

**CONFIDENTIAL**

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For the benefit of investors, Artory/Winston is publishing its third investor letter that includes an overview and outlook on the art market, as well as a summary of our 20 recently acquired assets.

As we transition into the Fall season, we are closely monitoring both the private and public art market segments. Our recent data illustrates a significant downturn in the auction market, with Sotheby's, Christie's, and Phillips showing an approximately 22% drop in year-to-date auction sales compared to the same period in 2023. The upcoming Fall auction season is, therefore, expected to be subdued. While this market has historically shown resilience in the face of broader market downturns, we expect lower estimates, fewer high-quality offerings, and more conservative bidding to likely characterize the season.

On the other hand, we note a more stable trajectory in the private market. Our experts saw a healthy pace of sales at the New York and Seoul fairs, where dealers were refreshingly optimistic about the art market's performance in Q4 2024. While single-owner collections will provide a number of blockbuster lots at auction, the more interesting opportunities are operating in the lively private market. In-line with our strategy, dealers and galleries are still more willing to negotiate with buyers and accept slimmer margins, a reflection of the more conservative auction market.

We believe Artory/Winston is well-positioned to take advantage of the current private market environment—where sellers are more cautious and willing to negotiate—by executing acquisitions of undervalued Mid-Career and Blue-Chip artworks at favorable terms to enhance the long-term stability of our portfolio.

MARKET OVERVIEW

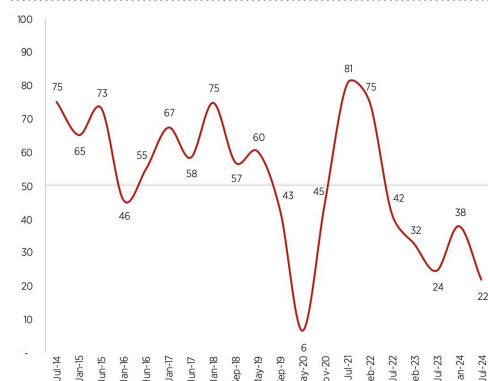
Auction data is sourced from the Artory Price Database.
Prices include buyer's premium.

Shifts in Sentiment

According to ArtTactic's Contemporary Art Market Confidence Report, market sentiment has reached a four-year low, with only 6% of insiders expecting improvements in the second half of the year. The report underscores the persistence of "negative market sentiment" as the market grapples with uncertainty and reduced demand.

As we previously anticipated, the art market is undergoing a correction that has widened the gap between buyers' and sellers' price expectations, creating friction in both the auction and gallery markets. The rising costs of collecting, coupled with high interest rates, have further dampened demand.

US & Europe - Art Market Confidence Indicator
July 2014 - July 2024



The ArtTactic Art Market Confidence Indicator is based on a sample of 128 international collectors, auction specialists, art dealers, art advisors, art market forecasters, market analysts and commentators.

Auction houses have responded by reducing buyer fees and introducing new fee structures for consignors, while galleries are now more open to negotiation, particularly in the mid-market segment, where activity remains somewhat steady.

The upcoming high-profile Hong Kong auctions underscore the market's current focus on stability and long-term value, as collectors increasingly prioritize works with strong provenance over speculative contemporary art. We are monitoring this upcoming auction season closely as a potential indicator of market sentiment into 2025.

In line with our previous expectations, anticipated rate cuts by the Federal Reserve in 2024 could spur renewed interest in the art market by alleviating financing pressures on collectors and businesses. However, the positive impact of these cuts may be gradual.

Acquisition Outlook

Artory/Winston was particularly active at the New York fairs this month. In line with the current market, we are conducting diligence on a number of blue-chip works by lesser-known artists that offer both stable value and a compelling story. We expect continued, stable performance in the blue-chip sector and focus on acquiring these works through private, off-market transactions where our deep industry relationships and valuation expertise give us a competitive edge. This approach allows us to avoid the high fees and potential volatility associated with auction sales, instead securing works at prices that offer significant upside potential.

The current market has also created opportunities to acquire undervalued Mid-Career artworks. Our strategy focuses on identifying works that are not only undervalued relative to their market peers but also have the potential to appreciate significantly as the market recovers. By leveraging our data-driven approach, we can accurately assess the relative value of these artworks and make informed investment decisions that align with current market conditions.

Beyond our acquisitions, Artory/Winston has taken multiple steps to cultivate value for the artworks currently in our portfolio. See the "Portfolio Overview" section for more details.

Recent & Upcoming Fairs September 2024		Recent & Upcoming Auctions September 2024	
Frieze Seoul September 4-9	Independent 20th Century September 5-8	Christie's Online, Gen One: Innovations from the Paul G. Allen Collection September 10-12	Christie's Hong Kong, 20th/21st Century Evening Sale September 26
Korean International Art Fair September 4-7	Art on Paper September 5-8	Phillips London, David Hockney September 19	Sotheby's Hong Kong, Modern & Contemporary Evening Sale September 26
VOLTA New York September 4-8	Berlin Art Week September 11-15	Phillips New York, New Now: Modern & Contemporary Art September 25	Sotheby's New York, Contemporary Curated September 27
The Armory Show September 5-8	ArtRio September 13-17		

PORTFOLIO OVERVIEW

Following our first closing in November, we have acquired 20 assets, with multiple potential purchases in our acquisition pipeline. Below are some highlights:

- This summer, Artory/Winston is cultivating the value of our current portfolio by placing three works in major museum and gallery exhibitions across the United States. At the end of September, two works in our portfolio will be on loan to museums in California and Washington D.C.
- In our first investor letter, we highlighted Iranian-born artist Amir Fallah. Last month, two artworks by Amir Fallah were sold at auction. Both lots achieved a price of nearly two times their high estimates.
- In line with the growing representation of women artists in the art market, over 50% of our portfolio is allocated to women artists with the goal of cultivating both representation in the art market and value for our investors.
- We are actively vetting potential blue-chip artworks and monitor the market daily for ideal opportunities for acquisitions.



Amir Fallah in his studio.



Mattai in her studio.

Portfolio Highlight: Suchitra Mattai (Guyanese, b. 1973)

Artory/Winston was pleased to acquire a work by the emerging artist Suchitra Mattai through a private transaction. Born in Georgetown, Guyana, and currently based in Los Angeles, Mattai is celebrated for her multimedia works that explore themes of history, identity, and belonging. Utilizing colored textiles, found objects, and other materials, her art delves into the forces that shape collective memory and how certain stories are remembered or forgotten. Her intricate pieces have made her a highly sought-after artist and she is represented by Roberts Projects, K Contemporary, and Kavi Gupta Gallery. Mattai's works are featured in the collections of the Crystal Bridges Museum of Art, the Nasher Museum of Art, the Denver Art Museum, the Tampa Museum of Art, the Joselyn Museum, the Tia Collection, the Perez Collection, the Shah Garg collection, and the University of Michigan Museum of Art.

Artory/Winston is proud to have contributed a work from our portfolio to Mattai's first solo exhibition in Washington, D.C., "Suchitra Mattai: Myth from Matter," at the National Museum of Women in the Arts. Opening on September 20th, the exhibition presents large-scale textile installations, sculptures, and collages that juxtapose Mattai's contemporary vision with historical artworks from Europe and South Asia. Through this visual juxtaposition, Mattai challenges binaries such as art and craft, male and female, and labor and leisure, while addressing the broader question of who is remembered in history and who is forgotten. In addition to "Suchitra Mattai: Myth from Matter," the artist is featured in solo exhibitions in 2024 at Socrates Sculpture Park (Queens, New York), Institute of Contemporary Art San Francisco, and the Tampa Museum of Art.

ABOUT ARTORY/WINSTON

Artory/Winston is a private art and collectibles asset manager established as a joint venture between Artory and Winston Art Group. Artory/Winston's mission is to create credible investment opportunities by sourcing the finest artworks and collectibles with high potential to grow in value and generate strong returns for our investors. To create these unique offerings, Artory/Winston adheres to an institutional-quality investment process by leveraging the data and technology of Artory as well as the domain expertise and services of Winston Art Group. Sharing office space on 56th Street in Manhattan, the Artory and Winston teams work side-by-side to build innovative asset management solutions for trusted real-world assets.

Investment Committee Biographies

Elizabeth von Habsburg | Co-CEO, Artory/Winston



Elizabeth von Habsburg founded and leads Winston Art Group the largest independent art advisory and appraisal firm in the U.S. She is qualified as an expert witness in Fine Art and Decorative Art and lectures worldwide on all aspects of art. Elizabeth is certified by the Appraisers Association of America in Modern and Impressionist Art and European Furniture and Works of Art. Before Winston Art Group, Elizabeth served as President of U.S. operations of an international appraisal and advisory firm for 18 years and as Vice President of Habsburg Auctioneers. Elizabeth began her career at Christie's as Assistant Vice President in charge of appraisals. She is a Fellow of the Pierpont Morgan Library and the Royal Institution of Chartered Surveyors (RICS) and is a member of the Women Presidents Organization and ArtTable. She has testified as an expert witness in four jurisdictions and lectured worldwide. In 2015, Elizabeth was named one of the 50 Most Influential Women in Private Wealth, by Private Asset Management.

Nanne Dekking | Co-CEO, Artory/Winston



The art historian, Nanne Dekking, is the founder and CEO of Artory Inc., New York and Artory GmbH, Berlin with 25+ years of global expertise and influence in the art market. Artory is a world leader in physical artwork tokenization and the blockchain-secured registration of verified provenance information about artworks and collectibles. In his former position at Sotheby's New York, Nanne was Vice Chairman and the Worldwide Head of Private Sales. His commitment to independent scholarship and data, as well as his close relationships with collectors and museums in North America, Asia, and Europe were integral to the continued growth of private sales at Sotheby's. Prior to joining Sotheby's, Nanne was Vice President of Wildenstein & Co., where he advised individuals, museums, and foundations on the formation and development of their collections.

From 1996–2001, Nanne was the founder and principal of Nanne Dekking Fine Arts, an art consultancy firm and gallery in New York. He was the Chairman of the Board of Trustees of The European Fine Art Fair (TEFAF) through June 2020 and is a current advisory board member of the Responsible Art Market Initiative.

Nanne regularly gives his thoughts on the art market, blockchain, and tokenization for publications such as *Bloomberg* and *The Financial Times*.

ABOUT ARTORY/WINSTON (CONT.)

Investment Committee Biographies



Peter Loukas, CFA, CAIA | CIO, Artory/Winston

Peter Loukas is Artory's Chief Investment Officer with over 13 years in investment management and capital markets. Peter's experience includes the management of a \$200MM credit investment portfolio, the securitization of over \$5BN of credit assets, and the due diligence of private real asset funds totaling over \$7BN in commitments. Peter spent the past 7 years in the fintech sector, including as the VP of Strategy and Capital Markets of Laurel Road, which was sold to KeyBank, and as the Co-CIO and General Manager of Lumida Wealth, an independent RIA mandated for digital asset investments. Early in his career, Peter worked in the Real Assets Investment Group at Cambridge Associates and in capital markets advisory for private real estate investors. Peter is also a CFA® charterholder and CAIA® charterholder.

ARTORY/WINSTON

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