



Art Lending Fund LLC (ALF)

Fine Art-Secured Lending

January 2023

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SHINNECOCK
PARTNERS

Important Disclosures

This presentation is for discussion purposes only and does not constitute an offer to sell or a solicitation of an offer to buy an interest in **Art Lending Fund LLC** (“ALF”). Any offer to sell or solicitation of an offer to buy an interest in ALF may be made only by the delivery of ALF’s Confidential Private Placement Memorandum (the “Memorandum”) specifically addressed to the recipient thereof. In the event that the terms of this document and the Memorandum are conflicting, the Memorandum’s terms shall control. You must be an “accredited investor” to receive a copy of the Memorandum, but only investors that meet all of ALF’s investor suitability requirements will be allowed to invest.

The limited liability company membership interests in ALF are speculative securities and their purchase involves a high degree of risk. You should consider all risk factors set forth in the Memorandum before investing in ALF. Specifically, you should be aware that:

- ALF may rely on its third-party loan originators, advisory board and sub-managers (if any) to meet its investment objectives.
- You could lose a substantial portion, or even all, of your investment.
- Tax-exempt investors should consult their tax, legal and financial advisers regarding the specific tax consideration of an investment in ALF.
- Withdrawals and transfers are restricted; no market exists or is expected to exist for the limited liability company membership interests.
- ALF is not a mutual fund and is not subject to regulation under the Investment Company Act of 1940, as amended.

The Opportunity

ALF is an institutional-grade, diversified portfolio of loans secured by fine art from a mix of artists, genres, and media, providing investors multiple advantages.

Attractive & Consistent Yield

Principal Protection

Uniquely Appealing Collateral

Strong Collateral Protection

Immediate Diversification

Short Duration

Liquidity

Tax-Advantaged Legal Structure

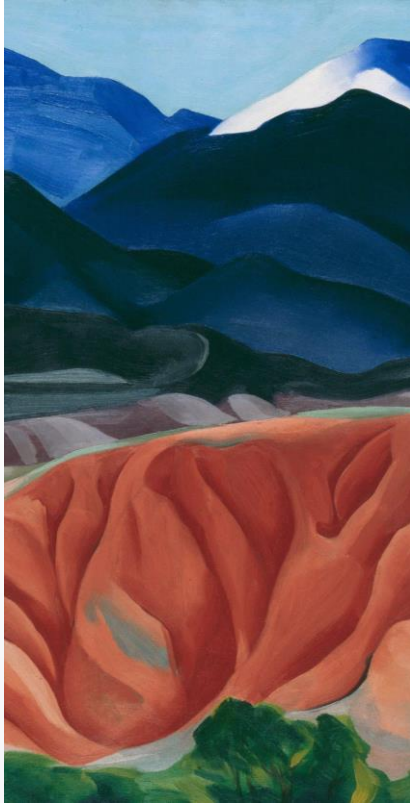
Institutional-Grade Service Providers



Constantin Brancusi
Une Muse, 2016 (front)

Simon Hantaï
Blancs (back)

What is Fine Art-Secured Lending?



Fine art-secured lending is hard asset lending against museum-quality, auction-worthy art. (e.g. Sotheby's, Christie's, Phillips, Bonhams)

Art dealers and collectors borrow against their art to:

- Fund art acquisitions/finance dealer inventory
- Pursue other opportunities

Taking out a loan instead of selling individual artworks allows borrowers to:

- Avoid taxes and transaction fees associated with sales
- Retain ownership and any appreciation in value

Georgia O'Keeffe

Black Mesa Landscape, New Mexico / Out Back of Marie's II, 1930

Art Lending Advantages in 2023

Opportunistic Strategies

- As art values remain stable in 2022, hard-asset loans against art prove to be a great source of capital for collectors while other assets like real estate are declining in the face of rising rates.
- Borrowing remains an attractive alternative to selling art for collectors in need of cash who want to hold art as a tangible asset amidst rising inflation.
- Stable alternative to borrowing against stock during volatile times.

New Frontiers

- The growth of the online art marketplace presents exciting new opportunities. Online-only sales at the big three auctions houses have increased roughly 200% since 2019, with online-bidding becoming the dominant method of accessing sales.¹

¹ McAndrew, Clare. *The Art Market 2023*. Art Basel and UBS.



Jade Fadojutimi
Declaration of War

The Post-Pandemic Market

Robust Marketplace

- Global art sales increased by 3% year-on-year to an estimated \$67.8 billion, bringing the market higher than its pre-pandemic level in 2019.¹
- The market has remained strong, with blue-chip artwork growing 3% in value over 2022, outperforming the S&P 500 which fell 18%.²

Art as an Investment

- Recognition of art as a portfolio diversifier during economic uncertainty: Art has a correlation of 0.09 with developed equities, -0.08 with investment grade fixed income, and -0.07 with high yield fixed income.³
- 85% of wealth managers believe advising on the purchase and management of fine art should be part of their service offerings.⁴



Guido Reni
Saint Cecilia

¹ McAndrew, Clare. *The Art Market 2023*. Art Basel and UBS.

² Artprice.com, *Art Market Insight: The Artprice100© index of Blue-chip artists up 3% over 2022*, January 2023.

³ Citi GPS: Global Perspectives & Solutions. *Global Art Market Disruption*, March 2022.

⁴ Deloitte Private and ArtTactic. *Art & Finance Report 2021*.

A Resilient and Adaptive Market

Quick Recovery

- Art sales in 2022 were up 35% over the pandemic-dampened numbers of 2020, surpassing the total sales value of the last eight years.¹
- The U.S. market has jolted back to life since the unprecedented lows of the pandemic. Total art sales in the U.S. have increased nearly 40% since 2020 to \$30.2 billion, its highest level to date.¹

Going Virtual: Rapid Digitization

- Fairs, galleries, and auction houses have all embraced new digital technologies and online sales methods.
- Online-only sales fell to \$11 billion, a decline of 17% from the 2021 peak of \$13.3 billion, but still 85% higher than in 2019. Online sales accounted for 16% of the total value of the art market's turnover.¹

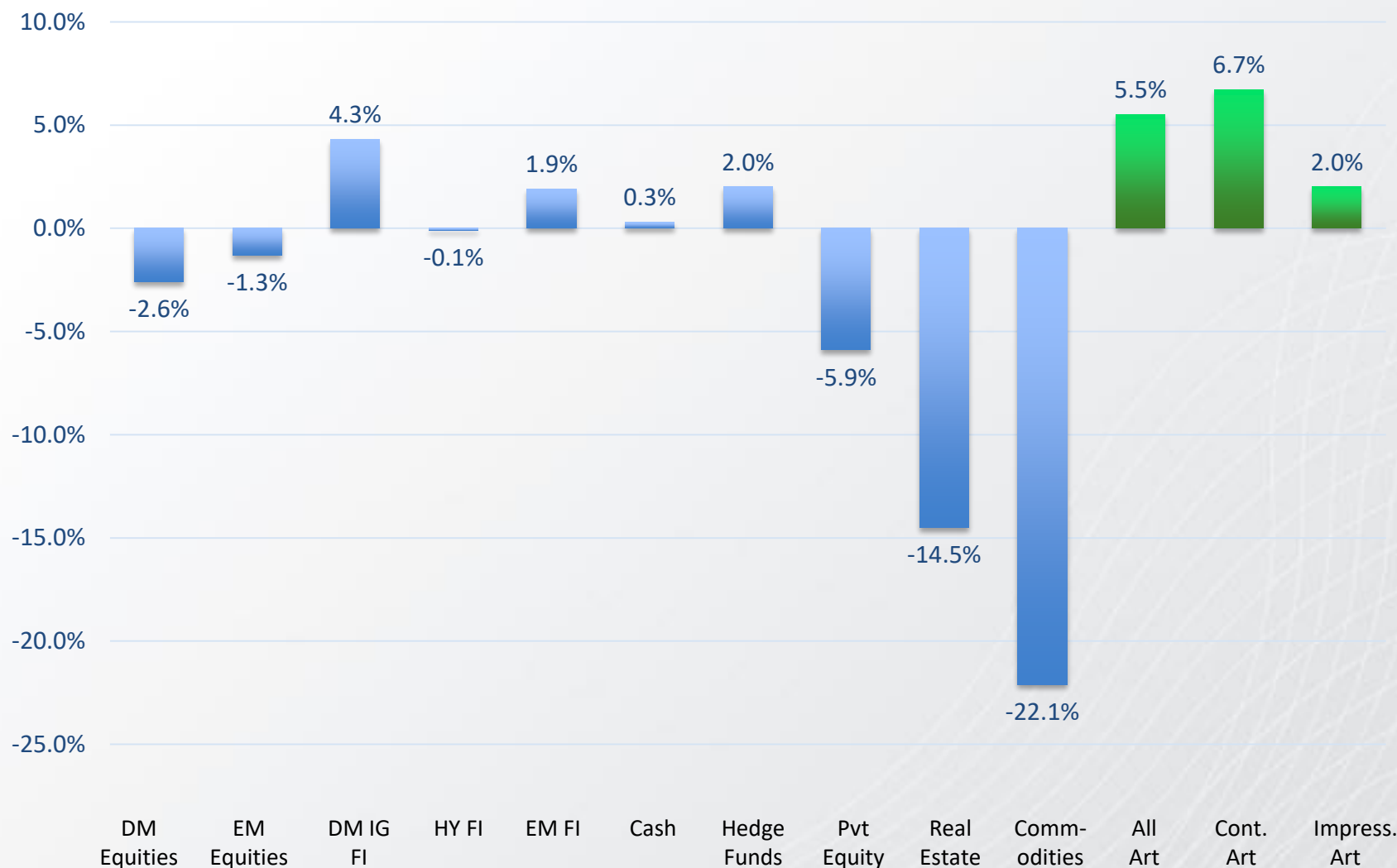


Titian
Saint Sebastian

¹ McAndrew, Clare. *The Art Market 2023*. Art Basel and UBS

² Citi GPS: Global Perspectives & Solutions. *The Global Art Market and COVID-19*, December 2020.

Art's Resilience: Returns from the First Seven Months of the Pandemic



Source: Citi Private Bank Global Asset Allocation Team, as of 31 Oct 2020. Art represented by the Masterworks.io Total Art, Contemporary Art, and Impressionist Art Indices © 2020 Masterworks.io LLC; All rights reserved.

Boutique Lender Advantages

Competitive edge over private banks and auction houses	
Speed	Complete the loan process and provide funds in a short timeframe
Flexibility	Tailor each loan to the borrower's specific needs
Insights	Leverage experience and relationships in the fine art market for market insights, valuation expertise, and advisory services
Independence	Allow the borrower to remain independent from auction houses and banking relationships

Boutique Lender Growth vs Traditional Sources: ¹

- Boutique lenders saw an overwhelming average growth of 21% for 2020 as compared to the 5% rate observed by private banks.
- This growth is projected to continue for 2021 and into 2022, where the anticipated growth rate for boutique lenders sits at 19% vs the 9.4% for private banks.



Pablo Picasso

Violon et bouteille de Bass

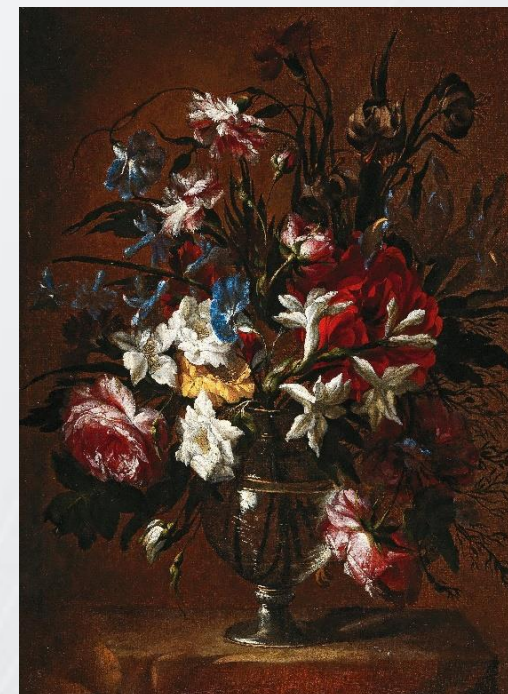
¹ Deloitte Private and ArtTactic. *Art & Finance Report 2021*.

Boutique Lender Advantages (cont.)

Preferred Lender for Dealers

- Percentage of dealer-related art loans for Boutique Lenders was 50-60% in 2019, compared to that of just 3-4% for private banks.¹
- Optimism remains at the high end, as dealers with turnover greater than \$10 million saw the largest increase in average sales values through 2022 at 19%.²
- The dealer sector outperformed auctions over 2022 in terms of sales growth.²

Strong Market Positioning Through Dealer Relationships



Juan de Arellano
Glass Vase

¹ Deloitte Touche Tohmatsu Limited, and ArtTactic. *Art & Finance Report 2019*.

² McAndrew, Clare. *The Art Market 2023*. Art Basel and UBS.

ALF Investor Benefits

Attractive & Consistent Yield	<ul style="list-style-type: none">➤ 7% - 8% net return➤ Prepaid interest
Short Duration	<ul style="list-style-type: none">➤ Asset-weighted average duration of six to nine months for seasoned portfolio➤ Interest rate flexibility from frequent reinvestment rollovers
Principal Protection	<ul style="list-style-type: none">➤ Low loan-to-value ratio (“LTV”) of 50% safeguards against risk of collateral price declines➤ Additional backstop in the form of a personal or corporate guarantee
Uniquely Appealing Collateral	<ul style="list-style-type: none">➤ Appreciating collateral: 8% annual growth in the Sotheby’s Mei Moses Art Index from 1965 – 2017➤ Global asset: transportable, reflecting currency depreciation/appreciation➤ Low correlation to equities and global interest rates

ALF Investor Benefits

Strong Collateral Protection	<ul style="list-style-type: none">➤ First-priority security interest➤ Possession of the collateral: art is stored in a facility controlled by lender➤ Insured for the loan amount, at a minimum
Immediate Diversification	<ul style="list-style-type: none">➤ Multiple artists, genres, and media ($\leq 15\%$ to any artist)➤ Multiple borrowers ($\leq 15\%$ to any borrower)
Liquidity	<ul style="list-style-type: none">➤ Short duration loans➤ Portfolio duration matches investor liquidity offer
Tax-Advantaged Legal Structure	<ul style="list-style-type: none">➤ 100% pre-tax deductible investment expenses➤ Tax-qualified investors enjoy no UBTI➤ Offshore investors benefit from no ECI or offshore feeder expenses

Thorough Investment Process

Collateral Evaluation

- Underwrite the art against our detailed criteria
- Complete the valuation using past sales prices, recent sales prices of comparable works, and insights from outside appraisers, valuation experts, and advisory board

Provenance Research

- Review available records and historical documents
- Engage advisory board and independent experts for counsel on provenance concerns
- Search the FBI's National Stolen Art File (NSAF)

Borrower Assessment

- Search public records for liens, judgements, and bankruptcies
- Perform credit and background checks

Documents and Funding

- Negotiate loan terms
- Verify existence and extent of insurance coverage
- File a UCC Financing Statement and secure storage for the art
- Execute loan documents and remit funds to the borrower

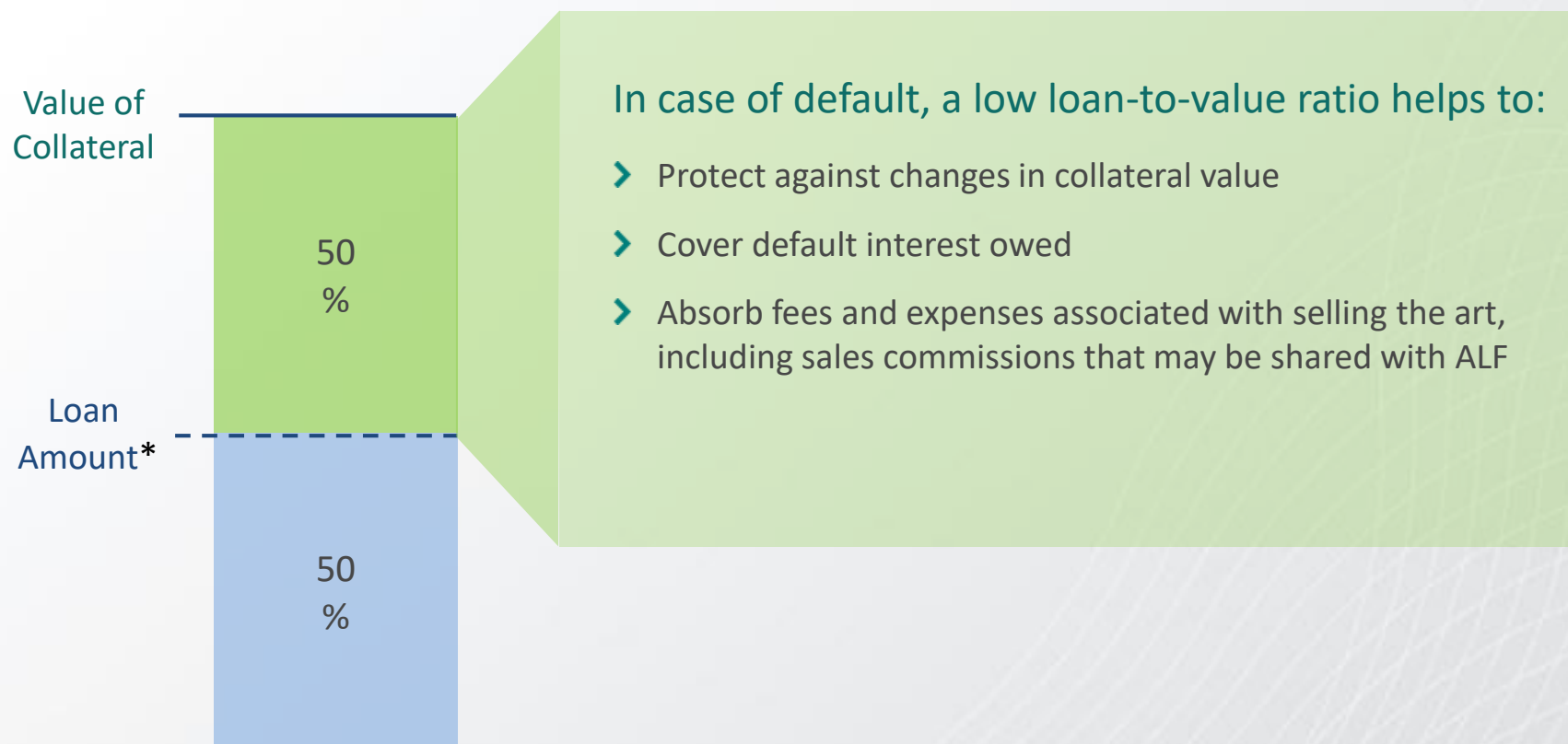
Compelling Value Proposition

Investment Type	Yield	Rising Rate Protection	Downside Protection	Liquidity	Correlation to Market	Volatility
ALF	High	Yes	Yes	Moderate	Low	Low
High-Yield Bonds	High	No	Moderate	Moderate	Moderate	Moderate
REITs	Moderate	Maybe	No	High	Moderate	High
MLPs	High	No	No	High	Moderate	High
Closed-End Bond Funds	High	No	No	High	Low	High
BDCs	High	No	No	High	Moderate	High
Income Property	Moderate	Maybe	No	Low	Low	Low

Investment time horizon and the relative importance of each characteristic is investor determined. This chart is meant to be a generalized view.

Uncommon Principal Protection

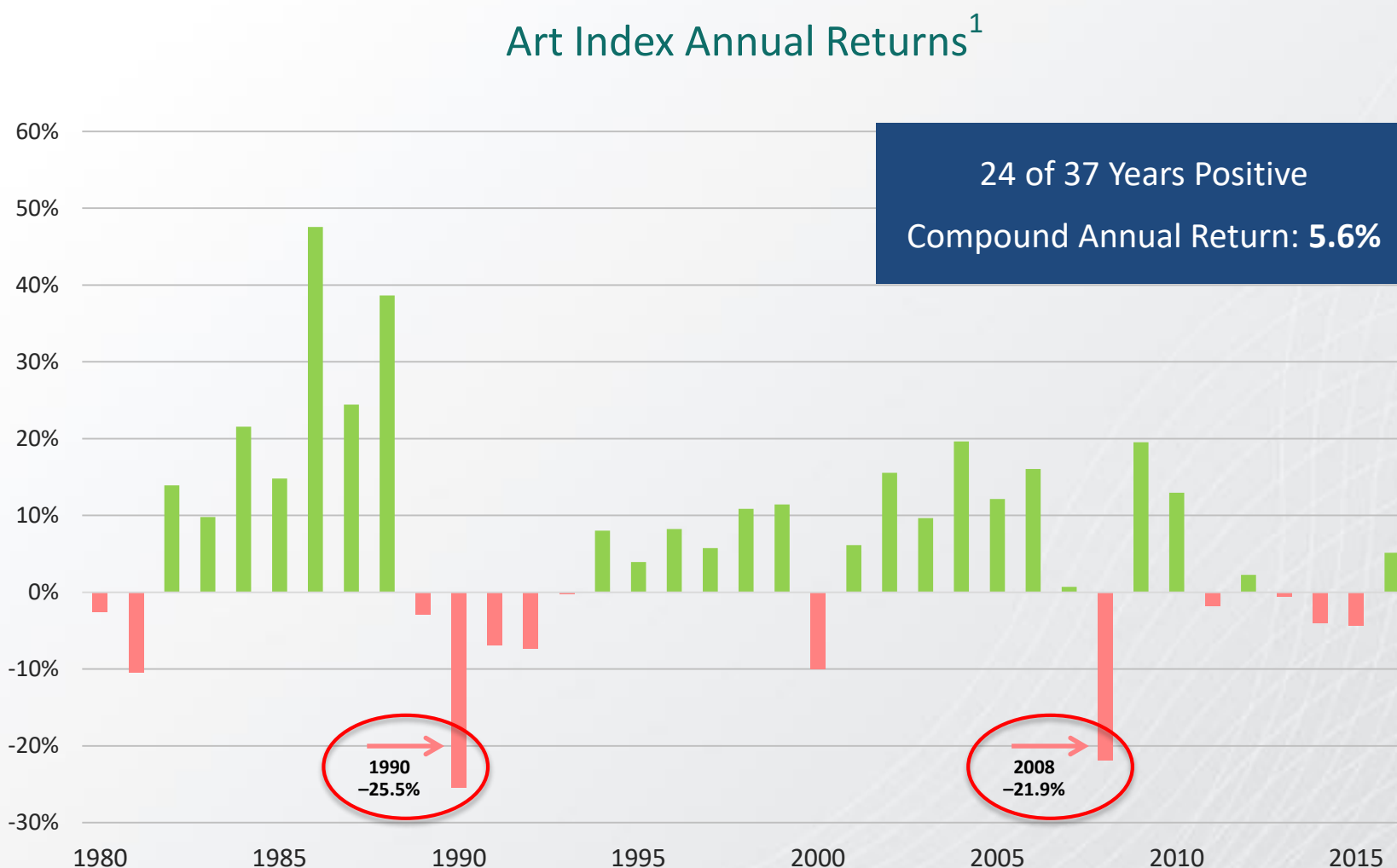
Portfolio LTV Example



* Actual exposure is lower given any prepaid interest.

If portfolio collateral value decline matched the worst annual loss of the Sotheby's Mei Moses Index since 1980 (next slide), a portfolio loan buffer of 50% would decline to 24.5% yet remain substantial

Historical Principal Protection



¹ Sotheby's Mei Moses Art Index, calendar years

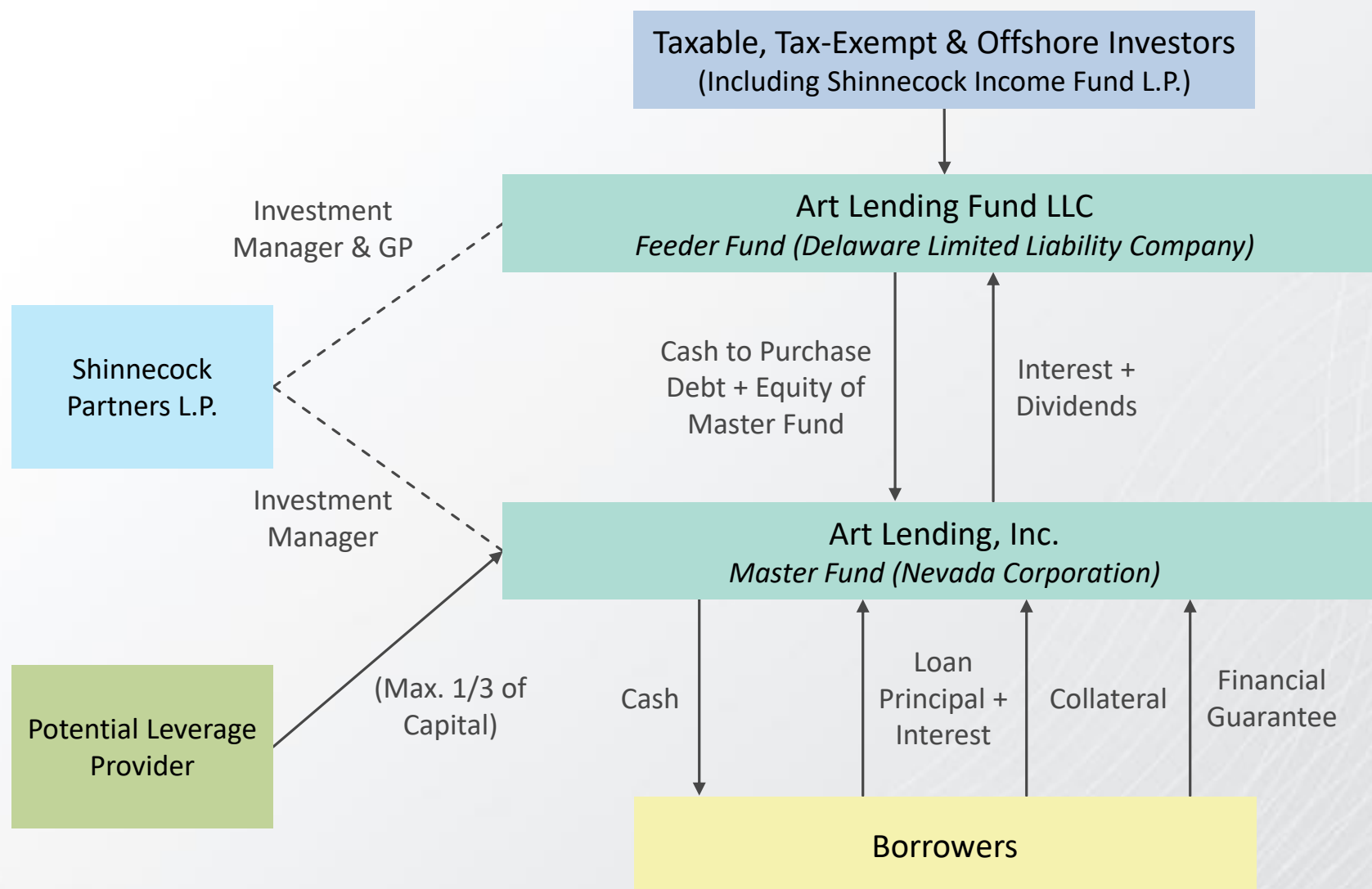
Art's Correlation with Other Asset Classes

1962 - 2020

	DM eq	EM eq	IG	HY	EM	Cash	HF	PE	RE	Commod	Art
Developed Equities	1	0.64	0.25	0.63	0.31	0.04	0.77	0.79	0.52	0.11	0.09
Emerging Market Equities	0.64	1	-0.07	0.54	0.52	-0.02	0.56	0.53	0.37	0.44	0.20
Inv. Grade Fixed Income	0.25	-0.07	1	0.45	0.11	0.31	0.45	0.08	0.12	-0.26	-0.08
High Yield Fixed Income	0.63	0.54	0.45	1	0.41	-0.05	0.65	0.51	0.29	0.11	-0.07
Emerging Fixed Income	0.31	0.52	0.11	0.41	1	-0.09	0.39	0.34	0.29	0.50	0.01
Cash	0.04	-0.02	0.31	-0.05	-0.09	1	0.46	0.03	-0.01	0.00	0.12
Hedge Funds	0.77	0.56	0.45	0.65	0.39	0.46	1	0.73	0.46	0.12	0.11
Private Equity	0.79	0.58	0.08	0.51	0.34	0.03	0.73	1	0.73	0.04	0.07
Real Estate	0.52	0.37	0.12	0.29	0.29	-0.01	0.46	0.73	1	-0.01	0.21
Commodities	0.11	0.44	-0.26	0.11	0.50	0.00	0.12	0.04	-0.01	1	0.19
Art	0.09	0.20	-0.08	-0.07	0.01	0.12	0.11	0.07	0.21	0.19	1

Source: Citi Private Bank Global Asset Allocation Team, as of January 1, 2022. Art represented by the Masterworks.io Total Art, Contemporary Art ,and Impressionist Art Indices © 2022 Masterworks.io LLC; All rights reserved. Indices revised as of November 2021.

ALF Tax-Efficient Structure



67 Months of Strong Historical Performance

This art-secured lending strategy was incubated for 22 months in our Shinnecock Income Fund prior to the launch of ALF in May 2019

Pro forma art-secured lending returns from the incubation period shown in blue

ALF actual returns shown in black

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	CAGR
2017	-	-	-	-	-	-	0.7%	1.4%	0.7%	0.7%	0.7%	0.7%	5.0%	10.2%
2018	0.7%	0.6%	0.7%	0.7%	0.7%	0.6%	0.7%	0.7%	0.7%	0.7%	0.5%	0.6%	8.2%	8.2%
2019	0.6%	0.5%	0.6%	0.6%	0.3%	0.4%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	6.6%	6.6%
2020	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.5%	0.5%	0.6%	0.6%	0.6%	7.0%	7.0%
2021	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	7.3%	7.3%
2022	0.6%	0.5%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	7.5%	7.5%
2023	0.7%												0.7%	7.9%

Pro forma returns from the incubation period

Shinnecock Income Fund L.P. ("SIF"), a fund managed by the same general partner as ALF, began investing in art-secured loans in July 2017. Pro forma returns shown were calculated by deducting estimated ALF expenses (1% annual), a 1% annual management fee and a 10% incentive fee from the actual gross returns of the art-secured loans held by SIF. For loans that were made after the first day of the month, or exited prior to the last day of the month, the return for that loan was adjusted to reflect the expected return that would have been achieved for the entire monthly period. SIF transferred its art-secured loans to ALF at ALF's launch and became an LLC member with no special liquidity provision (SIF has ceased making any direct art-secured loans).

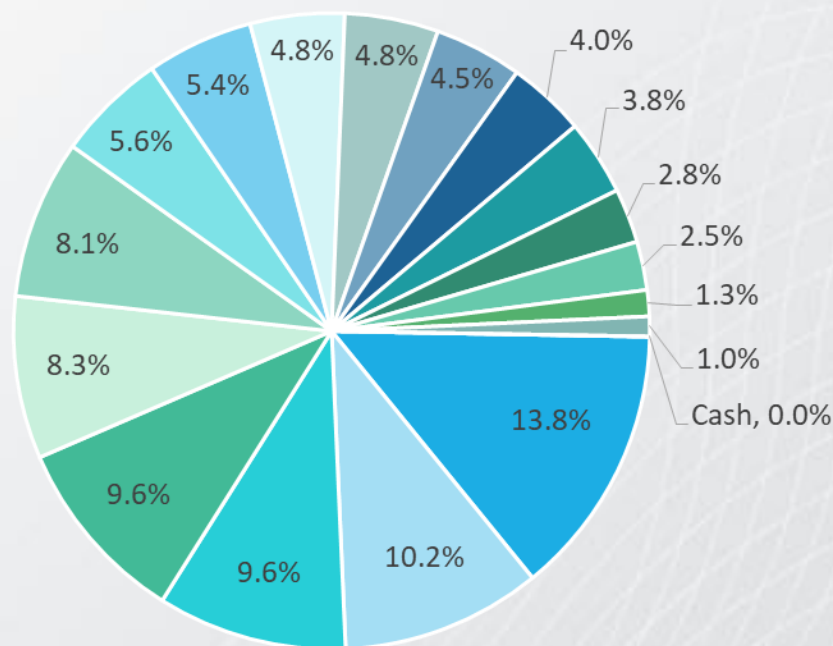
Because SIF is already a widely diversified alternative-lending portfolio, its art-secured lending allocation was more concentrated than ALF's portfolio diversification guidelines of no more than 15% to any borrower or artist. August 2017 performance was an outlier due to the collection of a prepayment penalty. Because the pro forma returns reflect the performance of the SIF art-secured loan portfolio as a whole, and because partial-month loan returns are adjusted to reflect full-month returns, the pro forma performance shown does not reflect the actual or theoretical impact of any uninvested portions of the portfolio (i.e., "cash drag"). SIF is audited annually by Deloitte & Touche.

Portfolio Overview (January 31, 2023)

Collateral spanning antiquities, old masters, contemporary, and modern artworks (paintings and sculptures)

Gross Yield (Incl. Cash)	10.3%
Duration	3.5 months
LTV	38%
Insured Value	\$175.5 million
Number of Artworks	171

Borrower Distribution



Yield, LTV and duration are calculated on a weighted-average basis. The LTV is calculated based on the total loan amount before interest is deducted from the loan proceeds. In addition, the loan amount used for calculating the LTV is the total senior loan amount even if ALF only holds a fractional interest in the senior loan.

Investment Terms and Service Providers

Launch Date	5/1/2019
Structure	Delaware limited liability company
Target Net Return	7% - 8%
Management Fee	1%
Incentive Fee	10%, subject to a high water mark
Minimum Capital Commitment	\$100,000*
Redemptions	Quarterly after one-year lock, with 90 days' notice
Investor Qualifications	Accredited Investor/Qualified Client
Auditor	Spicer Jeffries LLP
Administrator	SS&C GlobeOp
Cash Custodian	First Republic Bank
General Counsel	Faegre Baker Daniels LLP / Buchalter PC / Paul Hastings LLP

*ALF uses a capital call structure in order to balance cash inflows against investible loans and other cash needs. ALF may call any portion of an investor's capital commitment at any time with reasonable prior notice within six months of the initial commitment date. If after six months the total amount committed has not been called, the remaining commitment amount is released.

Available to taxable, tax deferred and tax-exempt investors

Side-Car & Co-invest Opportunities

Many of ALF's borrowers have the capacity and desire to take on larger loans than ALF can provide due to the diversification guidelines. In response to increased demand for loans, we have created a new loan structure that allows investors to take advantage of attractive opportunities appearing in the current environment.

The deals are offered as loan participations, range in size between \$2-15 million and are structured such that they can be taken down by as few as one participant or a reasonable number of participants.

Advantages

- High Return Potential: 9.75% - 11% net yield, potential profit participation
- Specific Collateral Pool
- Defined Exit

Disadvantages

- Less Diversification by Artist and Genre
- Risk Isolated to a Single Borrower
- Lower Interim Liquidity
- Can be Longer in Duration
- Reinvestment Risk

Capital Deployed	\$66.2 million
Capital Repaid	\$9.8 million
Number of Loans	15
Charge-offs/Write-offs	None

Shinnecock's Edge

Over 30 years successfully managing money with a focus on niche strategies

Advisory board providing sophisticated counsel on art-related matters

- Members offer insights on collateral pricing, sourcing, deal structure, and overall investment management assistance
- Biographies of the advisory board members can be found in the appendix



Direct loan sourcing from our www.ArtLending.com

Skin in the game: largest individual investors in what we do

Intense, transparent due diligence process (www.shinnecock.com)

Team of dedicated professionals

Institutional-quality outside service providers

Museo Picasso Málaga
Málaga, Andalucía, Spain

An aerial photograph of a coastal area. A wide, sandy beach runs along the top right. A pier extends from the beach into the dark blue water. A small boat is moving across the water, leaving a white wake. The word "APPENDIX" is written in large, white, sans-serif capital letters on the left side of the image.

APPENDIX

Case Study

Transaction:

One of the largest dealers of Western American Art purchased *Abstraction*, a sculpture by Georgia O'Keeffe, after recognizing that it was underpriced. Seeking to finance the purchase of additional art (inventory), the dealer sought out a loan backed by this sculpture.

After completing our thorough pre-investment process (Appendix A of the FAQ), we elected to extend a loan with the following terms:

Term:	One Year
Interest Rate:	11.11% cash-on-cash return
Collateral Valuation:	\$1,500,000 (third-party appraisal)
Loan Amount:	\$825,000
Loan-to-Value (LTV):	55%

Result:

While the collateral was stored in our warehouse and insured at the borrower's expense, the art dealer continued to market the sculpture along with the rest of the art remaining in their gallery.

The dealer found an art collector who was eager to purchase *Abstraction* less than six weeks after the start date of the loan. The dealer requested that we unwind the loan and return the sculpture. Because the buyer was willing to pay significantly more than the dealer's original purchase price, the dealer was willing to pay four months' interest as a prepayment penalty.

As a result of the prepayment penalty, Shinnecock Income Fund (SIF) earned 3.7% on its original investment in 41 days.

Shinnecock Partners

Art Lending Team

Alan Snyder – Founder, CIO

43 years of experience in finance and investments



Alan Snyder founded Shinnecock Partners in 1988 and serves as its Managing Partner. Alan spent 14 years at Dean Witter (now Morgan Stanley) and finished his career there as an Executive Vice President, Board Member and Executive Committee Member. He formulated the launch of the Discover Card as a member of a three-person management team. Subsequently, he restructured First Executive/Executive Life, a \$20 billion life insurance holding company including a \$1.5 billion alternatives portfolio, as President and Chief Operating Officer. He was later appointed as Executive-in-Charge by the California State Insurance Commissioner. He has served as a special advisor to Goldman Sachs and Kelso Partners.

He founded and was Chairman, President and CEO of Answer Financial, which became the largest independent seller of auto and home insurance in the U.S. Answer was sold to Esurance, who sought its technology and third-party distribution and was more recently purchased by Allstate.

Harvard Business School (Baker Scholar, MBA) and Georgetown University (Wall Street Journal Scholar, BSBA). Former Chairman and President of the Western Los Angeles County Council of the Boys Scouts of America.

Shinnecock Partners

Art Lending Team

Joel Parish
Principal



Joel began his association with Shinnecock Partners in 1992 as a consultant, creating proprietary computer software for portfolio modeling and comparative evaluation of money managers. Joel traded a private futures account from 1994 to 2003, for which he developed and implemented a number of computerized trading systems. He joined Shinnecock full-time in 1998 as Principal and is in charge of day-to-day administrative, accounting and investor relations areas. He continues to create custom software applications and works jointly with Alan Snyder on the management of the fund's portfolios. Joel is a graduate of Columbia College.

Christian Williams
Managing Director



Christian works with the principals in sourcing, evaluation and due diligence of prospective money managers, as well as the ongoing management of the fund's portfolios. Christian is a graduate of Boston College, and is currently pursuing his Chartered Alternative Investment Analyst designation.

Shinnecock Partners

Art Lending Team

Michael Cervino
Managing Director



Michael's responsibilities include loan sourcing, collateral evaluation, portfolio management, marketing and operations. Prior to joining Shinnecock, Michael was an analyst in the Healthcare Practice at Huron Consulting Group where he worked on revenue cycle management and performance improvement at multiple hospitals and health systems. Michael graduated from Duke University with a B.S.E. in Mechanical Engineering.

David Toma
Analyst



David serves as an analyst for Shinnecock's Art Lending Fund, assisting with due diligence and monitoring the fund's portfolio of fine art collateral. Prior to joining Shinnecock, David worked for several fine art galleries in Los Angeles and has experience in art history and inventory management. David graduated cum laude from Loyola Marymount University with a degree in Studio Art and Art History.

Conclusion

Art-secured lending is a compelling yield investment, pairing attractive returns with exceptional principal protection. It offers an uncorrelated complement to a diversified investment portfolio.

Visit our website, www.Shinnecock.com, for more detailed information regarding Art Lending Fund:

- Summary Sheet
- Overview Presentation
- Frequently Asked Questions
- White Paper “Creative Collateral: Lending Against Fine Art”



Founded 1988