

Key Updates

Performance commentary: Performing at the targeted yield

Diversified Art Debt Portfolio II, a diversified pool of loans collateralized by blue-chip artworks ("the Portfolio"), was first offered on the platform in Q2 2022 by Yieldstreet x Athena Art Finance. The Portfolio is a successor to Diversified Art Portfolio I, which was initially launched in 2019 and has consistently paid investors on a monthly basis at the targeted yield. Since inception, the Portfolio has increased both diversification and collateral coverage as loans were added. At the end of 2022, the collateral pool consisted of a combined 106 unique pieces of artworks by 82 renowned artists such as Kerry James Marshall, Mark Bradford and Ed Ruscha. Notwithstanding market volatility, the Portfolio continued to perform in line with expectations, with no missed payments, loan delinquencies, or defaults. All underlying art loan borrowers continued to meet their debt obligations.

Given the asset-backed nature of the loans, and the fact that the artwork collateral pieces are appraised annually, it is relevant that artists in the Portfolio achieved successful sales (public and private) and continued to exhibit a high level of demand in 2022. The average weighted loan-to-value (LTV) ratio for the Portfolio was 49.6% at the end of 2022.

Art Loans continue to pay interest and principal on time and in full

Since launch, the Portfolio has performed in line with expectations and has paid investors all interest due on a monthly basis. The Portfolio's underlying loans have varying maturity dates and these loans repay in accordance with their respective terms. During 2022, the investors received their pro rata share of principal repayment in addition to the interest accrued on the loans.

Art market insights: Outlook remains favorable

Athena lends against works by artists that have exhibited market depth and relative liquidity, and the premium, blue-chip segment of the art market. Despite continued volatility in the broader financial markets, 2022 was a record-breaking year for the top levels of the art market with Sotheby's, Christie's, and Phillips bringing in a combined total of almost \$18 billion. Some highlights include:

- Christie's sale of Microsoft late co-founder, Paul G. Allen's, collection topped \$1.5 billion, making it the largest art collection ever sold in auction history. Five works from the sale topped \$100 million.
- Andy Warhol's "Shot Sage Blue Marilyn" painting remained the priciest public sale of the year, selling for \$195 million, the highest price for an American work of art at auction, and nearly double the artist's prior record of \$105 million.
- Georges Seurat's "Les Poseuses, Ensemble (Petite version)" sold for \$149 million with fees, quadrupling the previous record for the artist.

Source: [Bloomberg](#), [Christie's](#) as of December, 2022

At a Glance

Art Debt

Returns Source(s):

- Debt Service

Investment Overview

The investment's target annualized yield is 10%² and the portfolio consists of art-backed loans originated by Athena Art Finance. Each loan is secured by a distinct collateral pool, largely comprised of Post War and Contemporary artworks, with a small portion classified as Old Masters, Impressionist and Modern Art pieces.

Income Generating

This offering is a way for investors to potentially generate stable income on a monthly basis from an investment that incorporates a level of principal protection, given that the loan amounts are less than half of the conservatively appraised value of the artworks.

Target Net Annualized Yield²

10%

Calculated based on the length of time and amount of principal invested, net of all fees and expenses.

Payment Schedule

Monthly & Event-Based

Target Term¹

December 2025

Appendix

Holdings as of 12/31/22. Subject to change

Loan	Period	Target Term	Loan to Value (LTV)	Weight (%)
Loan A	Old Masters	February 2025	54.63%	44.74%
Loan B	Post-War & Contemporary	August 2024	48.64%	23.86%
Loan C	Post War & Contemporary	August 2023	46.89%	21.38%
Loan D	Post War & Contemporary, Asian	June 2024	32.09%	8.27%
Loan E	Post War & Contemporary, Impressionist & Modern, American	February 2024	49.11%	1.76%
			Total	100%

Top Artist Concentrations as of 12/31/22. Subject to change

Investment	Outstanding (%)
Mark Bradford	11.06%
Simone Martini	7.36%
Kerry James Marshall	7.13%
Fra Angelico	5.52%
Others	68.93%

General Market Insights

Mark Bradford

The private market for works by Mark Bradford remains strong

- Bradford's "Kryptonite" sold at Art Basel in Basel for nearly the aggregate price of works sold at auction in 2022

Kerry James Marshall

The Average hammer price was 238% above the low auction estimate

- Marshall's "Portrait of the Artist Without Traditional Support" sold for 5.33x its low auction estimate, while "Beauty Examined" claimed the spot of his third highest total at auction