9.20%	-4.03%	10.80%
1942	World War II	15.76%	25.60%	2.17%	-1.45%	7.10%
1943	World War II	58.64%	12.87%	1.44%	-1.99%	3.40%
1944	World War II	7.97%	13.59%	-4.30%	2.55%	2.70%
1945	World War II	13.11%	2.92%	-4.65%	5.98%	2.80%

## Methodologies Used For Investments

**Location Based Strategy Executive Summary:** Focus on Popular Art Areas with High Exhibition Frequency in Articulate Art Hedge Fund Strategy

Articulate Investment Fund has formulated a strategic focus on popular art areas that witness a high frequency of exhibitions. This strategy is underpinned by a detailed analysis showing a potential for artworks in these areas to realize sale prices that are up to three times the average sale prices in the broader art market.

*Several key factors drive this potential:*

**Exposure and Demand:** Art areas with a high number of exhibitions often generate more exposure, awareness, and therefore demand among potential buyers. This heightened demand can significantly inflate the prices of artworks in these areas.

**Artistic Reputation:** These areas typically host exhibitions from established and emerging artists with strong reputations and a solid base of collectors and investors, which further propels the pricing dynamics.

**Market Sentiment:** Regular exhibitions contribute to a positive market sentiment around the art from these areas, with investors, collectors, and critics frequently associating the frequency of exhibitions with the quality and investment potential of the art.

**Economic Factors:** Wealthy collectors and investors often populate popular art areas, providing a strong financial backing that can support higher-than-average art prices.

**Cultural Significance:** Art areas with a rich cultural history and significance often attract more attention from buyers who are not only investing in the art but also the cultural prestige associated with it.

**Media Coverage:** Regular exhibitions often gain substantial media coverage, which raises the profile and perceived value of the artwork, thereby driving higher sale prices.

In light of these factors, Articulate Fund's strategic focus on art from high-frequency exhibition areas represents a calculated move to tap into the premium pricing environment of these markets, potentially tripling the average sale prices and delivering substantial returns to our investors. Our fund will continue to leverage its expertise and network in these popular art areas, aiming to provide a unique and lucrative investment opportunity in the world of art.

**Value Formula Factors:** *“You Can’t See What You’re Not Looking For”*

Artist Focus On Collaboration
Artist # of Collaborations
Artist Focus on Pop Culture
Progression of Simplicity Per Work
Progression of Detail Per Work
Progression of Canvas Size Over Time
Median Sizes Per Edition
# of Galleries Artist Represented
# of Collections
# of 1/1 Pieces
Family Health History
Family Longevity/Ages
Family Median Age
Artist Lifestyle
# of Bidders On Previous Works
Increase of Bidders On Works Over Time
Artist Lifestyle/Health
Signature Position of Work
Median Condition of Work
Current Price of Artist Prints On Market
Avg Longevity of Owners Holding Work
Artist Outlook On Art
Art # of Works Spontaneously Made
Artist # of Works made to rep culture
Artist Median Income via Location of Creations
Adjusted Inflation
Artist Family Social Class Scale
Artist Psychology of Creation
Artist Stability Rating
Artist Marketing Ability
Rate of Category Per Artist Per Year
Rate of Category Per Artist Per Year x Canvas Size
Ability to Memorize Artist Name
Rate of Artist Creation Per Year
Ability To Memorize Artist Work
Demand of Art Category
Demand of Art for Artist

Current Supply of Art In Category
Demand of Art In Category
Art Available At Time Of Creation
Art Available At Time of Last Sales
Average Size House of Collectors
Hardship Criteria
Progression of Art Criteria
Artist Progression Related To Story
Artist Story Criteria
Modern Work For Era Scale
# of Objects In Work
Condition of Frame
Major Details of Work
Condition of Canvas
Canvas Material
Average Material Per Category
Average Material In Art For Given Era
Framed or not in lifetime
Type of Paint Used
Materials Used
# of Materials Used
Size Of Creation
# of Artists In Category of Works
# of Artists Creating Art during Era
Interest Rates during Creation
S&P Correlation To Artist Pricing
Generational Competitiveness For Artists
Age of Style/Category
Appreciation Value Average Per Category
# of Owners
Gallery Prestige
Last 5 Sales Median
Early Starting Prices
Artist Price Ranges
Artist Age
Age of Artworks
Total # of Pieces
Category of Artist's Collectors



Appraisal Values
Scarcity of Style Per Category
Scarcity of Style Per Creation of Artist
Artist Demographic Focus
Artist Choice of Scarcity
Median Price of Scarce Works
Colors Used In Works
# of Colors Used in Works
Artist Inspiration To Famous Artists Scale
Artist Depression Scale
# of Works on Secondary Market
Artist Network Reach
Artist Influence To Other Artists
# of Platforms Artist Utilizes
# of Followers Artist Acquired
# of Followers on Instagram
# of NFTs available
# of Followers on Twitter
Engagement Rate/Likeness of Art
Price per Sq cm/inch
Average price per color category based on cm/inch
Average price per category based on color
Average price per category based on era color popularity
Average price per inch/cm per category per color
Likeness categories based on resale trend
Location Sale Avg To Total Avg
Annual Interest Rates Avg
How many of those pieces sold that year
Population Increase
Annual Art Sales Per Country
Longevity of art materials
GDP Growth To Interest Rates
Growth Rate of Art Blocks Curations
# of Galleries In World Per Country
Sales Volume Recorded
# of Art Funds owning artist's work
Temperature of which art was stored in its life

## Top Art Events Fund Will Focus On:

1. Art Basel (Basel, Switzerland)
2. Art Basel Miami Beach (Miami, USA)
3. Art Basel Hong Kong (Hong Kong)
4. Frieze Art Fair (London, UK)
5. Frieze New York (New York, USA)
6. Frieze Los Angeles (Los Angeles, USA)
7. The Armory Show (New York, USA)
8. TEFAF Maastricht (Maastricht, The Netherlands)
9. TEFAF New York (New York, USA)
10. Biennale di Venezia (Venice, Italy)
11. documenta (Kassel, Germany) - occurs every five years
12. Shanghai Biennale (Shanghai, China)
13. Sydney Biennale (Sydney, Australia)
14. Istanbul Biennial (Istanbul, Turkey)
15. Whitney Biennial (New York, USA)
16. Berlin Biennale (Berlin, Germany)
17. FIAC (Paris, France)
18. Paris Photo (Paris, France)
19. ARCOmadrid (Madrid, Spain)
20. Art Dubai (Dubai, UAE)
21. Artissima (Turin, Italy)
22. Expo Chicago (Chicago, USA)
23. Zona Maco (Mexico City, Mexico)
24. SP-Arte (São Paulo, Brazil)
25. Art Toronto (Toronto, Canada)
26. Art Brussels (Brussels, Belgium)
27. Art Cologne (Cologne, Germany)
28. Art Los Angeles Contemporary (Los Angeles, USA)
29. Art Rio (Rio de Janeiro, Brazil)
30. Viennacontemporary (Vienna, Austria)
31. Art Düsseldorf (Düsseldorf, Germany)
32. Contemporary Istanbul (Istanbul, Turkey)
33. Dakar Biennale (Dakar, Senegal)
34. Kochi-Muziris Biennale (Kochi, India)
35. São Paulo Art Biennial (São Paulo, Brazil)
36. New Zealand International Arts Festival (Wellington, New Zealand)
37. Auckland Arts Festival (Auckland, New Zealand)
38. Hong Kong International Arts Festival (Hong Kong)
39. Art Moscow (Moscow, Russia)
40. Art Beijing (Beijing, China)
41. Art Taipei (Taipei, Taiwan)
42. Art Fair Tokyo (Tokyo, Japan)
43. Art Central Hong Kong (Hong Kong)
44. Cape Town Art Fair (Cape Town, South Africa)
45. Joburg Art Fair (Johannesburg, South Africa)
46. 1-54 Contemporary African Art Fair (London, New York, Marrakech)
47. LA Art Show (Los Angeles, USA)
48. Pulse Art Fair (Miami, USA)
49. India Art Fair (New Delhi, India)
50. Art Stage Singapore (Singapore)

## **Service Providers**

Prime Broker/Clearing Firm (secondary counterparty) - UBS, JPM

Third-party Administrator - State Street, Citco

Onshore Fund Lawyer - Bowles Liberman and Newman LLP - Ajoie P. Abraham, Esq.

Offshore Fund Lawyer - Mourant Ozannes

Corporate Litigation Lawyer - Kokhba Law - Daniel Kokhba, Esq

Fund Auditor - Cohen and Company

Fund Custodian - State Street, JPM

Mgt Company Bank Accounts - Chase, Bank of America, Wells Fargo

Data Providers - AWS, Adobe Cloud, Linux

Insurance Providers - AXA Art, Chubb, Zurich, Huntington T. Block

Anti-Forgery Services - MIT AI, ArtRecognition

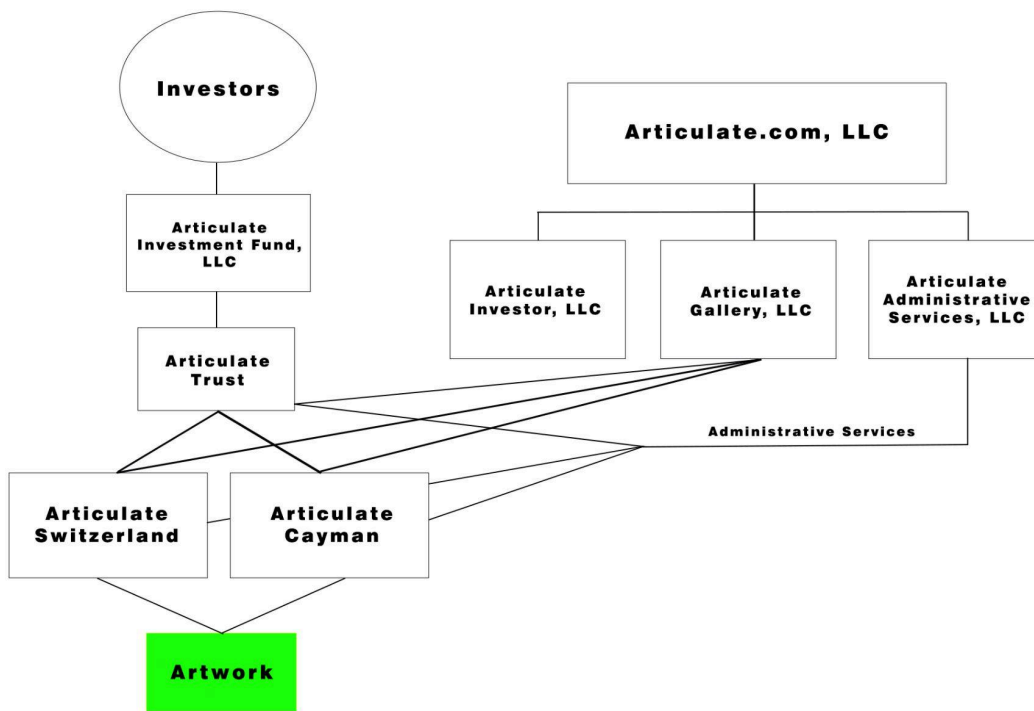
Escrow Service - Escrow.com, JPM

Storage/Transportation Providers - UOVO, Borderlinx

Art Market Data Services - Artnet, ArtPrice, ArtTactic, Art Basel, Deloitte Luxembourg

Background Assessments - Checkr

## Fund Structure



**Management Fee: 0% with potential to increase to 1% as AUM exceeds \$50m**

**Performance Fee: 30%**

### USE OF CERTAIN TERMS AND DEFINITIONS

"Articulate Fund" or "Articulate" refers to Articulate Investment Fund, LLC, and or its wholly owned subsidiaries, which include Articulate Fund Investor Services, LLC, which will conduct operations related to investor relations and pay all fees and expenses of the Underwriters and is referred to herein as "Articulate Fund Investor Services," Articulate Fund Administrative Services, LLC, which will provide administrative services to us and is referred to herein as the "Administrator," and Articulate Fund Gallery, LLC, but does not include Articulate Cayman/Articulate Switzerland.

"Articulate Trust" refers to the Trust Fund based out of Delaware, owned by the primary shareholder "Articulate" whose management manages the notes received by Articulate Cayman/Articulate Switzerland.

"Articulate Cayman" refers to a Cayman Islands segregated portfolio company. Following the initial closing of the Offering, title to the Painting will be held in a segregated portfolio

of Articulate Cayman. The Painting will be the only asset of the segregated portfolio, and we will be the only shareholder of that segregated portfolio.

"Articulate Switzerland" refers to the Fund's Switzerland segregated portfolio company. Following the initial closing of the Offering, title to the Painting will be held in a segregated portfolio of Articulate Switzerland. The Painting will be the only asset of the segregated portfolio, and we will be the only shareholder of that segregated portfolio.

"Articulate Investors" refers to an affiliate of Articulate Fund that has raised capital from unaffiliated third party investors to invest the proceeds in a diversified collection of artwork as part of such investment strategy.

"Articulate.com" refers to the first online fine art investment platform located at <https://www.articulatefund.com/>. The Articulate Fund Platform gives eligible investors the ability to access updates, calculated ROI, annual SEC changes from CCO, team inquiries, and investor inquiries.

## **Management Team & Governance**

CEO - Brett Butz, Founder of PokerPaint art company, professional poker player, trader, curator, collector with over a decade of highly successful art market experience, expert in NFTs/Gen Art

CFO -

CTO - Zach Perlman

CCO -

### Board Of Directors:

Greg - 35+/yr Art Taxes Expert

Bruce - 30+/yr Art Dealer

Beth Boone - 30+/yr Theatre Director/Art Collector

## **Fees/Expenses**

The services to be provided by the Administrator under the administrative services agreement include the following:

- (i) Painting-level services with respect to the Painting, including:
  - A Custodial and storage services for the Painting;
  - B Maintaining asset-level insurance requirements for the Painting;
  - C Managing transport for the Painting in the ordinary course of business, including the display and exhibition thereof;
  - D Research services;
  - E Appraisal and valuation services; and
  - F Other services deemed necessary or appropriate by the Administrator at its discretion to maintain the Painting.
  
- (ii) Entity-level services, including:
  - A Oversight and management of banking activities;
  - B Management of preparation and filing of SEC and other corporate filings;
  - C Financial, accounting and bookkeeping services, including retention of an auditor for the Company;
  - D Record keeping, shareholder registrar, investor relations and regulatory compliance;
  - E Providing listing services, subject to the approval of the members of our Company as may be required by law;
  - F Tax reporting services;
  - G Bill payment;
  - H Selecting and negotiating insurance coverage for our Company, including operational errors and omissions coverage and members of the Board of Managers' and officers' coverage;
  - I Maintain our ledger and coordinating activities of our transfer agent, if any, escrow agent, if any, and related parties; and
  - J Software services.

**Accounting Principles:** The Consolidated Financial Statements included herein have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC").

**Estimates and Assumptions:** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Foreign Currency Translation:** Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Revenues, expenses, gains, and losses recorded in foreign currencies are translated using the monthly average exchange rates prevailing during the period in which they are recognized. Translation adjustments resulting from this process are recorded to Other Comprehensive (Loss) Income and reported on our Consolidated Balance Sheets within Accumulated Other Comprehensive Loss until the subsidiary is sold or liquidated, at which point the adjustments are recognized in Net Income.

**Valuation of Inventory and Loan Collateral:** The art market is not a highly liquid trading market. As a result, the valuation of art is inherently subjective and the realizable value of art often fluctuates over time. In estimating the realizable value of art held in inventory and art pledged as collateral for loans, we consider the following complex array of factors: (i) whether the property is expected to be offered at auction or sold privately, and the timing of any such sale; (ii) the supply and demand for the property, taking into account current art market conditions, as well as changing trends as to which collecting categories and artists are most sought after; (iii) recent sale prices achieved for comparable items within a particular collecting category and/or by a particular artist; (iv) the state of the global economy and financial markets; and (v) our intent and ability to hold the property in order to maximize its realizable value. Due to the inherent subjectivity involved in estimating the realizable value of art held in inventory and art pledged as collateral for loans, our estimates of realizable value may prove, with the benefit of hindsight, to be different than the amount ultimately realized upon sale.

**Inventory:** Inventory consists of artworks that we own and includes the following general categories: (i) artworks that have been obtained as a result of the failure of guaranteed property to sell at auction; (ii) artworks that have been purchased opportunistically, including property acquired for sale at auction; and (iii) other objects obtained incidental to the auction process (e.g., as a result of buyer default)

**Partnership Audit Rules:** We or the Holders may have potential tax liability in the event of an adjustment imposed as a result of a tax audit by the IRS. An audit resulting in an adjustment to any item of our income, gain, loss, deduction or credit (or adjustment of the allocation of any such items among the Holders), and any tax (including interest and penalties) attributable to such adjustment, may be determined and collected at the Company level in the year of such adjustment. In the event of any adjustment at the Company level, under the operating agreement, the Manager will allocate such tax among the Holders as equitably determined by the Manager, and each Holder may be required to contribute to the Company the amount of such tax allocated to it. As a result, a Holder may bear liability for the adjustment in an amount that exceeds the taxes that the Holder (or its predecessor in interest) would have paid if the adjustment had been applied at the Holder level. Alternatively, the Manager may elect to send an adjusted Schedule K-1 to each person who was a Holder in the taxable year reviewed on

audit (the "Push-Out Election"). In that event, each such person (whether a current or former Holder) may elect to pay any resulting tax (including interest and penalties) or, in the case of a person that is itself treated as a partnership or other flow-through vehicle for U.S. federal income tax purposes, such person may further push out the adjustment to the next tier of partners. Non-U.S. Holders may be required to file U.S. tax returns as a result of a Push-Out Election. There is some uncertainty regarding the interpretation and implementation of these partnership audit procedures.

## **Conflict of Interest Policy**

### **Purpose:**

This Conflict of Interest Policy ("Policy") outlines the procedures and principles that Articulate Investment Fund ("Company", "We", "Our") follows to identify, manage, and mitigate conflicts of interest that could compromise the integrity and professionalism of our operations, the interests of our clients, and the trust in our services. This Policy applies to all directors, officers, employees, and contracted parties of the Company ("Covered Parties").

### **Definition:**

A conflict of interest arises when a Covered Party's personal, financial, or professional interests may potentially or materially influence their professional judgment, responsibilities, or duties owed to the Company and its clients. These interests may compromise or appear to compromise the ability of a Covered Party to act in the best interests of the Company and its clients.

### **Identifying Conflicts of Interest:**

The Company undertakes to identify potential conflicts of interest which may arise in the course of our operations, including but not limited to:

Transactions involving artworks where a Covered Party has a personal, financial, or professional interest. Relationships between the Company and third-party service providers where a Covered Party has a personal, financial, or professional interest. The offering or receipt of gifts, gratuities, hospitality, or other benefits by Covered Parties from those doing business or seeking to do business with the Company. Business decisions influenced by personal relationships or associations between Covered Parties and clients or vendors. Outside employment or other activities that might hinder a Covered Party's ability to fulfill their responsibilities to the Company or lead to unauthorized disclosure of proprietary information.

### **Disclosure:**

Covered Parties are required to disclose in writing any potential, actual, or perceived conflict of interest to the Compliance Officer. This disclosure should be made as soon as the Covered Party becomes aware of the situation.

### **Review and Resolution:**

Upon receiving a disclosure, the Compliance Officer will review the matter to determine whether a conflict of interest exists. If a conflict is found, the Compliance Officer will consult with appropriate members of senior management to develop a plan to manage, mitigate, or eliminate the conflict of interest.



**Training and Compliance:**

The Company will provide regular training to ensure that all Covered Parties understand this Policy and recognize situations that may pose a conflict of interest. Non-compliance with this Policy can lead to disciplinary action, up to and including termination of employment or contract.

**Review of Policy:**

This Policy will be reviewed periodically, at least once a year, to ensure it continues to remain compliant with legal standards and the needs of our business. Any changes will be communicated promptly to all Covered Parties.

**Record Keeping:**

The Compliance Officer will maintain a register of disclosures of conflicts of interest, including details of the conflict, how it was managed and the outcome. These records will be kept for a period as determined by applicable law and Company's document retention policy.

**Questions and Guidance:**

If you have any questions about this Policy or require further guidance, please contact the Compliance Officer. This Policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**Additional Liability Exposure:**

**Our ability to collect auction receivables may be adversely impacted by buyers from emerging markets, as well as by the banking and foreign currency laws and regulations and judicial systems of the countries in which we operate and in which our clients reside.**

We will operate in 10+ countries and have a worldwide client base to increase the activity of buyers from emerging markets, in particular, China/UK. The collection of auction receivables related to buyers from emerging markets may be adversely impacted by the buyer's lack of familiarity with the auction process and the buyer's financial condition. Our ability to collect auction receivables may also be adversely impacted by the banking and foreign currency laws and regulations regarding the movement of funds out of certain countries, as well as by our ability to enforce our rights as a creditor in jurisdictions where the applicable laws and regulations may be less defined, particularly in emerging markets.

**Our capital allocation and financial policies may impact our liquidity, financial condition, market capitalization and business, and our ongoing ability to return capital to shareholders (and the size and timing of such return) is subject to ongoing business variables.**

The actions taken in reference to our capital allocation and financial policies may impact our current and future liquidity, financial condition, market capitalization, and business. In addition, the amount and timing of any potential return of capital to shareholders depends on various factors, including the amount of excess cash generated by our business in the future, the business initiatives contemplated and implemented by management, and the amount of capital that may be required to support our future liquidity needs, among other factors.

**Foreign currency exchange rate movements can significantly impact our results of operations and financial condition.**

We will have operations throughout the world. Additionally, we will have significant assets and liabilities denominated in the Pound Sterling, the Euro, the Yuan and the Swiss Franc. Revenues, expenses, gains, and losses recorded in foreign currencies are translated using the monthly average exchange rates prevailing during the period in which they are recognized. Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Accordingly, fluctuations in foreign currency exchange rates, particularly for the Pound Sterling, the Euro, the Yuan, and the Swiss Franc, can significantly impact our results of operations and financial condition.

**Subject to management approval under our internal corporate governance policy, we may pay the net sale proceeds to the consignor before payment is collected from the buyer and/or we may allow the buyer to take possession of purchased property before making payment.**

In these situations, we are exposed to losses in the event the buyer does not make payment. Under the standard terms and conditions of our auction and private sales, we are not obligated to pay the consignor for property that has not been paid for by the buyer. However, in certain instances and subject to management approval under our internal corporate governance policy, we may pay the net sale proceeds to the consignor before payment is collected from the buyer while we retain possession of the property. In these situations, if the buyer does not make payment, we take title to the property, but could be exposed to losses if the value of the property subsequently declines. In certain other situations and subject to management approval under our internal corporate governance policy, we may allow the buyer to take possession of the purchased property before making payment. In these situations, we are liable to the seller for the net sale proceeds whether or not the buyer makes payment and would incur a loss in the event of buyer default.

**We could be exposed to losses in the event of title or authenticity claims.**

The assessment of property offered for auction or private sale can involve potential claims regarding title and authenticity. The items we sell may be subject to statutory warranties as to title and to a limited guarantee as to authenticity under the Conditions of Sale and Terms of Guarantee that are published in our auction sale catalogs and the terms stated in, and the laws applicable to, agreements governing private sale transactions. Our authentication of the items we offer is based on scholarship and research, but necessarily requires a degree of judgment from our specialists. In the event of a title or authenticity claim against us, we may have recourse against the seller of the property and may have the benefit of insurance, but a claim could nevertheless expose us to losses and to reputational risk.

**Auction guarantees create the risk of loss resulting from the potential inaccurate valuation of art.**

The contractual risk-sharing arrangements used to reduce our exposure to auction guarantees include irrevocable bid arrangements and, from time-to-time, partner sharing arrangements. The counterparties to these auction guarantee risk-sharing arrangements are typically major

international art dealers or major art collectors. We could be exposed to losses in the event any of these counterparties do not perform according to the terms of these contractual arrangements. Additionally, although risk-sharing arrangements may be used to reduce the risk associated with auction guarantees, we may also enter into auction guarantees without securing such arrangements. In these circumstances, we could be exposed to deterioration in auction commission margins and/or auction guarantee losses if one or more of the guaranteed items fails to sell at its minimum guaranteed price. Furthermore, in such situations, our liquidity could be reduced.

The market for fine art is not a highly liquid trading market and, as a result, the valuation of these items is inherently subjective. Accordingly, we are at risk with respect to our ability to estimate the likely selling prices of property offered with auction guarantees. If our judgments about the likely selling prices of property offered with auction guarantees prove to be inaccurate, there could be a significant adverse impact on our results, financial condition, and liquidity.

**We could be exposed to losses in the event of nonperformance by our counterparties in auction guarantee risk and reward sharing arrangements.**

In certain situations, we reduce our financial exposure under auction guarantees through risk sharing arrangements. Our counterparties to these risk sharing arrangements are typically major international art dealers or major art collectors. We could be exposed to losses in the event any of these counterparties do not perform according to the terms of these contractual arrangements.

**Legal Contingencies:** If we become involved in various claims and lawsuits incidental to the ordinary course of our business. We are required to assess the likelihood of any adverse judgments or outcomes related to these legal contingencies, as well as potential ranges of probable or reasonably possible losses. The determination of the amount of any losses to be recorded or disclosed as a result of these contingencies is based on a careful analysis of each individual exposure with, in some cases, the assistance of outside legal counsel. The amount of losses recorded or disclosed for such contingencies may change in the future due to new developments in each matter or a change in settlement strategy. While the impact of any one or more legal claims or proceedings could be material to our operating results in any period, we do not believe that the outcome of any of these pending claims or proceedings (including the matter discussed below), individually or in the aggregate, will have a material adverse effect on our consolidated financial condition.

## Liquidity Requirements

Certain asset categories and/or Investment Funds within the Articulate Hedge Fund, specifically in relation to the art markets, may have restrictions on liquidity. These include, for example, private equity in art, private art collections, and private real estate featuring significant artwork. Certain other Investment Funds within this sector may also present limitations on the investor's ability to withdraw capital, such as extended lock-up periods.

Consequently, these Investment Funds have restrictions on withdrawals, like quarterly withdrawals subject to advanced notice requirements. In some cases, withdrawal rights may be even more limited, or non-existent, as with self-liquidating funds. In these instances, investors typically gain liquidity only when the fund liquidates underlying art investments.

Articulate Fund LLC's portfolio is not subject to any regulated minimum liquidity requirement. The anticipated portfolio, as of the current date, will primarily consist of valuable fine art that is largely illiquid, reflecting the unique nature of the art markets.

The remaining portion of the Articulate Fund LLC's investment portfolio is directed into liquid assets and Investment Funds with more frequent withdrawal rights, such as quarterly. This strategy ensures a balance between stable, long-term investment in the art sector and the maintenance of a degree of liquidity for the benefit of investors.

**Lock Up Period:** No more than a two-year lock-up period remains for these percentages. These proportions are subject to change over time as investments liquidate. However, due to the long-term, illiquid nature of many of the artworks within the art market, it is expected that the percentage of such assets will increase over time. This will happen as the Master Fund, "Articulate Investment Fund LLC" receives withdrawal and/or liquidation proceeds from the more liquid investments, and as self-liquidating the Investment Funds distribute profits.

**Closings:** The Company may close the entire Offering at one time or may have multiple closings. Throughout this Memorandum, we have assumed multiple closings and refer to the "initial closing" as the first such closing and the "final closing" as the last such closing. The Portfolio will be acquired by the Company from time to time following the initial closing of the Offering. Subscriptions will be accepted on a rolling basis. Subscribers may make subscriptions to the Company and new members may be admitted to the Company on a rolling basis upon acceptance of such subscriptions by the Manager. The maximum Offering period is 24 months from the date of commencement.

**Redemptions Requests:** Shareholders may redeem their shares in the Fund at any time after the proposed lock up period of their investment, subject to the provisions set out in this clause. Shareholders wishing to redeem their shares must give the Fund written notice of their intent to redeem at least 90 days prior to the intended redemption date.

**Limitations:** The Fund may, at its sole discretion, limit the total amount of redemptions on any redemption date to up to 20% of the net asset value of the Fund. If total redemption requests exceed this limit, redemptions will be made on a pro-rata basis. Any shares not redeemed due to such limitations will be carried forward for redemption on the next redemption date.

**Redemption Pricing:** The redemption price of shares will be based on the net asset value per share on the redemption date, which will take into account the current fair market values of the Fund's underlying blue-chip art holdings as determined in good faith by the General Partner.

**Payment:** Payment of redemption proceeds will be made within 30 days of the redemption date via preferred bank wire transfer, subject to the Fund's right to suspend redemptions under certain circumstances as described in this Agreement.

**Suspension of Redemptions:** The Fund reserves the right to suspend redemptions under certain circumstances, including but not limited to periods of illiquidity in the blue-chip art market that prevent accurate valuation of the Fund's holdings, major global economic crisis, or other events beyond the Fund's control.

**Mandatory Redemptions:** The General Partner may, at its discretion, require mandatory redemption of a shareholder's shares under certain conditions, such as a shareholder's breach of the Agreement.

## SEC Regulations

The Investment Advisers Act of 1940 requires that persons who give investment advice relating to securities for compensation to U.S. clients must register as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC") if it does not meet certain exemptions promulgated under the recently adopted Dodd-Frank Wall Street Reform and Consumer Protection Act. Fund of Funds with less than the requisite assets under management thresholds for registration with the SEC may still be required to register pursuant to the laws of the states in which they maintain offices or raise money from investors. The registration of an art fund of funds manager as an investment adviser brings certain advantages from a marketing standpoint as many pension funds, family offices and institutions take comfort from the fact that the art fund of funds manager is regulated by the SEC but it also brings disadvantages in the form of regulatory compliance and restrictions on charging performance based fees to certain "qualified clients". It is worth noting that registered fund of funds managers are subject to stringent record-keeping rules promulgated by the SEC as well as periodic SEC examinations looking into, among other things, charged performance fees and conflicts of interest disclosures.

In order to avoid registering an art fund of funds' securities with the SEC as an initial public offering pursuant to the Securities Act of 1933 (which is rarely advisable), an art fund of funds must offer its securities privately pursuant to a Reg. D private placement. To satisfy the private placement exemption, the art fund of funds must limit its offering to "accredited investors", make full and fair disclosures of all material elements of the investment in the art fund of funds by way of a private placement memorandum and subscription agreements and file a notice with the SEC and "blue sky" notices with applicable state securities regulators that sales of the art fund of funds' equity interests are being made in reliance on Reg. D.

The Employee Retirement Income Security Act of 1974 ("ERISA") regulates the investment by pension funds in art funds by way of its "plan asset" rule. In essence, an art fund of funds accepting 25% or more of its investments from benefit plan investors (such as ERISA investors and IRAs) are subject to various Department of Labor rules that in most instances an art fund of funds would not wish to be subject to. Such rules include limits on investor lock-ups, valuation procedures for the fund of funds' assets and indemnification requirements.

Art funds and their managers are subject to the anti-fraud provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Advisers Act which prohibit fraud in connection with the offer and sale of the fund of funds' equity interests and in connection with the advisory relationship.

## Private Sales/Terms & Conditions

**Private Sale Commissions:** Private sale commission revenues are earned through the direct brokering of purchases and sales of art. Such arrangements are evidenced by a legally binding consignment agreement between us and the seller, which outlines the terms of the arrangement, including the desired sale price and the amount or rate of commission that we may earn if a sale is completed, as well as, in certain instances, the period of time over which the artwork may be offered for private sale. The terms of the private sale consignment agreement create our sole performance obligation, which is to broker a legally binding sale of the consigned artwork to a qualified buyer as exclusive agent for the seller.

In connection with our efforts to fulfill our performance obligation under a private sale consignment agreement, we perform a number of activities, which may include: (i) transporting the consigned artwork to the location of the sale; (ii) performing due diligence to authenticate and determine the ownership history and condition of the consigned artwork; (iii) preparing the consigned artwork for sale (e.g., framing and cleaning); (iv) providing advice as to an appropriate asking price for the consigned artwork in response to an assessment of buyer demand and overall market conditions; (v) marketing the artwork to a select group of potential buyers or through theme-based private sale exhibitions; and (vi) completing all relevant administrative tasks related to completion of the sale.

In certain situations, when completing a private sale, we may execute a legally binding agreement with the buyer stipulating the terms pursuant to which the buyer will purchase the consigned artwork. In situations when a legally binding buyer agreement is not executed, only an invoice is issued to provide the buyer with the information necessary for finalizing the transaction (e.g., the amount owed and any associated taxes and royalties, the payment due date, payment instructions, etc.).

The consignor receives the benefit of our private sale service only upon the completion of a legally binding sale. For private sales where we execute a buyer agreement, the consignor receives the benefit of our private sale service and revenue is recognized at the point in time when the agreement is signed by the buyer. At this point in time, the buyer becomes legally obligated to pay the purchase price and the consignor is legally obligated to relinquish the property in exchange for the net sale proceeds (i.e., the purchase price less our commission). In the absence of an executed buyer agreement, the consignor receives the benefit of our private sale service and revenue is recognized at the point in time when the full purchase price is paid by the buyer. At this point in time, we have performed all of our service obligations in the transaction and the consignor is legally obligated to relinquish the property in exchange for the net sale proceeds. If we are not successful in completing a sale according to the terms of the private sale consignment agreement, we are not entitled to collect a commission.

For artworks purchased in a private sale transaction, the buyer is provided a guarantee of authenticity for a period of up to five years. Subject to certain limitations, this guarantee generally attests to the authorship of the artwork. In the event a valid claim is made by the buyer under the authenticity guarantee, the sale is rescinded and we are obligated to refund the purchase price to the buyer. In these circumstances, the consignor is obligated to return any net sale proceeds paid to them. Outside of a valid authenticity claim, the buyer has no right to rescind a completed private sale. The authenticity guarantee provided to the buyer is a product

warranty that is associated with the provision of our private sale service; it may not be purchased separately and does not provide an additional service to the buyer.

**Other Agency Commissions and Fees:** Articulate Gallery, LLC may earn commissions and fees connected with sales of art brokered by third parties. These commissions and fees are recognized at a point in time in the period when we receive confirmation from the third parties that the sale has been completed.

**Revenue Recognition (Inventory Sales):** The Gallery segment earns revenue from the sale of items held in Inventory. Such sales may be consummated through either a private sale transaction or through an auction sale. For artworks that are sold privately, an executed agreement with the buyer is used to document the terms and conditions of the transaction. For artworks that are sold at auction, the sale is completed pursuant to the conditions of sale published in the corresponding auction catalog. Regardless of the method of sale, title and control of the artwork are transferred to the buyer only upon payment of the full purchase price. Accordingly, sales of inventory are recognized at a point in time in the period when title and control of the artwork is transferred to the buyer.

**Revenue Recognition (Finance Revenues):** Finance revenues consist principally of interest income earned on Notes Receivable. Such interest income is recognized when earned, based on the amount of the outstanding loan, the applicable interest rate on the loan, and the length of time the loan is outstanding during the period.

**Revenue Recognition (Advisory Revenues):** Advisory revenues consist of fees earned from providing art-related advice to certain clients. These arrangements may be evidenced by a legally binding written retainer agreement with the client, which outlines the nature of the services to be provided and the amount of fees to be earned. Advisory retainer agreements are typically one year in duration. Advisory services are also sometimes provided on the basis of a verbal agreement with the client. For advisory arrangements with written retainer agreements, revenues are recognized ratably over time, based on the contractual period and as services are provided to the client. In the absence of a written retainer agreement, revenue recognition is deferred until we have performed our substantive service obligations and the client has made payment for those services, thereby evidencing the terms of the arrangement.



## Buy/Sell Terms & Conditions

### *Key Purchasing Factors:*

- Information on the acquisition such as a deed of gift or bill of sale
- Pertinent information on the donor where appropriate
- Valuation if available
- Any restrictions regarding its use or reproduction
- Provenance (history of ownership)
- Worksheets noting accession number and its physical description including photographs
- Results of curatorial research
- Any conservation treatment reports from conservators (restorers)
- Publication in any books or catalogs
- Use in exhibitions
- Loan forms, shipping documents, condition reports, insurance documents, and so forth.

**TERMS OF INVESTMENT - BINDING ON YOU** - These Terms of Investment outline the conditions under which Articulate Fund (through the Articulate Fund entity identified in the Investment Particulars, also referred to as "we", "us", "our", and "ourselves" in these Terms of Investment) and the issuer offer the assets for investment. Words and expressions in bold in these Terms of Investment have the meaning set out in the glossary which is set out in paragraph I of these Terms of Investment. By registering and/or by investing in a fund, or where you (also referred to as the "investor" and "your" in these Terms of Investment) purchase an asset, you agree that these Terms of Investment and the Investment Particulars shall be contractually binding on you.

**THE ISSUER** The party who is the issuer for the purposes of a fund or direct investment will depend on who owns the asset at the time the investment is completed. If the asset is owned by Articulate Fund, we will be the issuer. If the asset is owned by a third party, the third party owner of the asset will be the issuer, whose identity may not be disclosed. Where a third party is the issuer, Articulate Fund will be facilitating the investment as the agent of the issuer. This means that Articulate Fund is providing services to the third party issuer to help them secure investment and that Articulate Fund is concluding the contract for the investment on behalf of that third party issuer. When Articulate Fund is the agent of the third party issuer, the contract of investment which is created by any successful investment, or by any direct purchase, will be directly between you and the third party issuer, and not between you and Articulate Fund. However, even when the investment is facilitated by Articulate Fund on behalf of the third party issuer, Articulate Fund provides certain assurances to you directly. These are further described below in these Terms of Investment. The Investment Particulars will identify if the owner of an asset immediately before the investment is completed is a retail or institutional investor. If the issuer is not identified as a retail investor the issuer of the property immediately before the investment will be Articulate Fund.

**Pre-Investment Conditions:** Description of Assets (a) Certain words used in the Investment Particulars to describe an asset have special meanings. You can find details of these in the "Important Notices and Explanation of Asset Classification" which forms part of these Terms of Investment in paragraph L. You can find a key to symbols used in the Investment Particulars under the headings "Tax Symbols, Explanations and Refunds" in paragraph J and "Symbols" in paragraph K. (b) Our description of any asset, any asset report and any other statement made

by us (whether orally or in writing) about any asset, including about its nature or condition, sector, period, materials, approximate dimensions or history are our opinion and not to be relied on as a statement of fact. We do not carry out in-depth research of the sort carried out by professional historians and scholars. All dimensions and weights are approximate only. Our responsibility for our description of assets We do not provide any guarantee in relation to the nature of an asset apart from our authenticity warranty.

**Condition:** The condition of assets can vary widely due to factors such as age, previous damage, restoration, repair and wear and tear. Their nature means that they will rarely be in perfect condition. Assets are sold “as is”, in the condition they are in at the time of the investment, without any representation or warranty or assumption of liability of any kind as to condition by Articulate Fund or by the issuer. (b) Any reference to condition in the Investment Particulars or in an asset report will not amount to a full description of condition, and images may not show the condition of an asset. Colors and shades may look different on the screen to how they look on physical inspection. Asset reports may be available to help you evaluate the condition of an asset. Asset reports are provided free of charge as a convenience to our investors and are for guidance only. They offer our opinion but they may not refer to all faults, inherent defects, restoration, alteration or adaptation because our staff are not professional restorers or conservators. For that reason, they are not an alternative to taking your own professional advice. It is your responsibility to ensure that you have requested, received and considered any asset report.

**Estimates:** Based on the condition, rarity, quality and history of the asset and on prices recently paid at investment for similar property. Estimates can change. Neither you, nor anyone else, may rely on any estimate as a prediction or guarantee of the actual selling price of an asset or its value for any other purposes. Estimates do not include any investor's premium or any applicable taxes or charges.

**Articulate Fund Artist's Resale Commission:** In certain jurisdictions, local regulations grant the artist or the artist's estate a commission known as the 'artist's resale commission' when any artwork created by the artist is sold. We denote these artworks with the symbol  $\lambda$  in the artwork description. If these regulations apply to an artwork, we will have to pay an additional amount equal to the commission (unless the law dictates that the seller should make the payment).

**Delivery Costs:** Delivery costs are determined by our third-party providers, UOVO or Borderlinx. Borderlinx's Shipping Cost Calculator™ (accessible on Borderlinx's website) allows you to determine the cost of shipping your artwork before you complete the purchase. Unless specified otherwise, any delivery costs you are required to pay will cover: (i) all relevant local taxes and processing fees; (ii) customs duty, import tax, and any local clearance fees applicable for your country; (iii) international delivery charges from the artwork's location to your designated delivery address; and (iv) loss damage liability (LDL) charges. You will pay for the artwork and the delivery charges in a single transaction. The total cost is fixed and as it is prepaid, you should not receive any invoices from Borderlinx or customs. You are not purchasing any artwork from or through Borderlinx. (b) If the Sale Particulars indicate that the Borderlinx service is unavailable for any specific sale or artwork or if you choose to collect your artwork in person, it is your responsibility to determine and pay any relevant international duties, custom charges, taxes, charges, and tariffs due to the appropriate government entity or that otherwise need to be paid before shipping and/or delivery, including any third-party charges necessary for shipping and any required insurance charges. Currently, delivery to Cuba, Iran, North Korea, Sudan, or Syria and any other country under US or international embargoes is not possible. Additionally,

delivery to certain countries like Mainland China and India will necessitate a bespoke delivery service.

**Guarantees:** Seller's Guarantees (a) For each artwork, the seller provides a guarantee that the seller: (i) is the owner of the artwork or a co-owner of the artwork acting with the approval of the other co-owners or, if the seller is not the owner or joint owner of the artwork, has the permission of the owner to sell the artwork, or the legal right to do so; and (ii) has the authority to transfer ownership of the artwork to the buyer without any restrictions or claims by anyone else. (b) If either of the above guarantees are incorrect, the seller will not have to pay more than the purchase price. The seller will not be liable for any other damages or expenses. The seller provides no other guarantee in relation to any artwork beyond what is stated above and, to the extent allowed by law, all guarantees from the seller to you, and all other obligations upon the seller that may be added to these Conditions of Sale by law, are excluded.

**Appraisals:** Professional appraisals (i.e., for a fee) must be provided in writing, signed and dated, and worded to clearly indicate whether they are for insurance (replacement cost) or for probate (net realizable value).

**Articulate Fund Authenticity Guarantee:** (a) We guarantee that, subject to the terms below, the artworks in our sales are authentic (our "authenticity guarantee"). If, within five (5) years of the date of the sale, you convince us that your artwork is not authentic, subject to the terms below, we will refund the purchase price paid by you. The definition of authentic can be found in the glossary at the end of these Conditions of Sale. The terms of the authenticity guarantee are as follows: (i) It will be honored for a period of five (5) years from the date of the sale. After such time, we will not be obligated to honor the authenticity guarantee. (ii) It is given only for information shown in UPPERCASE type in the first line of the artwork description (the "Heading"). It does not apply to any information other than in the Heading even if shown in UPPERCASE type. (iii) The authenticity guarantee does not apply to any Heading or part of a Heading which is Qualified. Qualified means limited by a clarification in an artwork description or by the use in a Heading of one of the terms listed in the section titled Qualified Headings in the Important Notices and Explanation of Cataloguing Practice forming part of these Conditions of Sale. For example, the use of the term "ATTRIBUTED TO..." in a Heading implies that the artwork is, in Articulate Fund's opinion, likely a work by the named artist, but no guarantee is provided that the artwork is the work of the named artist. Please read the full list of Qualified Headings and the full artwork description before bidding on an artwork or buying an artwork using Buy-Now. (iv) The authenticity guarantee applies to the Heading as amended by any notice given to you during a sale. (v) The authenticity guarantee does not apply where scholarship has evolved since the auction leading to a change in generally accepted opinion. Additionally, it does not apply if the Heading either matched the generally accepted opinion of experts at the date of the sale or drew attention to any conflict of opinion. (vi) The authenticity guarantee does not apply if the artwork can only be proven not to be authentic by a scientific process which, on the date we published the Sale Particulars, was not available or generally accepted for use, or was unreasonably expensive or impractical, or was likely to have damaged the artwork. (vii) The benefit of the authenticity guarantee is only available to the original buyer shown on the invoice for the artwork issued at the time of the sale and only if the original buyer has owned the artwork continuously between the date of sale and the date of claim. It may not be transferred to anyone else. (b) To claim under the authenticity guarantee, you must: (i) provide us with written details including full supporting evidence of any claim within five (5) years of the date of the sale;

### **Disclaimer of Additional Warranties**

(a) To the greatest extent allowed under relevant law, the Articulate Fund and the vendor renounce and exclude any and all other warranties pertaining to the investment units and the online-only service, whether they are expressed or implied by statute, common law, or otherwise.

(b) We bear no responsibility towards you for any reason (whether for violation of these Conditions of Sale or any other matter concerning your purchase of, or bid for, any investment unit) other than in the instances of fraud or fraudulent misrepresentation by us or other than as explicitly outlined in these Conditions of Sale.

(c) We bear no responsibility towards you for any reason to give any representation, warranty or guarantee or assume any form of liability in respect of any investment unit with regards to profitability, fitness for a particular purpose, description, size, quality, condition, attribution, authenticity, rarity, importance, medium, provenance, exhibition history, literature, or historical relevance. Unless required by local law, all warranties of any kind are excluded by this clause.

(d) We owe no responsibility to any person other than an investor concerning the purchase of any investment unit.

(e) If, despite the terms in (a) to (d), we are found to be liable to you for any reason, we will not have to pay more than the investment amount you paid to us. We will not be responsible to you for any reason for any other damages or costs.

**Prices:** All investment units for sale will clearly indicate the full price, inclusive of any applicable VAT, on a label or ticket attached to or immediately adjacent to the item in question; or, in cases where this would increase the risk of theft:

(a) the full price of the investment unit shall be entered on a price list or stock book, available for inspection at all times during business hours by members of the public on request, and

(b) a prominent Notice shall be placed nearby, stating 'WRITTEN PRICES OF ALL INVESTMENT UNITS OFFERED FOR SALE MAY BE EXAMINED ON REQUEST'.

Any investor purchasing investment units marked with a price reduced from a previous price can assume that the Member is aware of and complying with current legislation regarding false or misleading price indications.

### **Descriptions and Attributions:**

The individual/fund shall provide the Investor with as much clear and accurate information as is reasonably practicable about the investment unit, which should typically include:

- The approximate date or period of its creation,
- The primary medium or material of the investment,
- The creator's name, if known, together with any known provenance,
- Any significant alterations or additions.

Upon agreement of a sale, details as indicated on the label and verbally (if applicable) shall be documented in an invoice showing the Member's name, address, telephone number, VAT registration, and date of issue.

Investors may assume that individuals are aware of current legislation against false or misleading descriptions of goods or services, misleading price indications, and other legislation

aimed against fraud or money laundering, and understand 'due diligence' in each area, having trained all sales staff accordingly.

### **Transport and Shipping:**

(a) Unless otherwise explicitly agreed upon or if the investment unit purchased requires special permits, we will ship your investment unit to the address you provide at registration within 30 days of receiving full and clear payment.

(b) You must provide a valid delivery address at registration. We will only ship to this registered address except in limited circumstances. We do not deliver to P.O. boxes. You will be responsible for all shipping expenses, including costs, packing and handling, loss/damage liability (LDL) fees. While we aim to carefully handle, pack, and facilitate shipment, we are not liable for any acts or omissions of any third party involved in these processes.

(c) Unless specified in section G5, the Articulate Fund will obtain any necessary permits for export or import and act as the "Exporter of Record". You, as the recipient, are the "Importer of Record", appointing us as your agent to manage all import and customs clearance procedures, ensuring that customs duties and taxes are paid to relevant authorities in your country.

(d) You are liable for any shipping charges if the investment unit is returned to us due to a failure in providing a valid delivery address or the lack of a recipient to sign and accept the delivery.

(e) Our shipping partners will only contact you when necessary for delivery or arrangement of pick-up if a return is needed.

(f) For investment units being exported from the US, you agree not to divert, reship or forward any part of a shipment to any country which the US Department of the Treasury, Office of Foreign Assets Control (OFAC) has designated as supporting international terrorism, or to any individual or entity on the OFAC list of Specially Designated Nationals and Blocked Persons, or any of the lists maintained by the US Department of Commerce or the Department of State.

(g) If you have any queries about international shipping in general or about a specific shipment of Articulate Fund products, please contact our Client Services.

(h) You may be able to collect your purchase(s) in person. If you wish to do so, you must email our Client Services at least 48 hours in advance to schedule your collection and secure any necessary forms. Payment must be made online prior to collection. If you wish to send a representative to collect your purchase(s), you will need to complete a Letter of Authorization and send it to our Client Services before the collection. Your representative will be required to present valid ID at the time of collection.

### ***Articulate Fund's Global Shipment and Customs Procedure:***

**Customs Duty and Tax Implications:** The customs duty and import tax specific to a particular country are considered on several factors such as: The classification of the asset under the international Harmonized Code (HS) system, the price of the asset, the incorporation of shipping charges in the duty calculation based on the "CIF" basis, i.e., Cost, Insurance, and Freight. Please note that actual tax and duty charges by your country's customs authority may vary from the amount paid due to several reasons. However, any such discrepancy will not be adjusted due to the associated administrative efforts and costs.

**Delivery Timelines:** Articulate Fund employs international air shipment for your purchases. The average express delivery time after dispatch is estimated to be between 2-5 business days. However, this is not guaranteed as it may be affected by various factors such as weather

conditions and customs inspection. Articulate Fund is not liable for any delay caused due to these reasons.

**Handling Loss or Damage During Shipment:** (a) It is advised to promptly check the contents of the delivered package(s). In case of any discrepancies, please reach out to Articulate Fund's Client Services. (b) Should your package be lost or damaged during transit, you must submit a claim within 14 days from the date of delivery confirmation or date of loss confirmation.

**Limitations to Export and Import:** (a) Import/export licenses or other permits may be required as per the laws of the countries involved. Obtaining such permits may lead to additional costs and delays. You are solely responsible for understanding and meeting the requirements of such laws before purchasing. (b) You alone are responsible for getting advice about and meeting the requirements of any laws or regulations which apply to exporting or importing any lot prior to bidding or for Buy-Now lots, prior to purchasing. (c) Lots made of protected species are subject to the customs laws and regulations of the importing country. Please check these before making a purchase. (d) Iranian-origin "works of conventional craftsmanship" have certain restrictions. It is your responsibility to avoid bidding on or importing a lot that contravenes any applicable sanctions or trade embargoes. (e) Gold of less than 18ct may not be recognized as 'gold' in certain countries and may face import restrictions. (f) Many watches offered may have straps made of endangered or protected animal materials. These will be removed prior to shipment.

**Personal Information, Privacy, and Data Protection:** (a) Your personal information will be processed as per our privacy policy. (b) For international shipment of your purchase, we provide your information, including your name, delivery address, phone number, purchased products, and their price to our shipping partner, who will handle it with utmost confidentiality. (c) Payment information is directly collected and processed by our third-party Payment Service Provider. Articulate Fund does not have access to, or retain any credit card or other payment information details.

### **Storage Criteria/Questions:**

- How has the museum evolved?
  - What do the museums collect?
  - Is the museum accredited by the AAM?
  - How has the changing financial political climate affected museum's operations?
1. Organization, Documentation/Inventory & Valuation
    - What is the documentation process?
    - What is the deaccessioning process?
    - How do museums value their collection?
  2. Underwriting and Loss Control Issues
    1. Management
    2. Fire
      1. Building Design and Construction
      2. Building Service Equipment
      3. Operations Planning and Control
        1. Outsider activities
        2. Separation of Values
        3. Storage
      4. Changing Exhibits, Renovations, Remodeling
      5. Detection
      6. Suppression
    3. Earthquake

4. Ultraviolet Light
5. Insects and Vermin
6. Theft and Vandalism
  1. Visitor Flow
  2. Inside Theft
  3. Physical Security
7. Handling Damage
8. Traveling Exhibits
  1. Packing
  2. Prior to Transport
  3. Transportation Arrangements
  4. Upon Arrival

**Waiver:** No delay in exercising any right or remedy under these Conditions of Sale shall constitute a waiver of that or any other right or remedy.

**Law and Disputes:** The Conditions of Sale and any claims arising from it shall be governed and enforced as per the laws of the State of Delaware. Any dispute shall be submitted for mediation administered by the American Arbitration Association's International Centre for Dispute Resolution, or its successor.

**Changes To Policy:** Any changes we make to our policy in the future will be posted on this page and, where appropriate, notified to you by email. Please check back frequently to see any updates or changes to our policy.

## **Subscription Documents & Investor Questionnaire:**

### **STATE LAW EXEMPTION AND PURCHASE RESTRICTIONS**

To determine whether a potential investor is an “accredited investor” for purposes of satisfying one of the tests in the “qualified purchaser” definition, the investor must be a natural person who:

1. has a net worth, or joint net worth with the person’s spouse or spousal equivalent, that exceeds \$1,000,000 at the time of the purchase, excluding the value of the primary residence of such person; or
2. had earned income exceeding \$200,000 in each of the two most recent years or joint income with a spouse or spousal equivalent exceeding \$300,000 for those years and has a reasonable expectation of reaching the same income level in the current year; or
3. is holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status; or
4. is a “family client,” as defined by the Investment Advisers Act of 1940, of a family office meeting the requirements in Rule 501(a) of Regulation D and whose prospective investment in the issuer is directed by such family office pursuant to Rule 501(a) of Regulation D.

For purposes of determining whether a potential investor is a “qualified purchaser,” annual income and net worth should be calculated as provided in the “accredited investor” definition under Rule 501 of Regulation D. In particular, net worth in all cases should be calculated excluding the value of an investor’s home, home furnishings and automobiles.



## **Investor Common Questions**

### **Who buys fine art insurance?**

Fine art insurance can cover museums, galleries, exhibitions, corporate art collections and private collectors. In many countries, such as France, major museums are public and their permanent art collections are insured by the state. But insurance coverage is needed when artwork goes on loan to other museums, for example. In some other countries, such as Germany and Sweden, large art galleries' collections are insured in the commercial market. Buyers also sometimes need coverage for antiques, collectables and jewelry, among other things.

### **What are the biggest risks that need coverage?**

The major risk for fine art is not theft, as one might imagine, but transportation. The conditions that art must be kept in during transportation vary depending on the type of work – for example, the conditions would be very different for a photograph than for an installation. Any handling of the artwork is a risk. If the work is on paper or canvas then you need to check the humidity and be sure that the air conditioning is sufficient. And for artworks such as tapestries or photographs, you need the light conditions to be correct. The museums are extremely conscientious about this. A new challenge is managing risks associated with contemporary artwork which is displayed outdoors. The artwork might have no permanent state and also is exposed to risks including vandalism, weather events and terrorism. So museums and their insurers need to be mindful of this.

### **Who is in charge of risk management for art collections?**

Museums have curators, who typically are art historians, who know everything about the artwork in their collections. And they also have a registrar who is the contact for the broker. And they manage the risks of storing and transporting artworks.

### **Have there been any recent examples of museums needing to activate their risk management plans?**

When the Seine flooded in the summer of 2016, the Louvre and the Musée d'Orsay put into place their plans to move artwork stored in their basements. The museums temporarily closed to enable that artwork to be moved out of harm's way. Those museums have well-rehearsed plans in place for such events.

### **What is the fine art insurance market like?**

The fine art market does not really see attritional losses. There may be large losses, but there do not tend to be attritional losses. Public contracts tend to be fairly long – four or five years – to provide security of coverage. We write coverage for jewelry and antiques and collectibles too. Sometimes both jewelry coverage and fine art can be written on the same policy if, for example, an artwork contains a lot of gold.

**What is the investment strategy of the fund? How do you choose which pieces to invest in?**

We primarily focus on blue-chip art, works by well-established artists with a proven auction record. We use data analytics to identify promising investment opportunities and purchase artwork that our analysis suggests will appreciate in value.

**How is the value of the art in the fund appraised? How often is it reappraised?**

Artworks in the fund are independently appraised by certified art experts. We also use art market data including auction prices, gallery sales, and industry trends for valuation. Reappraisal typically happens annually, or whenever an artwork is being prepared for sale.

**What is the fund's track record? Can you share past performance data?**

The fund founders have consistently outperformed traditional markets in the past years, which is a testament to our data-driven approach and deep expertise in the art market. We're happy to share specific performance data upon request.

**What is the minimum investment amount? Are there any restrictions on withdrawals or redemptions?**

The minimum investment varies but can be substantial given the high-value nature of the artworks. There is often a lock-up period after which investors can redeem their shares, depending on the terms of the fund.

**How liquid is an investment in this fund? If I need to cash out, how quickly can that be arranged?**

Art is typically a less liquid asset class compared to stocks or bonds. We facilitate sales of art shares in secondary markets to provide liquidity, but the time to cash out depends on market conditions.

**What are the fees associated with this fund? Are there any hidden costs I should be aware of?**

There may be future management fees typically in line with industry standards in the future after the fund's track record is created. The funds will be starting with 30% performance fees, calculated as a percentage of any profits realized by the fund.

**Who is managing the fund? What is their experience and background in the art market?**

Our team comprises art market veterans, data scientists, and financial experts, bringing a balanced and informed approach to managing the fund.

**How diversified is the fund's portfolio? Is it invested in a range of artists and styles or does it focus on specific segments of the art market?**

We invest in a diverse range of artworks across different artists, time periods, and styles to mitigate risk. We believe diversification is key to delivering consistent returns.

## **How is the fund regulated? What investor protections are in place?**

We operate under the regulatory guidelines set forth by financial authorities. We also adhere to strict due diligence and compliance processes to ensure investor protection.

## **How does investing in this art hedge fund fit into my overall investment strategy and portfolio?**

Investing in art can provide a hedge against inflation and market volatility, diversify your portfolio, and offer potentially high returns. However, it should fit into your risk tolerance and investment objectives. Please consult with your financial advisor to understand how it can fit into your broader strategy.

## **Accredited Investor Questionnaire:**

1. Have you ever invested in a hedge fund before?
2. Have you ever invested in alternative asset classes, such as art, real estate, or private equity?
3. What is your understanding of the art market? Have you heard of pop icon artists such as Andy Warhol or Banksy?
4. Do you currently own any artworks for investment purposes?
5. What is the overall size of your investment portfolio?
6. What is your annual income? (This can be a range if specifics are sensitive)
7. What is your net worth, excluding your primary residence?
8. How much are you planning to invest in this art hedge fund?
9. Are you comfortable with the lock-up period associated with this fund? (3 years)
10. How would you describe your risk tolerance (low, medium, high)?
11. Do you understand that investing in art, while potentially incredibly profitable, can be risky and illiquid?
12. What are your financial goals for this investment?
13. Are you comfortable with the fee structure associated with this fund?
14. Do you understand the unique challenges and opportunities associated with investing in art?
15. Are you an accredited investor as defined by the Securities and Exchange Commission (SEC)?
16. Have you consulted with a financial advisor or attorney about this investment?
17. How did you hear about our art hedge fund?
18. Are you interested in specific styles, periods, or artists in the art world?
19. Are you prepared to hold this investment for the long term to realize potential returns?
20. Have you considered purchasing fine art as a hedge against inflation in the past?

## **Liability Limitation & Indemnity**

**What are the singular or collective total amounts potentially exposed to a single investment at any one time?**

Our investment limit in a single artwork is a small percentage of the total fund's assets, ensuring diversification and minimizing exposure to a single investment.

**Where are the funds registered, distributed and what are the regulatory regimes in that region? What is the potential cost of complying with an investigation or employing local law firms to conduct a compliance with an investigation in that regime?**

Our funds will be registered in Delaware, Cayman Islands, and Switzerland which is a recognized jurisdiction for hedge funds. We comply with local regulations and employ local law firms to assist in compliance and investigations as required.

**Are any of the investors, funds, insured entities domiciled in the US or regulated by SEC registration or filing? Are you familiar with the regulatory requirements and the cost of complying with them? Are you familiar with any duties of due diligence in accepting investors in certain jurisdictions?**

Yes, we do have U.S. investors and are familiar with SEC regulations and compliance requirements. We diligently carry out our due diligence obligations when accepting investors.

**How complex/volatile are the investment strategies? Are all investors sophisticated enough to understand the strategies? Are there sufficient internal controls to ensure compliance with the strategy in PPM?**

Our investment strategy is based on thorough art market analysis, which may seem complex but is made transparent to our investors. We have internal controls to ensure compliance with our stated strategy.

**Are there any planned changes in the structure of the funds? Are investors fully aware of the changes in strategies?**

Any major changes to the fund's structure or strategy would be communicated to our investors well in advance.

**Are all service providers such as administrators, auditors and investment managers well established and contracted with strong liability conditions? Can recovery be made against them in the event they make a mistake which in turns provokes an action against the directors of the fund?**

We work with reputable service providers who are well-established in their respective fields. All have contractual liabilities and we believe we could recover damages if their error resulted in harm to the fund.

**Considerations in assessing limits of liability for investment managers:**

**What are the assets under management? How much could be lost at any one time?**

We plan to manage 50-100m AUM by 2025. In a worst-case scenario, we have risk management measures in place to prevent catastrophic losses.

**What is the collective potential amount that could be lost in any one trend of transactions?**

As part of our risk management strategy, we aim to minimize the risk of collective losses through portfolio diversification and rigorous artwork selection.

**Where is the investment advisor/managers registered and regulated? Is there a thorough understanding, and know-how in dealing within the regulatory regime you need to be compliant with?**

Our investment advisors are well-versed in compliance within their jurisdictions of operation.

**Where are the investors domiciled? How much would it cost to defend an allegation of negligence from the investors?**

Our investors are global. We have legal protections in place to manage the cost of potential litigation.

**Are there strict internal operating guidelines/ risk management procedures?**

We have comprehensive internal operating guidelines and a robust risk management framework to mitigate various operational and market risks.

**With regard to employee litigation, how many employees are employed in the US and in what states?**

We have access to a global workforce. We comply with all relevant employment laws and maintain insurance to cover potential employee litigation.