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# Masterworks Diversified Art Portfolio

*Investor Presentation | Q4 2022*

# MWC Group Overview

## MWC Group

### Institutional Services

Educating **financial advisors** and **institutional investors** on art as an asset class

Provides investment research, investor relations, and support for **diversified art investments**

Launched **Masterworks Diversified Art Portfolio, LP (“DAP”)**, providing exposure to Post-War and Contemporary Art

MASTERWORKS.IO

### Retail Platform

Dedicated investment platform for **self-directed investors**

**A team of ~30 registered sales reps<sup>(1)</sup>** to assist introduction to investment in art as an asset class

**550,000+** registered users engaged with platform

MASTERWORKS

### Shared Services

Provides **asset management services** to support all distribution channels

**Macro and quantitative** research team directing art acquisitions and sales

Oversees **\$650M+ AUM** across **170+ paintings**

## MWC Group

A Masterworks Company

***MWC Group supports sourcing and administration of art investments with the objective to provide long-term, uncorrelated capital appreciation for investors***

Note: As of October 15, 2022.

(1) All securities offered by retail representatives through Arete Wealth Management, LLC, member [FINRA](#), [SIPC](#) and [NFA](#). Masterworks.io, LLC, its affiliates and other related parties, and Arete Wealth Management, LLC are independent, unaffiliated entities. Please see offering documentation for more information about specific investments.

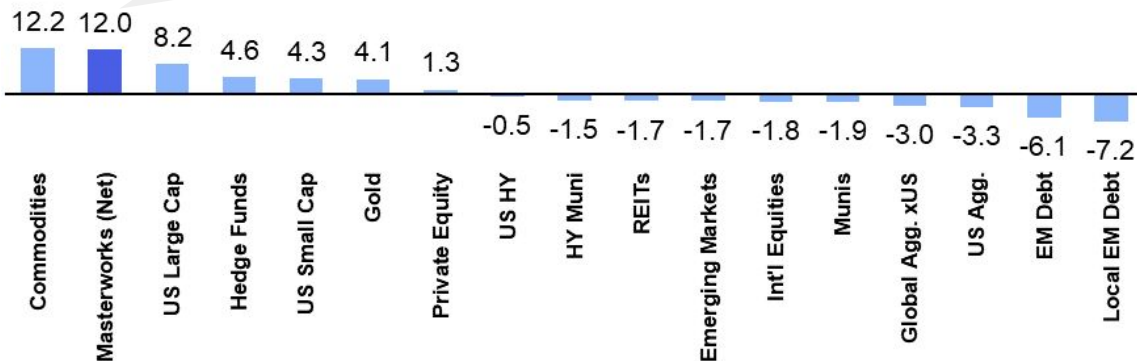
# Masterworks At A Glance

## Masterworks Overview

- Founded in 2017
- Manages ~\$650M of art, across 170 Single-Asset Issuers (“SAIs”)
- One of the largest art buyers, expecting to acquire ~\$1B of art in 2023
- 550,000+ registered users engaged with platform<sup>(1)</sup>
- Built database with 350,000+ auction transactions and ~5M data points

## Annualized Performance Since Inception, % (Sept. 2019 - Sept. 2022)<sup>(1)(2)</sup>

Masterworks' Net IRR since inception is 12.0%



Source: Masterworks. Performance data as of September 30, 2022.

Note: This is not an indication of Masterworks' overall performance. Past performance is not indicative of future results.

- (1) Masterworks represents Net SAI IRR. Includes realized and unrealized returns to investors. Portfolio performance includes SAIs with a final closing date of greater than six months prior to the most recent valuation. Appraised fair market value and SAI Net Asset Value Per Share (NAV) based on Masterworks internal appraisal and SAI fair value policy. Reflects unrealized and realized annualized gain/(loss) based on the appraised fair market of the underlying artwork owned by each SAI. Portfolio IRR based on the final close of each SAI. See "Important Disclosure - Masterworks Performance" for more information.
- (2) Illustrates Commodities (S&P GSCI), US Large Cap (S&P 500), Gold (Gold USD Spot), US Small Cap (Russell 2000), Hedge Funds (HFRI FoF), Private Equity (Refinitiv Private Equity), Emerging Markets (MSCI EM), REITs (FTSE NAREIT), Int'l Equities (MSCI EAFE), HY Muni (Bloomberg HY Muni), US HY (Bloomberg US HY), Munis (Bloomberg Municipal), US Agg. (Bloomberg US Aggregate), Global Agg. xUS (Bloomberg Global Aggregate ex. US), EM Debt (JPM EMBI Global), Local EM Debt (JPM GBI-EM Global).
- (3) Reflects realized transactions as of June 30, 2022, in the Post-War and Contemporary segments, which are representative of the investment criteria for the DAP. Other realized transactions do not represent the target acquisition criteria of the DAP.

## Post-War and Contemporary Art Realizations<sup>(3)</sup>



Banksy, Mona Lisa (2000)  
32.0% Net Investor IRR



George Condo, Staring into Space (2014-15)  
31.7% Net Investor IRR



Doppelbild by Albert Oehlen (2002)  
33.7% Net Investor IRR

# Masterworks Investment Highlights

1

## Unsecuritized, High-Performing, Low-Correlated Asset Class

With acquisitions focused on blue chip, Post-War, and Contemporary art, whose prices have outpaced the S&P 500 since 1995<sup>(1)</sup>

2

## Proprietary Database and Analytics

To identify most investable segments, sub-segments, and artist markets based on historical appreciation, volatility, and liquidity

3

## A Leading Art Market Buyer & Connectivity

Deep relationships with 20+ art collection families, 275 intermediaries, and c-suite executives at major auction houses, working to create exclusivity clauses with other art world intermediaries

4

## Experienced Team with Outsized Track Record

Masterworks achieved 12.0% Dollar-Weighted Net SAI IRR<sup>(2)(3)</sup> since inception, senior leadership with cross functional expertise in sales, art acquisition, research, marketing, finance, and operations

5

## Secular Tailwinds for Future Art Price Appreciation

Demand-supply imbalances with a growing wave of capital chasing an ever scarcer pool of assets drives art price appreciation

Source: Bloomberg, Masterworks.

(1) Data as of December 31, 2021. See Pg. 7 for more information.

(2) Reflects Dollar-Weighted Net SAI IRR.

(3) Includes realized and unrealized returns to investors. Portfolio performance includes SAIs with a final closing date of greater than six months prior to the most recent valuation. Appraised fair market value and SAI Net Asset Value Per Share (NAV) based on Masterworks internal appraisal and and SAI fair value policy. Reflects unrealized and realized annualized gain/(loss) based on the appraised fair market of the underlying artwork owned by each SAI. Portfolio IRR based on the final close of each SAI. See "Important Disclosure - Masterworks Performance" for more information.

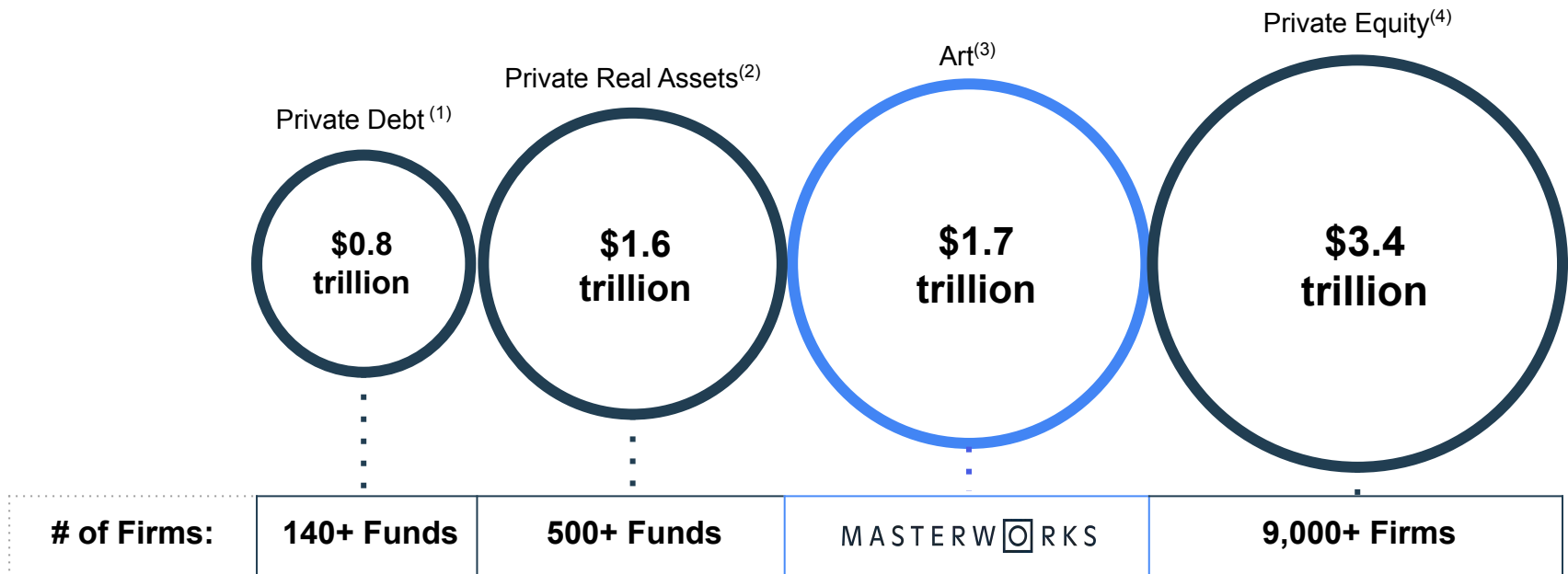
A photograph of two individuals, a woman on the left and a man on the right, both wearing white long-sleeved shirts and white gloves. They are holding a large, square, white-framed artwork. The artwork depicts a pumpkin made of numerous small, golden-brown dots, set against a dark background with a pattern of small, light-colored, irregular shapes. The scene is set against a dark blue wall. A large, semi-transparent white triangle is overlaid on the left side of the image, partially obscuring the woman and the artwork.

# Art As An Asset Class

# A New, Unsecuritized Asset Class

Art is one of the largest unsecuritized private asset classes

## Relative Market Sizes for Private Assets



Source: Preqin, McKinsey & Company: Private markets come of age: McKinsey Global Private Markets Review 2019. Deloitte, ArtTactic: Deloitte Art and Finance Report 2019.

(1) Represents private market assets under management investing in debt.

(2) Represents private market assets under management investing in real estate, natural resources, and infrastructure.

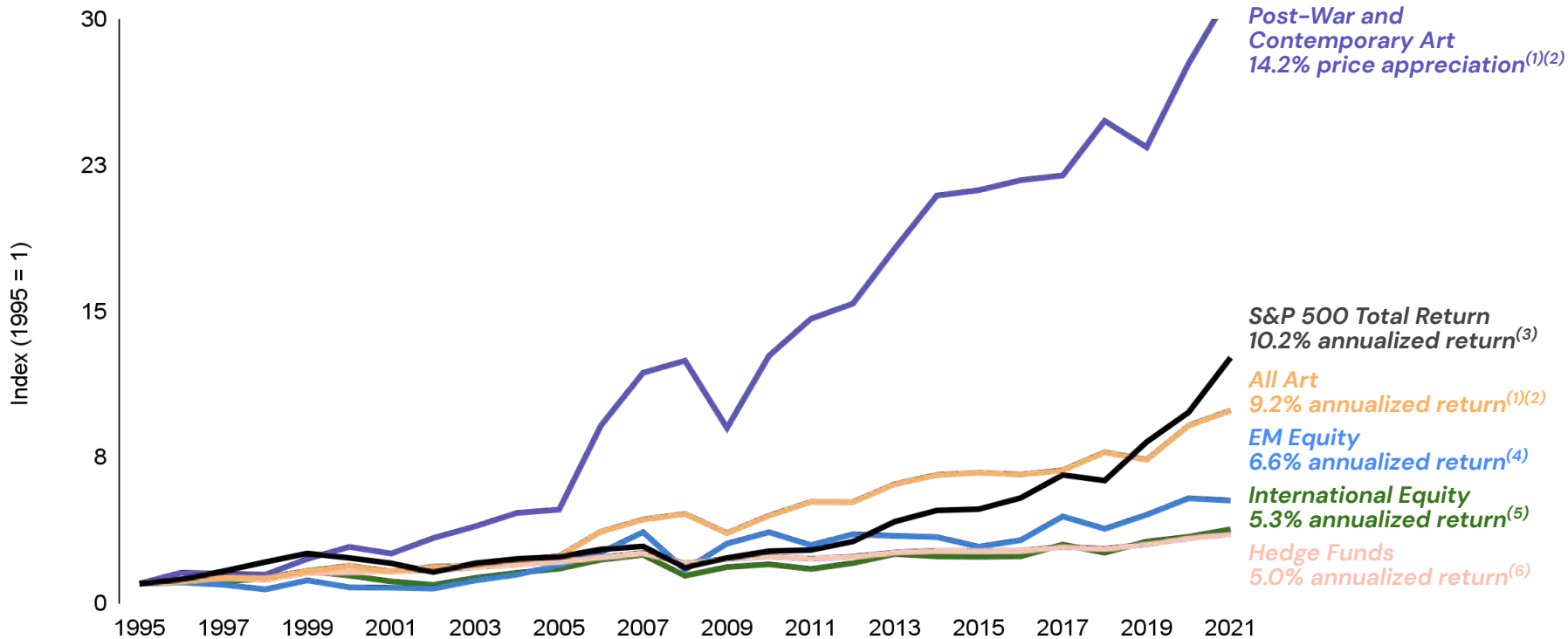
(3) Represents the estimated value of wealth held by UHNWIs based on surveys of wealth allocation to art/collectibles and estimates of total wealth held by individuals. The data included herein reflects characteristics of the market for physical artwork and not for investment securities.

(4) Represents private market assets under management investing in private equity.

# Historical Appreciation Over Time

Post-War and Contemporary Art segment has outpaced both all-art and broad equity indices

Value-Weighted Art Indices<sup>(1)(2)</sup> vs. Select Major Asset Classes Since 1995<sup>(3)(4)(5)(6)</sup>



Source: Bloomberg, Masterworks. All data as of December 31, 2021.

Note: There are significant differences between the asset classes presented. For additional information, see "Important Disclosure Information". Past performance is not indicative of future results.

- (1) Repeat-Sale Pair Index of Post-War and Contemporary Art and All Art (as defined by the applicable auction house) using Standard & Poor's CoreLogic Case-Shiller Home Price Indices Methodology, inclusive of all applicable public auction sales with last sale occurring at Christie's, Sotheby's, or Phillips.
- (2) The Standard & Poor's CoreLogic Case-Shiller Home Price Indices Methodology results in a value-weighted index; auction results realized in a currency other than U.S. dollars have been converted using exchange rates provided by FRED (St. Louis Federal Reserve) at the time of the most recent sale; this adjustment is made to account for long-term exchange rate trends that would otherwise distort artworks' appreciation.
- (3) Represents S&P 500 Total Return Index.
- (4) Represents MSCI EM GR USD.
- (5) Represents MSCI EAFE Total Return.
- (6) Represents HFRIFOFD Diversified Index.

# Unique Correlation Profile

Art has low correlation to most major asset classes, making it a unique portfolio diversifier

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1 US Large Cap	1.0	0.9	0.9	-0.4	-0.2	-0.1	0.6	0.6	0.7	0.8	0.6	0.3	0.4	0.7	0.8	0.0
2 US Small Cap	0.9	1.0	0.8	-0.4	-0.3	-0.2	0.6	0.6	0.7	0.8	0.7	0.4	0.4	0.7	0.7	0.0
3 International Equity	0.9	0.8	1.0	-0.3	-0.2	0.0	0.6	0.6	0.7	0.9	0.6	0.4	0.4	0.8	0.8	0.0
4 US Aggregate	-0.4	-0.4	-0.3	1.0	0.8	0.8	0.1	0.1	-0.1	-0.3	0.0	-0.2	0.1	-0.3	-0.2	-0.1
5 Global Aggregate Ex-US	-0.2	-0.3	-0.2	0.8	1.0	0.6	0.1	0.1	-0.1	-0.2	0.0	-0.3	0.1	-0.3	-0.1	-0.1
6 Munis	-0.1	-0.2	0.0	0.8	0.6	1.0	0.3	0.4	0.2	0.0	0.2	0.0	0.6	0.0	0.1	-0.1
7 EMD	0.6	0.6	0.6	0.1	0.1	0.3	1.0	1.0	0.7	0.7	0.5	0.3	0.4	0.6	0.6	-0.1
8 Local EMD	0.6	0.6	0.6	0.1	0.1	0.4	1.0	1.0	0.7	0.7	0.5	0.3	0.5	0.6	0.6	-0.1
9 US HY	0.7	0.7	0.7	-0.1	-0.1	0.2	0.7	0.7	1.0	0.7	0.7	0.5	0.7	0.6	0.6	-0.1
10 EM Equity	0.8	0.8	0.9	-0.3	-0.2	0.0	0.7	0.7	0.7	1.0	0.5	0.4	0.4	0.8	0.7	-0.1
11 Global REITs	0.6	0.7	0.6	0.0	0.0	0.2	0.5	0.5	0.7	0.5	1.0	0.4	0.6	0.4	0.4	0.1
12 Commodities	0.3	0.4	0.4	-0.2	-0.3	0.0	0.3	0.3	0.5	0.4	0.4	1.0	0.3	0.5	0.2	0.1
13 US Muni HY	0.4	0.4	0.4	0.1	0.1	0.6	0.4	0.5	0.7	0.4	0.6	0.3	1.0	0.4	0.4	0.0
14 Hedge Funds	0.7	0.7	0.8	-0.3	-0.3	0.0	0.6	0.6	0.6	0.8	0.4	0.5	0.4	1.0	0.7	0.1
15 Private Equity	0.8	0.7	0.8	-0.2	-0.1	0.1	0.6	0.6	0.6	0.7	0.4	0.2	0.4	0.7	1.0	-0.1
16 Art	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.1	0.1	0.0	0.1	-0.1	1.0

Positive correlation

Zero correlation

Negative correlation

Source: Bloomberg, Masterworks. Correlations calculated from 12/31/1997 to 12/31/2021 based on US Large (S&P 500 Total Return), US Small (Russell 2000 Total Return), Int'l Equity (MSCI EAFE Total Return), US Agg. (Bloomberg US Aggregate Total Return), Gbl Agg. xUS (Bloomberg Global Aggregate ex-US Total Return), Munis (Bloomberg Municipal Index Total Return), EMD (JPM EMBI Global Total Return), Local EMD (JPM GBI EM Global Total Return), US HY (Bloomberg US HY Total Return), EM Equity (MSCI EM GR USD), Global REITs (FTSE NAREIT Composite Total Return), Commodities (S&P GSCI Total Return), HY Muni (Bloomberg Muni HY 2% Issuer Cap), Hedge Funds (HFRIFOFD Global Hedge Funds), Private Equity (Refinitiv Private Equity), and Art (Masterworks Post-War and Contemporary Art Index).

Note: For illustrative purposes only. Comparison of assets that trade real time compared to assets that trade episodically like art may have limitations. Past performance is not indicative of future results.

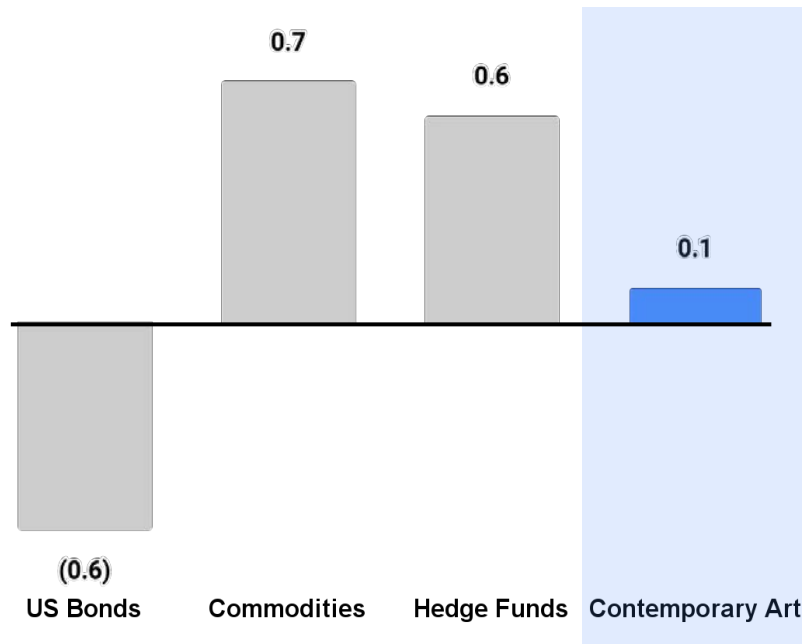


# Low Correlation in Both Positive and Negative Equity Markets

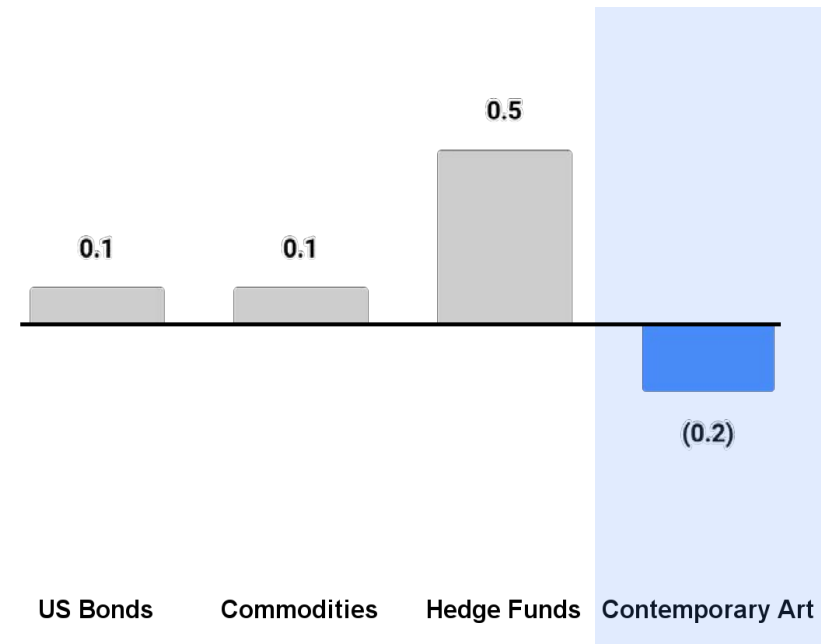
Art has had a low correlation to US equities when the S&P 500 has experienced negative returns...

... and when the S&P 500 has experienced positive returns.

## US Equity Downside Correlation



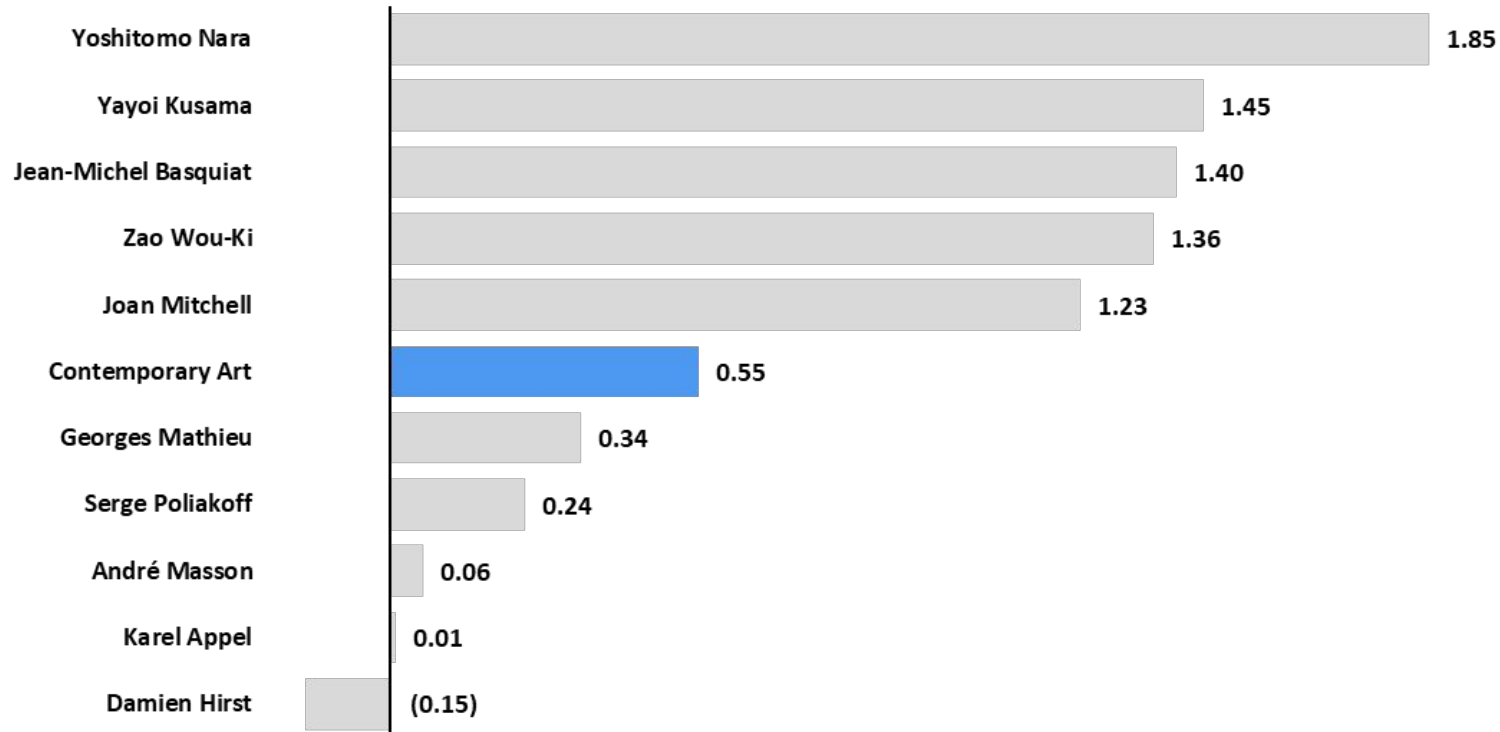
## US Equity Upside Correlation



Source: Bloomberg, Masterworks. Data calculated from 12/31/1997 to 12/31/2021. Based on US Bonds (Bloomberg US Aggregate Bond), Commodities (S&P GSCI Total Return), Hedge Funds (HFRIFOFD Global Hedge Funds), Contemporary Art (Masterworks Post-War and Contemporary Art).

# Alpha opportunities as artist Sharpe ratios differ meaningfully

Contemporary art exhibits a significant dispersion in Sharpe ratios across artist markets, potentially creating the opportunity for alpha generation in the asset class.

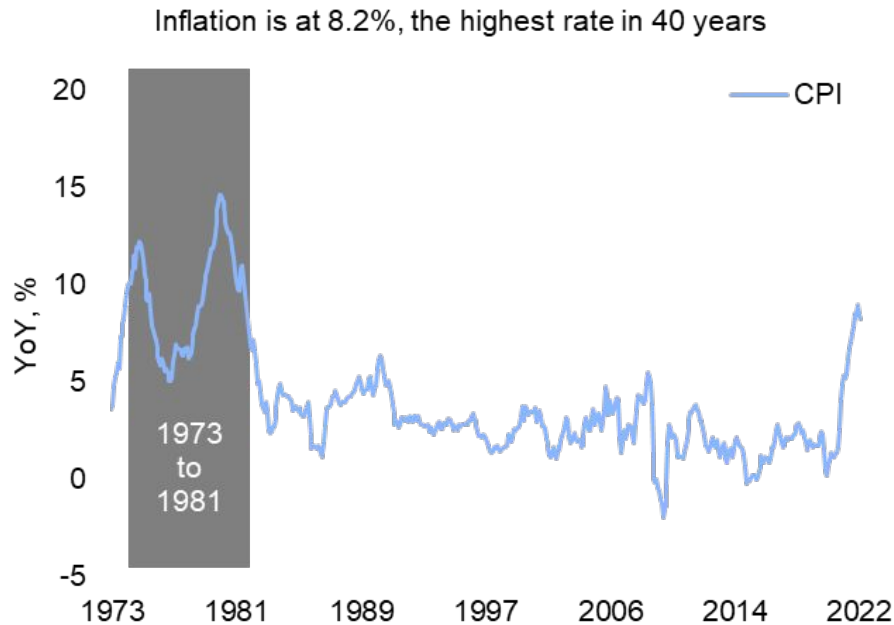


Source: Masterworks. Data based on the total amount of recorded resales for each individual artist from 12/31/2001 to 12/31/2021.

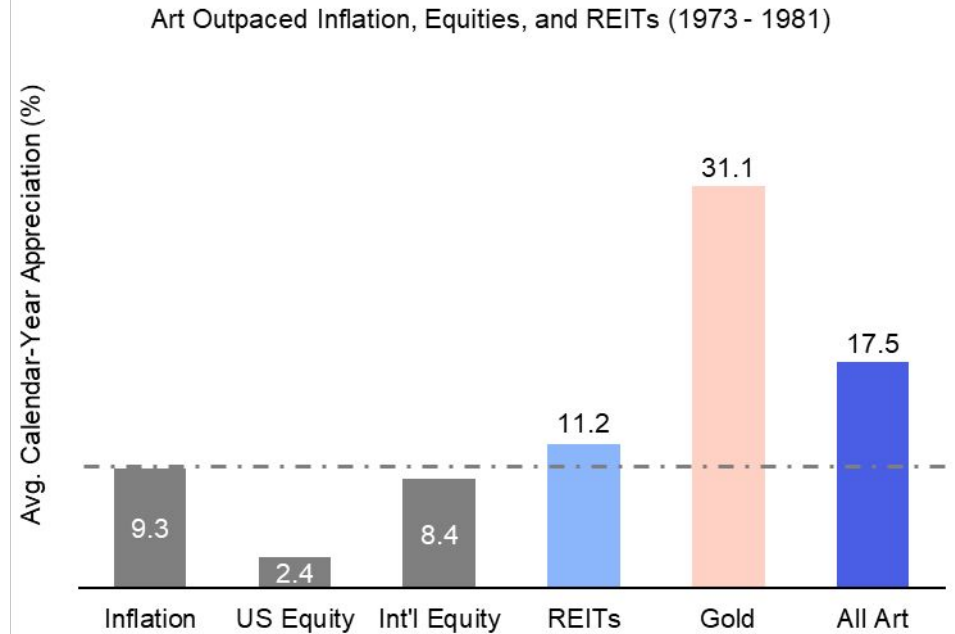
Note: Reflects half-year 2021 data for the individual artists to pair with the most recent data available for Prequin Private Equity, Real Estate, and Venture Capital. Individual artists were selected to showcase the wide-ranging Sharpe ratio dispersion within the Contemporary art market; Masterworks currently owns works from the first five individual artists mentioned above. All individual artists listed have at least 14 recorded resales from 12/31/2001 to 6/30/2021. Contemporary Art (Masterworks Contemporary Art). Risk-free rate assumed to be 0%.

# Historical Performance in Inflationary Environments

Inflation has been rising since 2020



Art appreciated attractively in prior inflationary environments



Source: Bloomberg, Masterworks. Left chart data represents 12/31/1972 to 8/31/2022. Right chart data represents 12/31/1972 to 12/31/1981.  
 Note: For illustrative purposes only. Comparison of assets that trade real time compared to assets that trade episodically like art may have limitations. US Equity represents S&P 500 Price Index. Int'l Equity represents MSCI EAFE Total Return Index. REITs represents FTSE NAREIT Composite Total Return Index. Gold represents Gold Spot Price. All Art represents Masterworks All Art Basket. Past performance is not indicative of future results.

# Secular Tailwinds for Future Art Price Appreciation

Supply-demand imbalances with a growing wave of capital chasing an ever scarcer pool of assets drives art price appreciation

1

## Demand Growth

Secular growth in purchasing power among the global ultra-high-net-worth community

**28%**

Projected Growth in Global UHNWI by 2026<sup>(1)</sup>

2

## Supply Scarcity

Decreasing supply as artwork is acquired by museums and permanent collections, may be partially offset by new artwork from living artists

**11%**

Share of Art Purchases by Museums and Arts Institutions in 2021<sup>(2)</sup>

3

## Global Asset

Tangible, mobile, internationally marketable store of value that can be sold across locales / currencies

**57%**

Share of transaction volume outside the United States in 2021<sup>(2)</sup>

(1) 2022 Wealth Report from Douglas Elliman | Knight Frank.

(2) 2022 Art Basel UBS Report.



# **Data Analytics & Acquisitions**

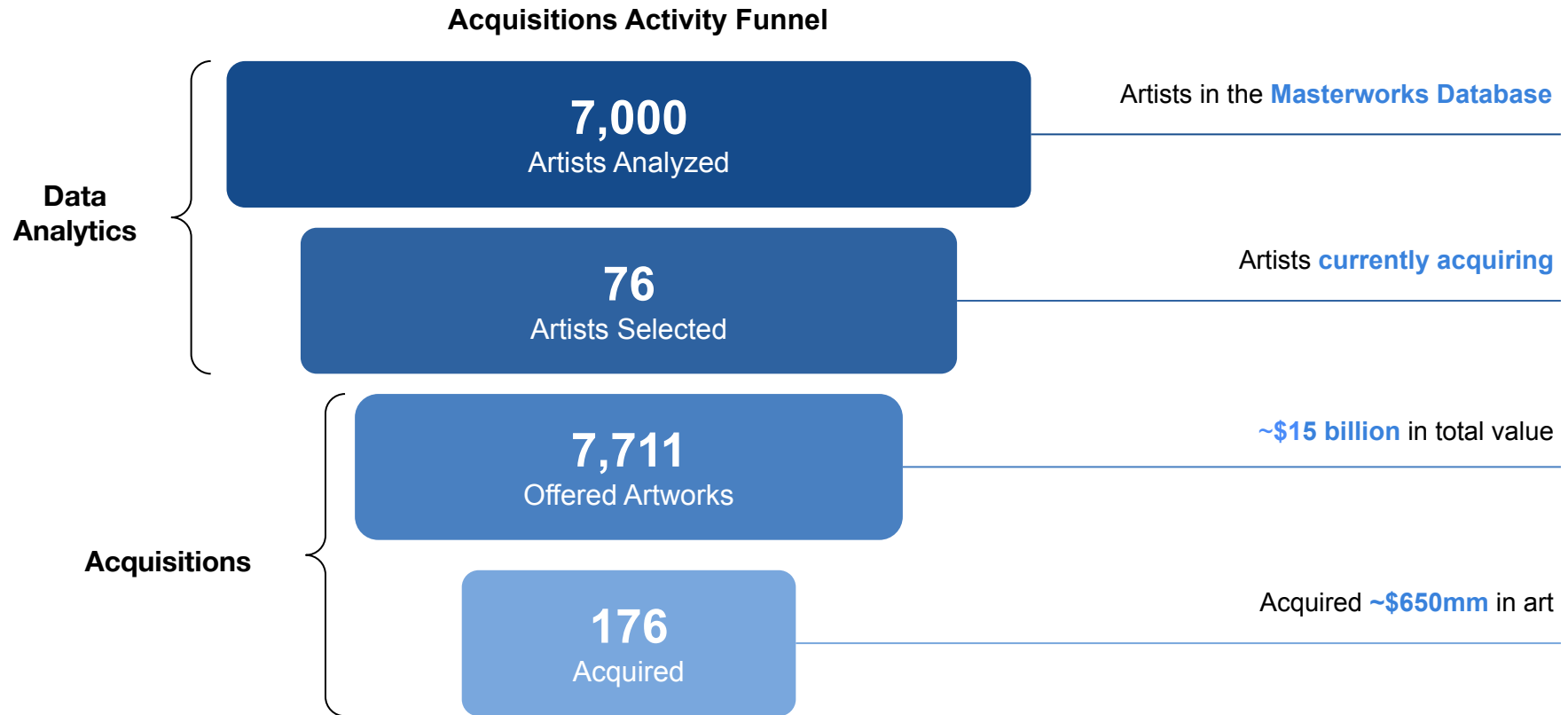
# Masterworks Research Team & Art Market Database

*Masterworks' in-house research team constructed a uniquely proprietary database of art market transactions to help understand returns in the art market, which is used to identify target segments and artists*



- In-house team that compiles and analyzes artwork data
- A team of **30+ analysts** has collected transaction data from **~3,500 catalogues** going back to 1960
- Collected data for **350,000+ auction** transactions comprising **5M+** data points
- The data spans **60+ years** and across **13 collecting categories**
- Built **market leading analytics to assess** the various segments of the market, including All Art, Post-War, Contemporary, Impressionist, and Modernist Art
- Using this transaction data, Masterworks compiled a proprietary dataset of **30,000 repeat-sale pairs**
- Identifies target artists based on **market segment** and **individual return profiles**

# The Masterworks Acquisitions Funnel



*The Masterworks acquisitions team is in market working with over 200 intermediaries and collectors, purchasing approximately 3.0% of artwork offered*

Note: As of October 15, 2022.

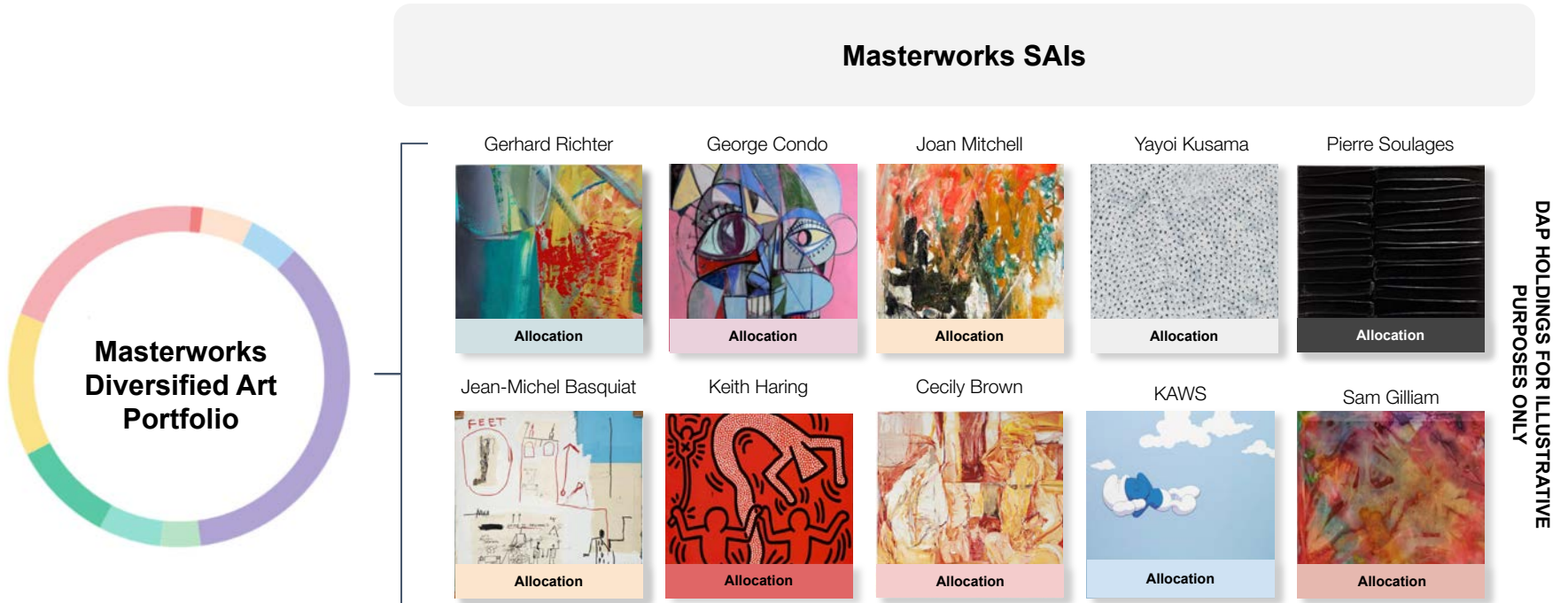
**Masterworks  
Diversified Art  
Portfolio (“DAP”)**





# Broad Art Diversification for Clients

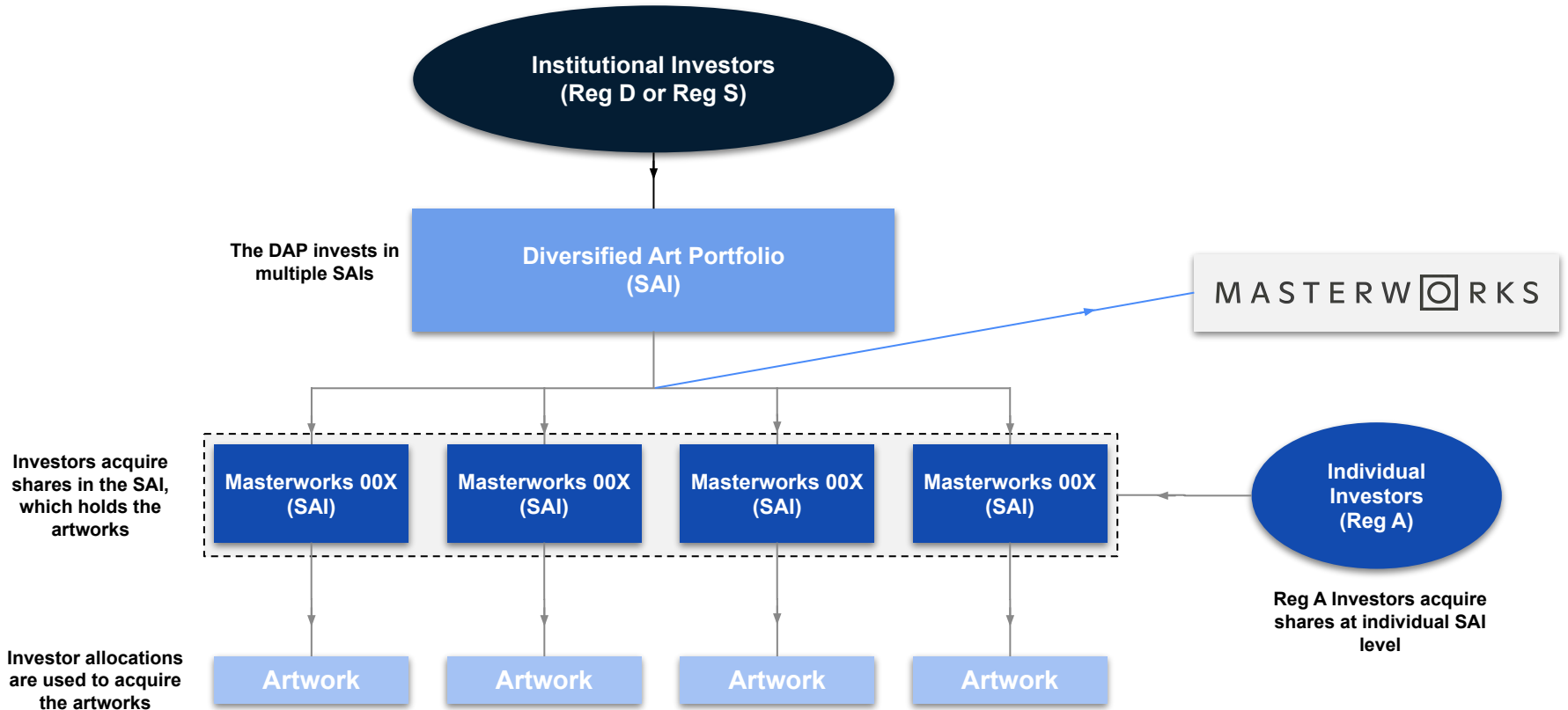
Masterworks has launched the DAP, which intends to provide broad diversification by buying securities in underlying SAIs launched on its platform



Note: The Masterworks Diversified Art Portfolio, LP is a Delaware limited partnership intending to invest in primary and secondary offerings of Regulation A shares issued by Masterworks' sponsored issuers ("Single-Asset Issuers") that each hold, directly or indirectly, a single underlying work of art. The investment objective is to provide investors with a portfolio of investments within the blue-chip segment of the art market, which may include any painting or other artistic object from the Post-War and Contemporary collecting category. PLEASE REVIEW THE OFFERING MEMORANDUM, SUBSCRIPTION AGREEMENT, AND LIMITED PARTNERSHIP AGREEMENT BEFORE MAKING OR RECOMMENDING ANY INVESTMENT DECISION. REGULATION A DISCLOSURE: THE INFORMATION CONTAINED HEREIN NEITHER CONSTITUTES AN OFFER FOR NOR A SOLICITATION OF INTEREST IN ANY SPECIFIC SECURITIES OFFERING. FOR ANY PROPOSED OFFERING PURSUANT TO AN OFFERING STATEMENT THAT HAS NOT YET BEEN QUALIFIED BY THE SEC, NO MONEY OR OTHER CONSIDERATION IS BEING SOLICITED, AND IF SENT IN RESPONSE, WILL NOT BE ACCEPTED. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE RECEIVED UNTIL THE OFFERING STATEMENT FOR SUCH OFFERING HAS BEEN QUALIFIED BY THE SEC ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME BEFORE NOTICE OF ACCEPTANCE GIVEN AFTER THE DATE OF QUALIFICATION. AN INDICATION OF INTEREST INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. OFFERING CIRCULARS FOR MASTERWORKS OFFERINGS THAT HAVE BEEN FILED WITH THE SEC AND ARE NOT YET CONSUMMATED ARE AVAILABLE [HERE](#).

# Diversified Art Portfolio Structure

The Masterworks Diversified Art Portfolio, LP provides auto-diversification into Masterworks' offerings by buying securities in underlying SAIs launched on the platform



Note: For illustrative purposes only. Past performance is not indicative of future results. Each SAI, or LLC, owns, through Masterworks Cayman SPC, a single artwork as its sole investment. Please see the Offering Memorandum, Subscription Document, and Limited Partnership Agreement for more complete information.

# Key Terms

<b>Overview</b>	<ul style="list-style-type: none"><li>• Masterworks Diversified Art Portfolio, LP (“DAP”)</li></ul>
<b>Underlying Investments</b>	<ul style="list-style-type: none"><li>• Primary and secondary offerings of shares issued by Masterworks’ SAIs that each hold a single underlying artwork (“Artwork Investments”)</li></ul>
<b>Investment Criteria</b>	<ul style="list-style-type: none"><li>• Blue-chip Post-War and Contemporary Artworks, which may include any painting, sculpture or other artistic objects</li><li>• Purchase price between \$500,000 and \$30,000,000</li><li>• Purchased via major auction houses, private sale, or collectors directly</li></ul>
<b>Investment Objective</b>	<ul style="list-style-type: none"><li>• The DAP aims to invest in a portfolio of artwork by artists with an established track record of public auction sales and historical price appreciation via minority positions in Masterworks SAIs</li></ul>
<b>Tax Redemptions</b>	<ul style="list-style-type: none"><li>• Annually for tax years in which Taxable Income is generated</li></ul>
<b>Redemption</b>	<ul style="list-style-type: none"><li>• Semi-annual on best efforts basis (limit of 5% of Total NAV) with a 2-year soft lock</li><li>• Redemption requests made prior to the second anniversary of the Investor’s Commitment subject to a 5% Early Redemption Fee</li></ul>
<b>Minimum Investment</b>	<ul style="list-style-type: none"><li>• \$100,000</li></ul>
<b>Annual Administrative Services Fees &amp; Expenses</b>	<ul style="list-style-type: none"><li>• 1.5% charged from the underlying SAI. 0.5% charged at the Masterworks DAP level*</li></ul>
<b>Performance Fee (at SAI level)</b>	<ul style="list-style-type: none"><li>• 20% of profits charged from the underlying SAI. No incremental profit sharing at the Masterworks DAP level</li></ul>
<b>Structure</b>	<ul style="list-style-type: none"><li>• Reg D 506(c), Reg S</li></ul>
<b>Reporting</b>	<ul style="list-style-type: none"><li>• Quarterly Report: ~45 days after quarter end</li><li>• Annual Report: ~150 days after year end</li></ul>

\* In effect beginning on December 1, 2022.

# Important Disclosure Information

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This document is confidential and is for informational purposes only. It should not be construed as investment advice or an offer to sell or buy any interest in any securities product, investment, or instrument, which offer may only be made by means of a confidential private placement memorandum or other similar documents containing a description of the material terms thereof. You are strongly encouraged to read the confidential private placement memorandum before making a decision to invest. This information is provided for the benefit of certain sophisticated institutional and select individual accredited investors and is intended only for the person to whom it is given and is not to be reproduced or redistributed in any manner whatsoever. Any investment is subject to execution and delivery of the relevant subscription materials and the approval of Masterworks.

The investment opportunities described in this document are speculative, involve a significant degree of risk, and are not suitable for all investors. Only “accredited investors” are eligible to invest and we are required to take steps to verify accredited investor status.

An investor could lose all or a substantial amount of his, her, or its investment. Any investment of a type described in this document may be highly illiquid and may be subject to restrictions on transfer. There may be no secondary market for the investment interest and none is expected to develop. The relevant investment may involve complex or specialized tax structures. Such investments are suitable only for sophisticated investors and require the financial ability and willingness to accept the significant risks inherent in such an investment for an indefinite period of time. Investors should consult their own finance, legal, accounting and tax advisor prior to making any investment.

This document contains certain forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may,” “will,” “should,” “potential,” “intend,” “expect,” “outlook,” “seek,” “anticipate,” “estimate,” “approximately,” “believe,” “could,” “project,” “predict,” or other similar words or expressions. 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 and actual outcomes could differ materially from those set forth or anticipated in our forward-looking statements. You are cautioned not to place undue reliance on any of these forward-looking statements.

Materials may include composite returns of similar works selected by Masterworks based on public auction sales data. The data is used for comparative modelling purposes only. Each painting is unique and historical performance of the similar works is not a direct proxy for performance of the specific painting or the shares. There is no current market for the shares and performance of the shares will reflect costs and fees described in the confidential private placement memorandum. Past performance may not be indicative of future performance.

# Important Disclosure Information (Cont'd)

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**IMPORTANT DISCLOSURE:** In these materials we may present comparisons of Artwork to other asset classes, however, any such comparison is of limited value due to the fact that there are significant differences between these asset classes. Artwork is held exclusively for capital appreciation, similar to Gold, and most private equity investments. By contrast, U.S. T-Bills and U.S. Government Bonds are held primarily for current yield, though their value changes with changes in prevailing market interest rates. The S&P 500, which represents a collection of stocks; Hedge Funds; and Real Estate, are typically held for a combination of current dividend yield and capital appreciation. Oil is a commodity that is traded by speculators and end users. Stocks, U.S. Government Bonds, U.S. T Bills, Oil, and Gold are highly liquid and valuation is driven by price discovery through continuous trading among large and diverse pools of capital. **Artwork; Real Estate; investments in Hedge Funds and Private Equity; these all represent unique opportunities and are typically relatively illiquid. These types of investments are therefore more difficult to value and price than assets that trade regularly. In addition, the costs of art ownership and buying and selling artwork may differ materially from ownership and transactional costs associated with investing in the other asset categories presented in the table.**

“Net SAI IRR” is intended to provide Masterworks’ internal estimate of the performance of the overall Masterworks portfolio for a given period with proportionate weight to the size of each offering. This presents a measure of Masterworks performance as an asset manager assuming an investment with allocations proportionate to the size of the offerings. Accordingly, Masterworks Net Annualized Net SAI IRR is the aggregate average change in estimated fair market value of each issuer offered via the Masterworks platform on an annualized basis, excluding all offerings completed within the last six months of the given performance period which we believe are not reflective of Masterworks’ performance, after deduction of all fees and pro forma for estimated profit sharing represented by Class B shares held by Masterworks (which is calculated based on the internal appraised value of the artwork). Masterworks Net Annualized Net SAI IRR includes all Masterworks issuers that completed an offering that had not been liquidated prior to the last date included in the given quarterly performance period (the “Performance End Date”), excluding issuers that completed an offering within six months preceding the Performance End Date. For Masterworks issuers that continue to own artwork, the estimated net asset value of the Class A shares sold to the public is based on Masterworks internal appraisals, which are performed on a quarterly basis as of the end of each calendar quarter. For offerings that were completed between six-months and one-year prior to the Performance End Date and for which no public auction comparable sale has occurred, the fair market value of the artwork is appraised to be equal to the aggregate offering price which represents the price at which the artwork was sold to investors. If all offerings completed within the last six months of the performance period were included in the calculation of Masterworks’ Net SAI IRR as of March 31, 2022, the result would be 15.7%. For purposes of such calculation, the fair market value of the artwork included in offerings completed during the last six months of the performance period is appraised to be equal to the aggregate offering price. Artwork appraisals are performed by Masterworks in conformity with the 2020-21 Uniform Standards of Professional Appraisal Practice (USPAP) using a sales comparison approach, provided that Masterworks may have potential conflicts of interest. For more information on Masterworks appraisal methodology, potential conflicts of interest and other important considerations, click [here](#). For issuers that sold a painting during the relevant period, actual realized returns, net of all fees and expenses, have been used. Transactions occurring on the Masterworks secondary market are not deemed relevant to the determination of Masterworks Net Annualized Net SAI IRR.

Masterworks is not registered, licensed, or supervised as a broker dealer or investment adviser by the SEC, the Financial Industry Regulatory Authority (FINRA), or any other financial regulatory authority or licensed to provide any financial advice or services. Certain equity owners of Masterworks operate in their capacity as a “principal” to Masterworks platform transactions pursuant to SEC Rule 3a4-1.

**The value of investments may go down as well as up.  
Past performance is not indicative of future results.**