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<http://www.wsj.com/articles/yieldstreet-platform-offers-alternative-assets-for-accredited-investors-1462361409>

NEW MONEY | FIN TECH

# YieldStreet Platform Offers Alternative Assets for Accredited Investors

The screenshot shows the YieldStreet website interface. At the top, there is a navigation bar with the YieldStreet logo, links for 'INVEST', 'LEARN', and 'WHY YIELDSTREET', and buttons for 'LOG IN' and 'SIGN UP'. The main content area features a green header for 'Ridesharing Fleet Expansion' with navigation arrows. Below the header is a large image of a car fleet. To the right of the image, there are key metrics: 'TARGET RETURN 13%' and 'DURATION 28 Mo.'. Below these are details: 'Category Commercial Lending', 'Payments Bi-Weekly', 'Min. investment \$5,000', and 'Originator Soli Capital'. A progress bar indicates '4% RAISED OF \$2M'. At the bottom of the card, there is a button that says 'PLEASE LOG IN TO INVEST'.

YieldStreet Inc's website offering for an investment opportunity. *PHOTO: YIELDSTREET*

By **TOMIO GERON**

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A number of startups have created platforms for lending to consumers and small businesses, but a new startup is offering loans for another set of alternative assets typically available only to large investors.

YieldStreet Inc. provides alternative investments for accredited investors in a variety of assets, such as Uber car fleet loans, real estate portfolios, litigation finance and loans to NBA players. The loans are less than years in duration and typically suggest yields of 8%

to 20%.

New York City-based YieldStreet, which just launched, last year raised seed funding of \$3.7 million from Expansion Venture Capital, Saturn Venture Partners and angels. The company has completed 20 investments, funded \$35 million in loans and returned \$7 million so far to investors.

On the buy side, YieldStreet provides investment opportunities to accredited investors in a range of financial situations. The investors range from those investing \$10,000 in an opportunity to a family office investing \$4 million in a deal, said YieldStreet founder and Chief Executive Milind Mehere, who was previously cofounder of online marketing startup Yodle.

Investments at YieldStreet differ from other platforms in that all its investments are backed by collateral. For example, the NBA loan, which has been fully funded, was a \$200,000, 27-month loan to an NBA player secured by the player's \$2 million contract, targeting 10% annual return for investors. This was designed for a new NBA player who had a large, low-risk contract but bad credit.

In another loan example, investors can invest in cars that are leased by Quest Livery Leasing to drivers for Uber, Lyft and other car services in New York City. In this case the cars are collateral and the investors get a senior secured lien on all vehicles and cash flow. The \$2 million loan targets a 13% annual return over 29 months with a minimum \$5,000 investment. The loan is being offered by Soli Capital, a firm where Michael Weisz, founder and president of YieldStreet, is currently a partner and previously worked prior to YieldStreet. Quest has GPS tracking in the cars and ignition kill switches to monitor and protect the cars.

YieldStreet also differs from other platforms in that there is a low correlation to overall market conditions, Weisz says. For example, unsecured consumer loans from LendingClub or small business loans from OnDeck Capital could suffer if consumer or small businesses, respectively, hit an economic downturn. But YieldStreet's deals are generally not susceptible to those conditions, says Weisz, who previously was a hedge fund manager.

YieldStreet vets all the opportunities before it places them on its platform, Mehere says.

Investors do not get access to detailed financials of the company or underlying assets, but investors can ask for these from YieldStreet if they sign a nondisclosure agreement.

YieldStreet is planning to raise a fund to invest in some of these opportunities. It also intends to eventually open its service to non-accredited investors and to add a secondary market as others such as LendingClub have done, in order for investors to sell their stakes.

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