

## A New Breed of Art Investment Available to Everyone

In a new twist on art collecting, investment companies like Yieldstreet and Masterworks are offering retail investors the opportunity to buy small ownership stakes in portfolios which will hold famous artworks. Although art investment funds have been around for decades, entry into most were only available to high-net worth investors and the art collections were often held long term. This latest iteration, where investors are allowed to buy shares for as little as \$20, uses advanced databases, digital platforms and artificial intelligence to better predict which works will gain value. Both companies hope for returns of between 15% to 17%.

Yieldstreet's new fund series holds multiple works by Keith Haring and Kenny Scharf among other artists. Masterworks has a different model where investors are buying shares in one piece of art. It has focused on established works with a track record by artists such as Banksy and Andy Warhol to predictably generate higher returns. These funds also have built flexibility into their models and investors aren't locked into the funds for a particular time period. Instead, they can earn a return just by selling shares that go up in value without waiting for the artwork itself to be sold. One issue is whether these funds will be able to regularly show respectable

profits in a market that is not reliably liquid. A good sign though, is that over the past decade art prices have beaten the S&P 500.

The aim of these funds is to be innovative and fun. Yieldstreet and Masterworks have geared their formats to appeal to a younger generation of investors, many of whom started investing with small amounts through apps like Robinhood. Traditionally, those who collect art have purchased it to put on their walls to enjoy as it appreciates, rather than simply buying shares in artwork held elsewhere for profit. It remains to be seen whether this new wave of art collecting and investment will endure and offer the same emotional connection to art which is personally owned. These companies, which do plan events where the artworks can be seen, hope that their new platform can inspire investors to learn more about art and collecting.