

Item 1.

Cover Page



Masterworks Advisers, LLC Form ADV Part 2A – Disclosure Brochure

Masterworks Advisers, LLC
1 World Trade Center, 57th Floor
New York, NY 10007
March 30, 2026

This brochure provides information about the qualifications and business practices of Masterworks Advisers, LLC (the “Adviser” “we” “us” and similar terms). If you have any questions about the contents of this brochure, please contact us at 929-203-9345 or by email at legal@masterworks.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

Additional information about Adviser is available at the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This Item 2 summarizes material changes that were made to our brochure for the 2026 annual amendment filing filed on March 30, 2026. This summary does not describe all modifications, such as updates to dates, numbers, stylistic changes, or clarifications.

Material Change Items: March 30, 2026

Offering Level Due Diligence: Disclosure was added to explain that Adviser has an independent review process in place to evaluate whether Art Investments are appropriate for recommending to advisory Clients irrespective of the affiliation and ownership relationship between Adviser and Masterworks.

Referrals and Endorsements: Language was removed related to terminated referral and endorsement practices for both third-party and affiliated entities (including endorsement services provided by MW Advisory Referrals, LLC, a wholly owned indirect subsidiary of Masterworks, LLC). Disclosure was added to describe that Masterworks conducts referrals, giveaways, and in-person events to attract new prospective investors.

Diversified Alternative Strategy Pooled Investment Vehicle: Disclosure was added to briefly describe that Adviser may recommend investment in the Masterworks Diversified Alternative Strategy, LLC ("MDAS"), a Regulation D pooled investment vehicle that invests in Art Investment Securities, gold, and Bitcoin. *Adviser will only begin providing discretionary investment management services if it is able to meet a minimum capital raise threshold, and there is no guarantee it will do so.*

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Item 4. Advisory Business

General Description of Advisory Firm and the Masterworks Platform

Masterworks Advisers, LLC (the “Adviser” “we” “us” and similar terms) is an investment advisory firm providing investment advice to investors interested in diversifying their investment portfolio through exposure to blue-chip artworks with strong appreciation potential. Adviser is a wholly owned subsidiary of Masterworks, LLC (together with its affiliated companies, “Masterworks”), a Delaware limited liability company founded in 2017 with the goal of making fine art an accessible asset class. Masterworks owns, operates, and manages the Masterworks.com online art investment platform, including mobile applications and any related URLs (the “Masterworks Platform” or “Platform”). Adviser currently limits its advisory services to art as an investable asset class and to financial products issued by Masterworks and its affiliates through retail investor services.

Adviser provides individual investors with educational information and advice on art as an alternative asset class and advice on art investment products and services, including both Discretionary and Non-Discretionary advisory services, and recommendations exclusively limited to securities originally offered by affiliates of Masterworks (“Art Investments”). This includes advice with respect to investment in a single artwork (“Single-Artwork Investments”), multiple Single-Artwork Investments (“Art Investment Bundles” or “Bundle(s)”), Ongoing Advisory Services (“Ongoing Advisory Services”), or Offerings that represent a single investment in a collection of multiple artworks conducted or a diversified portfolio of alternative assets conducted by co-investment vehicles or pooled investment vehicles. Adviser also provides discretionary investment advisory services for Art Investment Plans, and secondary market Strategy Opportunities.

Adviser generally does not offer advice with respect to other asset categories or types of investments that are not associated with art and has limited its advice to potential purchases of Art Investments, and whether that may or may not be in an investor’s best interest. Adviser does not provide advice or availability to “rebalance” positions like traditional investment advisers.

Masterworks Platform

Investors that go on to sign an advisory agreement (“Clients”) and move forward with an investment recommendation will be given the ability to invest in Art Investments via the Masterworks Platform. The Masterworks Platform is the first and largest online art investment platform that allows individuals to invest in securitized offerings featuring artwork created by artists with a documented track record of public auction sales and historical price appreciation. Masterworks facilitates art investment by:

- Sourcing and acquiring artwork from auctions, private galleries, and private collectors;
- Securitizing individual works of art by transferring each artwork to a holding company that offers a separate class of shares in a limited liability company that represent investment in such artwork, which are sold directly to investors via the Masterworks Platform;
- Offering Art Investments that facilitate targeted or diversified exposure to the Post-War & Contemporary segment of the art market;
- Administering the artwork and the investment entities pursuant to a comprehensive

- management services agreement; and
- Integrating its technology with an alternative trading platform operated by North Capital, a third-party broker-dealer, which provides a means by which certain investors who have an established relationship with Masterworks and have invested in Single-Artwork Investments can buy and sell shares in secondary transactions (“Secondary Transactions”).

Masterworks seeks to provide investors with long-term capital appreciation and intends to hold artwork for several years before selling it opportunistically and distributing the proceeds (if any) to investors. As of March 1, 2026, Masterworks affiliated issuers had conducted more than 512 offerings of securities representing over one billion dollars of Art Investments.

Offerings are conducted pursuant to exemptions from the registration requirements under the Securities Act of 1933, as amended, including Regulation A (Tier 2), Regulation D, and Regulation S. Offerings are available to eligible investors in all 50 States and certain foreign countries.

Advisory Service Offerings

Adviser aims to provide advisory services that prioritize the Client's best interests by offering education and research on art as an alternative asset class, delivering informed investment advice regarding specific Art Investments or advisory services offerings, discussing potential risks and benefits, and providing recommendations for creating a balanced and diversified art investment portfolio as part of an overall asset allocation strategy. These services apply to both Non-Discretionary and Discretionary Clients, with the goal of empowering Clients to make well-informed investment decisions.

Non-Discretionary Advisory Services

Adviser provides Non-Discretionary advisory services to retail Clients who directly invest in Art Investment offerings ("Non-Discretionary Clients"). Non-Discretionary advisory services are those in which Adviser does not effect or communicate transactions on behalf of the Client. All investment decisions are self-directed and carried out by the Client on the Masterworks Platform. Non-Discretionary advisory services are detailed below.

- **Point-in-Time Advisory Services:** Point-in-Time Advisory Services are provided primarily during an initial onboarding call, with no associated advisory fee, and limited to a 30-day initial engagement and onboarding period which is focused on educating Clients about art as an asset class, fees, expenses, and risks associated with a potential Art Investment. Representatives recommend the appropriate Art Investment or advisory service after collecting and evaluating the Client's financial situation and investment goals. The Point-in-Time advisory relationship ends after the initial 30-day period, though follow-up calls are available upon request. Subsequent calls initiate a new investment advisory relationship, although Masterworks allows investors who have had a Point-in-Time advisory conversation, to make subsequent self-directed investments without engaging in a new advisory relationship. Point-in-Time investment recommendations include limited duration advice with respect to the following investment options:

1. **Single-Artwork Investments:** Shares representing membership interests in a Single Artwork Issuer.
2. **Art Investment Bundles:** “Bundles” composed of multiple Single-Artwork Investments, selected via an algorithm matching Artist Rating profiles to Client risk tolerance. These “Bundles” are designed to provide increased initial diversification and optimize investment allocations.
3. **Co-Investment Vehicles:** Shares representing membership interests in a series limited liability company, reflecting investment in a highly-diversified pool of Single-Artwork Investments acquired from an affiliate of Adviser.

Subject to Masterworks' minimum investment requirements, immediate achievement of recommended asset allocation or diversification can be constrained by the availability of suitable Single-Artwork Investments on the Masterworks Platform and may not be immediately achieved. Representatives will discuss options, including different Art Investments, gradual investment strategies, or alternative advisory services to help best position the Client for success. Representatives may follow up during the initial onboarding period to help the Client achieve recommended allocation levels or suggest additional suitable investments. Adviser will require a minimum investment level, based on each Client's investment recommendation, to ensure the investment recommendation can be implemented effectively.

- **Ongoing Advisory Services:** Ongoing Advisory Services are provided for a fee and are currently limited to a small pilot population. Ongoing Advisory Services are primarily delivered via email and Platform engagement and focused on helping a Client achieve Model Portfolio Target Allocations through the delivery of targeted investment recommendations over time. To engage in the services, Clients undertake an online suitability review and are assigned to a Model Portfolio based upon their personal investment characteristics. The Adviser relies on Client-provided information to recommend an appropriate Model Portfolio and formulate ongoing investment advice and recommendations.

Discretionary Advisory Services

Adviser provides Discretionary advisory services in which the Adviser is able to effect or communicate transactions on behalf of the Client. Discretionary advisory services are detailed below.

- **Art Investment Plans:** Adviser offers limited Discretionary Advisory Services through its Art Investment Plans and carries out investment activity on behalf of Clients pursuant to a Discretionary investment advisory agreement. Art Investment Plans are generally recommended to smaller Clients who benefit from the ability to slowly build an art investment allocation over time, or those who prefer professional investment selection and management. The Adviser has limited discretion to allocate investments in "Eligible Issuers" consistent with the Plan's allocation targets and execute subscription agreements on behalf of the Client, subject to constraints and limitations set forth in the investment advisory agreement. Discretionary Clients are able to enroll in an Art Investment Plan appropriate for their risk

tolerance after taking part in an onboarding call with a Representative and completing a Platform enrollment that includes the recommendation of an Investment Plan Model Portfolio based on the Client's investor characteristics and goals. Art Investment Plans do not involve any commitment, binding or otherwise, on the part of Client to invest and aim to facilitate diversification by building out Model Portfolio Target Allocations over time using a programmatic approach to matching Artist Rating profiles to Model Portfolio Target Allocations.

- **Strategy Opportunities:** Adviser also has a pilot program to provide a limited group of existing investors with the opportunity to acquire discounted shares in Art Investments on the unaffiliated Secondary Market ("Strategy Opportunities"). Strategy Opportunities allow us to identify discounted shares in desirable artist markets that align with an eligible Client's investment goals and to communicate trade orders on behalf of the Client in those artist markets. In many instances, because of the limited scope and efficiency of the secondary trading market, the open sell orders on the Secondary Market represent material discounts to the internally derived NAV, which provides opportunities for Clients to benefit from the disconnect between the sell order price and the Art Investment's internally derived NAV, shorten the duration of the investment lifecycle, as well as capitalize on future potential upside growth. Adviser does not provide advisory recommendations with respect to rebalancing of Art Investments and the Secondary Market should not be deemed as reliable in terms of price discovery or future opportunities to sell shares of any Art Investment. Eligibility for the Secondary Market is only available to individuals who have been invested in a Masterworks primary offering for at least ninety (90) days and is restricted for some individuals, including certain non-U.S. citizens, and the "first come, first served" allocation strategy for limited opportunities means outcomes can vary among Clients. Artwork NAV valuations are determined internally by Masterworks and reviewed by a third-party appraiser, but future realizable values may differ significantly from appraised values due to market unpredictability and inherent valuation challenges. In order for Adviser to execute Strategy Opportunities, Clients will be required to become clients of Adviser, create a cash custodial account ("Cash Account") with North Capital, and fund the Cash Account. Masterworks will pay all costs and expenses associated with listing Art Investments on the ATS, establishment of the Cash Account, and all costs associated with trading and executing transfers of shares of Art Investments on the ATS.
- **Diversified Alternative Strategy Pooled Investment Vehicle:** Adviser may also recommend the Masterworks Diversified Alternative Strategy, LLC ("MDAS") a Regulation D pooled investment vehicle investing in Art Investment Securities, gold, and Bitcoin, to eligible Accredited Investors, and will serve as Investment Manager to the ABG Series if it meets its minimum capital raise threshold. Because Art Investment Securities are acquired from Masterworks affiliates, each such acquisition is a principal transaction subject to Section 206(3) of the Advisers Act, requiring prior written consent of an Independent Client Representative engaged on behalf of ABG Series investors. Complete information regarding fees, risks, and conflicts is available in the applicable Private Placement Memorandum and PPM Supplement.

Information Applicable to all Advisory Services

Prospect Engagement - Prospective investors and Clients are primarily solicited through online advertising and marketing, including Masterworks Platform hyperlinks.

Onboarding Call - For investors that are unfamiliar with the Masterworks Platform, advisory services begin with an onboarding call. The Representative reviews Client-submitted information beforehand. During the call, the Representative develops an investor profile, including existing portfolio, risk tolerance, time horizon, and investment objectives, and evaluates the suitability of Art Investments or advisory services. The Representative determines the portion of the Client's portfolio suitable for Art Investments, advises on optimal asset allocation for diversification, and suggests available Art Investments or advisory services.

Secondary Transactions - Masterworks sponsors a market on an alternative trading system ("ATS") for Secondary Transactions, in coordination with an independent broker-dealer, available to investors with an established relationship with Masterworks. Access to Secondary Transactions is restricted for 90 days following an initial investment in a primary offering and generally requires an informational call prior to eligibility. Clients may independently buy or sell Single-Artwork Investments on the ATS after gaining access, and subject to eligibility, as determined by the independent broker-dealer or, for a very limited population of Clients, receive Strategy Opportunities recommendations. Shares representing Single-Asset Investments listed on the ATS are often thinly traded and therefore typically trade at a discount to their fair value or their net asset value per share. No assurance can be given that the ATS will provide an effective means of transacting in Masterworks Securities or that the price at which any Masterworks Securities are bought or sold through the ATS is reflective of the fair value of the shares. In light of a variety of factors, including, without limitation, the relatively small market capitalization of each Masterworks Security, we cannot guarantee the ATS will provide a reliable or effective means of price discovery. Any posted bid/ask prices or historical transaction information reflected on the ATS should not be construed as being representative of the fair value of the shares. The ATS will not be available to, or provide only limited functionality to, certain non-U.S. citizens or those who invest through a self-directed IRA. Clients should be prepared to hold their shares for an indefinite period of time, as there can be no assurance that the shares of such will ever be saleable through the ATS. Trades on the ATS will occur only during regular trading hours that substantially mirror the trading hours on national securities exchanges.

Limited Scope Advisory Services - The Adviser recommends Art Investments available on the Masterworks Platform on a primary basis, and to a very limited extent on the Secondary Market, to eligible investors. The Adviser recommends an appropriate art allocation relative to the Client's overall portfolio and does not advise on other investments, but may advise that an Art Investment or advisory service may not be in the Client's best interest.

Adviser and its Representatives are subject to material conflicts of interest in connection with the advice they provide. Adviser is a wholly owned subsidiary of Masterworks, all Representatives are employees of Masterworks, and investment recommendations are exclusively limited to securities issued by Masterworks affiliates ("Masterworks Securities").

Termination - Clients can terminate advisory services at any time by contacting legal@masterworks.com in writing. Termination stops future investment recommendations and/or investments but Clients retain ownership of Masterworks Securities. The Adviser cannot "buy back"

or "sell" holdings upon termination. Clients should be comfortable with the long-term and illiquid nature of investments in Masterworks Securities.

Non-Advisory Communications

Before, during, and after the advisory relationship, Masterworks will communicate with users of the Masterworks Platform, including Clients, about Masterworks Securities. These communications are not sent by, or on behalf of, Adviser, and you should not deem these communications to be an extension of the investment advisory relationship unless specifically designated as such. Investment recommendations provided pursuant to an advisory agreement will be provided by Adviser or its Representative, and will be designated as investment recommendations. You agree to contact Adviser to seek clarification (if needed) prior to moving forward with any investment decision or transaction.

Item 5. Fees and Compensation

Adviser charges advisory fees as outlined below. Adviser reserves the right to waive all or some advisory fees at its sole discretion. Adviser is a wholly owned subsidiary of Masterworks, and Masterworks receives fees and compensation from Masterworks Issuers that Adviser recommends to, or subscribes to, on behalf of advisory Clients and therefore Adviser has an indirect financial incentive to recommend Art Investments to investors and Clients. By virtue of investing in Single-Asset Issuers, Clients will indirectly pay the underlying fees and expenses charged by Single-Artwork Issuers, which will diminish returns on investment.

Ongoing Advisory Service Fees

Adviser charges an asset-based Advisory Fee of 0.10% (10 basis points) of Assets Under Management ("AUM") per annum for Ongoing advisory services. AUM is determined on the last business day of each month. The Advisory Fee is accrued monthly and is calculated by determining the Month-end AUM times 0.10% divided by 12. AUM is based on the aggregate Net Asset Value ("NAV") of Client's Art Investments acquired during the term of the Ongoing advisory relationship and under Adviser's regular and continuous oversight.

Fee Payment

The Advisory Fee accrues monthly from the Effective Date of the Ongoing Advisory Agreement until the advisory relationship is terminated. All accrued fees will survive termination of the advisory relationship and are due and payable upon an Art Investment "Liquidating Event". The full accrued fee for each completed month is payable, without interest, at the time of the Liquidating Event. If proceeds are insufficient, the unpaid amount will continue to accrue and is payable upon subsequent Liquidating Events. The Adviser is authorized to deduct accrued fees from Liquidating Event proceeds before distribution to the Client.

Fee Adjustments

NAV for AUM calculations is determined by Adviser in good faith, relying on Masterworks' Artwork Appraisal Policy. No fee refunds are given for early termination. The Adviser may modify the fee with 30 days' written notice and may reduce or waive the fee at its discretion with or without prior notice.

Ongoing, Discretionary Advisory Services Fees

Adviser charges a monthly advisory fee for its Art Investment Plan services. This fee is tiered based on the expected total aggregate investment amount:

Art Investment Plan Fee Table

Expected Aggregate Total Investment Amount	Monthly Advisory Fee	Aggregate Annual Fee Amount
< \$500	\$1	\$12
\$501 - \$2,500	\$2	\$24
\$2,500+	\$4	\$48

The fee accrues monthly and is assessed retroactively at the end of each calendar year or upon termination of the advisory relationship, whichever comes first. The annual assessment amount will be reported to the Client in year-end transaction notices and displayed on the Masterworks Platform.

Fee Payment

All accrued fees are due upon the annual assessment or termination. The Adviser is authorized to collect the accrued fees, without interest, at the time of the subsequent monthly funding cycle or upon a Liquidating Event.

Fee Waiver

The Art Investment Plan fee was waived for "early adopters" who enrolled before December 31, 2025. Monthly fees apply to those who become Clients after this date.

Adviser does not currently charge an advisory fee for providing Point-in-Time advice, advice with respect to Strategy Opportunities, or services to investment vehicles.

Masterworks Compensation

Adviser is a wholly owned subsidiary of Masterworks which earns compensation based on the administrative and management services provided to the Single-Artwork Issuers and other art market activities. Masterworks receives the following amounts from Single-Artwork Issuers in

connection with services provided to the Single-Artwork Issuers:

- *A one-time cash “expense allocation” payment for each Single-Artwork Issuer, equal to 11% of the purchase price of the artwork, which translates to approximately 10% of the offering size and which covers all costs and expenses relating to financing, sourcing and acquiring the artwork, and utilizing the Masterworks Platform and its intellectual property to securitize the artwork;*
- *An administrative services fee for administering artwork and the securitization vehicle paid in the form of preferred equity interests in the securitization vehicle that holds title to the artwork in an amount equal to 1.50% per annum of the total equity interests outstanding in such securitization vehicle; and*
- *A 20% profits interest, if any, which is net of all fees and expenses, upon sale of the artwork.*

The Masterworks model incorporates what is known in the financial industry as a “unitary” fee structure, meaning that in exchange for the above amounts, Masterworks performs all ordinary and necessary services and pays all costs and expenses associated with sourcing, securitizing and administering the artwork and organizing and administering the securitization vehicle. Accordingly, unlike the vast majority of investment vehicles in which the investment entity pays a variety of organizational, transactional and ongoing operational costs, which are indirectly borne by investors in the vehicle, Masterworks issuers, and investors do not typically incur any costs or expenses other than the amounts payable to Masterworks as described above, though Clients may incur advisory fees as described herein and Masterworks issuers remain obligated to pay any extraordinary or non-recurring expenses, as well as third-party costs associated with a sale of the artwork.

The services Masterworks provides in connection with the Single-Artwork Issuers and the costs borne by Masterworks include, without limitation:

- *Sourcing Services* - such as market research and analysis, proprietary database management, appraisal, transaction sourcing, negotiation and execution, travel, art and counterparty and object level due diligence, financing, currency conversion, legal and contracting;
- *Securitization Services* - such as entity structuring and formation, legal, governance, offering materials, regulatory filings and compliance, anti-money laundering, distribution and marketing, payment for advisory services; and
- *Administrative Services* - such as insurance, professional art storage, transport (if not part of acquisition price) and care, SEC filings, audits, appraisals and valuations, tax reporting, investor relations services, transfer agent services, banking and paying agent services, transactional services in connection with selling the artwork, including the operation of an art gallery (though Masterworks may charge a reasonable and customary sales commission or fee if it sells artwork without employing a third party intermediary), and liquidating the securitization vehicle.

Masterworks does not earn any additional fees for advisory, administrative, and other services performed for artwork co-investment vehicles which invest in Single-Artwork Issuers, except that Masterworks may charge a reasonable and customary sales commission or fee if it sells artwork without employing a third party intermediary.

Secondary Transactions and Liquidity

Masterworks facilitates Secondary Transactions for certain Art Investments through North Capital by providing potential liquidity before an artwork sale. Masterworks currently covers all costs associated with these Secondary Transactions.

Dilution of Ownership and Returns

Amounts paid to Masterworks in the form of equity-based management fees, dilute each Client's ownership in the underlying artwork and these fees along with cash expenses and advisory fees, if applicable, reduce overall investment returns, regardless of profit or loss. Clients should refer to the offering circulars or private placement memorandums for each Masterworks issuer for detailed information about fees, costs, and other charges.

Availability of Investment Opportunities

Investment opportunities on the Masterworks Platform are offered on a first-come, first-served basis and are not available to all investors simultaneously. Masterworks may notify select investor categories or Clients of Art Investment opportunities before others, including other Clients. Masterworks may also sell an entire artwork or a majority of shares in a Single-Artwork Issuer to unaffiliated financial institutions without offering the same opportunity to all or some Clients.

Compensation of Representatives

Representatives receive a fixed salary for advising on Art Investments and providing education and advice on both a Discretionary and Non-Discretionary basis. This fixed compensation is not contingent on whether an individual becomes a Client or the amount invested. Representatives also receive a portion of their overall compensation in incentive compensation contingent upon each Representative's ability to gather new assets, manage and engage with prospective Clients, and acquire new investment advisory Clients. Due to the exclusive arrangement with Masterworks and the indirect payment of fixed and incentive compensation by Masterworks, Adviser and its Representatives have inherent conflicts of interest in recommending and selecting Art Investments and lack the independence of investment professionals offering a broader range of asset classes and investments. This conflict is addressed through disclosure, the maintenance of an Advisory Code of Ethics ("COE"), the maintenance of an Advisory Operating Committee, Representative conduct supervision, and recommending Clients seek additional advice from other financial professionals if they desire broader advice.

Item 6. Performance-Based Fees and Side-by-Side Management

Neither Adviser nor its Representatives charge performance-based fees calculated on capital gains or appreciation of a Client's portfolio.

Item 7. Types of Clients

Adviser provides investment advisory services to individuals, high-net worth individuals, trusts, estates, and others interested in Art Investments. Clients are primarily sourced through the Masterworks Platform. Adviser reserves the right to decline any investor or Client. Adviser also reserves the right to terminate any advisory relationship if the size of the relationship impacts its ability to provide investment advice or recommendations.

Item 8. Methods of Analysis, Investment Strategies, Risk of Loss

Investment Strategies and Methods of Analysis

Adviser is the only investment adviser that exclusively specializes in providing guidance on art as an alternative asset class, focusing on Art Investments available through the Masterworks Platform. The investment strategy involves analyzing an investor's risk profile, portfolio, and investment goals to recommend suitable Art Investments or advisory services. For Non-Discretionary Clients, this involves Point-in-Time advice or Ongoing Advisory Services to build a diversified art portfolio. For Clients in Art Investment Plans, Adviser actively manages investments within pre-defined risk tolerance and allocation targets to build out an art investment allocation over time. For Strategy Opportunities Clients, Adviser seeks attractive Secondary Market investment opportunities that align with investor characteristics. The overarching goal is to provide long-term capital appreciation by holding art until opportunistic sales. Adviser's investment strategy utilizes Masterworks' art market expertise and portfolio/asset allocation analyses to inform its recommendations as described further below:

- *Masterworks Art Market Expertise:* Adviser leverages Masterworks' expertise on the overall art market, individual artists, and specific objects. Masterworks employs a team of art market professionals and is active in the Post-War & Contemporary art market. Adviser relies on this expertise for market trends, artwork appraisal, valuation, and research. Additionally, Adviser evaluates Art Investment to ensure they are appropriate for Client recommendation. Adviser also maintains an Operating Committee comprised of senior personnel that meets periodically to oversee topics such as portfolio construction, allocation targets, and Art Investment categorization methodology.
- *Individual Portfolio Analysis:* Adviser recommends specific allocations to artwork and Art Investments based on the Client's overall investment portfolio, investment goals, risk tolerance, and other factors. Advice aims for diversified exposure to the asset class and artist markets, through diversified Artwork Investments or multiple Single-Artwork Issuers.
- *Mercer Portfolio Analysis:* Adviser also utilizes an asset allocation model developed in collaboration with Mercer, a global leader in investment consulting known for their expertise in asset allocation, which incorporates art as an asset class as part of an overall investment portfolio. This allocation model was developed based upon historical data that demonstrated that portfolios with art allocations have the potential for increased positive outcomes and improved performance during adverse market periods. Suitability factors like liquidity needs and existing alternative investment exposures are also considered as part of the allocation

model. The Adviser aims to enhance returns and reduce potential losses through appropriate art allocations based upon the Mercer allocation model.

- *Model Portfolios:* Model Portfolios are designed to match Client risk tolerance (Conservative, Moderate, Aggressive) with Offering Ratings(Core or Non-Core or Growth) by assigning appropriate target allocation parameters structured to yield different results over time.
- *Target Allocations:* Target Allocations are used to define the ideal mix of Art Investments in the art portion of a Client's overall investment portfolio. The mix is designed to align with the Client's investment objectives and risk tolerance.
- *Offering Characteristics:* Adviser distinguishes Art Investments in two categories based on their historical and observable characteristics. Core Opportunities represent offerings of established artists with proven track records, strong auction results, and mature markets. These form the foundation of a Client's art allocation. Non-Core (or "Growth") Opportunities represent offerings of emerging or less established artists with significant growth potential but typically higher risk. These provide growth potential within a Client's allocation.
- *Rules-Based Investment Process:* Adviser generally employs a programmatic approach to identify and recommend suitable Art Investments with a programmatic limit to the total investment amount. For Point-in-Time Clients, an initial Bundle of Art Investments which best aligns with the Client's investment profile is recommended. For Investment Plan Clients, a randomized process is used for monthly recurring allocations to ensure equitable treatment and diversification (in cases where no suitable issuers align with the client's risk profile, the Adviser can reserve lower risk-rated shares or pause funding). For Ongoing Clients and Strategy Opportunities Clients, a programmatic rules framework dictates investment recommendation suitability based on a Client's assigned risk rating, progress towards target allocations, and overall investment limits.

Clients receiving risk profile-based recommendations should understand that while Adviser uses risk classification terms similar to traditional investments, Masterworks Securities are relatively illiquid and may be higher risk than more traditional investments, are only suitable for Clients positioned to invest in an alternative asset class and only up to a maximum proposed allocation amount representing a portion of an overall investment portfolio. Accordingly, such classifications, as used by Adviser, refer to relative risk tolerances among its Clients and potential Clients, which may not be equivalent to broader risk classifications used by traditional advisers that typically allocate an entire investment portfolio. The Advisers' governance processes are designed to promote consistently with Client objective, however, no governance process can eliminate investment risk or guarantee investment risk or guarantee investment outcomes. Clients should be prepared to hold Masterworks securities for an extended and indefinite period. Diversification and ongoing services do not guarantee profit or protect against loss. Clients may lose money.

Risk of Loss

Evaluating risk varies for each Client and depends on multiple factors that can affect the probability and magnitude of potential losses.

Advisory Risk

Adviser's recommendations are based on professional judgment. Neither Adviser nor its Representatives can guarantee specific performance or success of any investment decision, strategy, or Art Investment Plan. Recommendations are limited to the subset of Art Investments available on the Masterworks Platform at any given time or, for ongoing advisory Clients, at the time of their recurring funding or investment recommendation. In addition, Adviser relies on information provided by Clients regarding their financial circumstances, investment holdings, liquidity needs, and objectives. Adviser does not independently verify such information and does not monitor or manage assets held outside the Masterworks Platform. The completeness and accuracy of Client-provided information materially affect Adviser's ability to formulate appropriate investment recommendations. Clients are responsible for promptly notifying Adviser of material changes in their financial situation or investment objectives.

Masterworks maintains policies regarding minimum investment amounts for Art Investments and Art Investment Plans. These policies are applied by Adviser with flexibility based on an investor's financial profile to best ensure broad-based participation and meaningful diversification. The Adviser does not control Art Investment minimums and cannot guarantee an investor will obtain a desired allocation or quantity of any particular Art Investment. Masterworks has waived investment minimums for Art Investment Plan Clients and routinely allows minimum waivers for other types of investors and Clients.

The Adviser also has policies and procedures to satisfy its fiduciary duty and ensure that an appropriate level of due diligence has been carried out and documented by Adviser for each Single-Artwork Investment that it may recommend to Clients. For each Masterworks Offering that is, or becomes available to the Adviser, the Adviser must document this review as to ensure that it has a reasonable belief that an investment in the offering could be in a client's best interest. While Masterworks offerings all generally follow the same legal and capital structure, including their fees and expenses, pricing terms, and management structure among other fundamental characteristics, characteristics unique to the individual securities must be investigated for each Offering.

Adviser and its Representatives do not consider investments available on the Secondary Trading market or other alternative or traditional investments, even if suitable for Clients, except for Clients enrolled in the Strategy Opportunities advisory services, who will receive investment recommendations for suitable Secondary Market share purchase opportunities.

Risks of Art Investments

Art Investments involve a high degree of risk. BEFORE INVESTING, INVESTORS SHOULD CAREFULLY REVIEW THE "RISK FACTORS" SECTION OF THE APPLICABLE OFFERING CIRCULAR FILED WITH THE SEC OR PRIVATE PLACEMENT MEMORANDUM AVAILABLE ON THE MASTERWORKS PLATFORM. Clients should consult their own advisors regarding legal, tax, business, and financial aspects of an Art Investment. The following is a summary of certain risks, but it does not replace the more extensive and specific language in the offering circular or private placement memorandum for each Art Investment.

Investment is Illiquid. Single-Artwork Investments are intended to be held for many years. Investors should be prepared for indefinite holding periods. There is no assurance of the artwork being sold. While shares can be resold on an alternative trading system, listing occurs 90 days after an offering closes, trading volume is low, and there is no guarantee of sale within a specific timeframe or at a desired price.

Dependence on Masterworks. Masterworks' business model includes unique, untested features that may not be successful. Art Investments and Adviser depend on Masterworks for financial support and administrative services. If Masterworks' business model fails, it may be forced to auction artwork at an inopportune time, resulting in losses.

No Revenues. Single-Artwork Investments do not generate operating revenue. Returns are only realized upon the sale of the artwork or the sale of shares. Investors must be prepared to hold their investment indefinitely.

Lack of Diversification. Asset diversification is generally considered a risk reduction strategy. Masterworks' Art Investments are illiquid and should typically represent only a portion of an investor's overall portfolio. These investments provide exposure to specific assets or a portfolio within a collecting category, not overall market exposure to art as an asset class. Diversification does not guarantee returns or eliminate risk, especially in a declining art market. There is no guarantee of adequate diversification through available Art Investments or Art Investment Plans. Clients should discuss diversification goals with a Representative.

Ability to Trade or Redeem Investment is Uncertain. There is no active public market for Art Investments. An active trading market may not develop, be available to all shareholders, be sustained, or may cease to exist. Masterworks lists shares of Single-Artwork Issuers on an alternative trading system, but trading volume may be insufficient for price discovery or liquidity. Masterworks' co-investment vehicles may have limited or no redemption features and are not required to maintain specific cash reserves, potentially limiting redemption capabilities. These financial products are highly illiquid and only suitable for Accredited Investors who can hold them for an indefinite period.

Offerings Conducted Without an Underwriter. Masterworks does not use an underwriter due to cost constraints. The absence of an underwriter increases risk as independent due diligence is not performed. Investors must rely more heavily on Masterworks and Adviser, and both have significant conflicts of interest.

Artwork May Be Sold at a Loss. Art Investments can decline in value, potentially leading to significant losses. Even if artwork appreciates, the rate may be insufficient to cover costs and expenses.

Costs Will Diminish Returns. Fixed costs (financing, administrative fees) and variable costs (Masterworks' profit sharing, third-party sale costs) reduce overall returns. Advisory fees are in addition to the underlying Masterworks securities costs and also reduce potential returns. Payment and liquidation costs, such as ACH fees, further reduce returns.

Investing in Art is Subject to Numerous Risks. These include, but are not limited to:

- Claims regarding authenticity or provenance
- Physical damage due to improper storage, workmanship, accidents, theft, natural disasters, fire, etc.
- Legal challenges to ownership
- Market risks
- Economic risks
- Fraud

Art is Illiquid. Art is highly illiquid. Masterworks intends to hold artwork indefinitely and sell opportunistically. There is no guarantee of a buyer at a reasonable price or within a specific timeframe. Adviser relies upon Masterworks to determine the best course of action with respect to the disposition of each artwork underlying each Masterworks Offering. Masterworks is conflicted in this regard as they earn ongoing management fees during the duration of the holding period.

Trends. Temporary trends can lead to short-term price increases followed by decreases. Trends are difficult to predict and may adversely impact Masterworks' ability to sell artwork.

Claims. Buying and selling artwork can involve claims regarding title, provenance, or authenticity. Litigation or settlement costs are the responsibility of each Single-Artwork Issuer.

Tax Consequences. Masterworks' investment vehicles are taxed as partnerships. Investors receive a Form K-1 annually. Tax consequences depend on the investor's status, jurisdiction, and whether shares are sold on the trading platform or held until the artwork is sold. Neither Masterworks nor Adviser offers tax advice. Investors should seek advice from a tax professional. Art Investment Plan investors will receive a high volume of K-1 forms and must manage them accordingly.

Artwork is Difficult to Value. The value of artwork is subjective and difficult to determine. There is no guarantee that an appraisal or valuation will reflect the actual price that may be obtained upon a sale of an artwork. Artwork values may be affected by numerous factors, including changes in taste and fashion trends, the reputation and market for a particular artist, the overall economic climate, and other factors beyond the control of Masterworks.

Artwork May be Sold at a Loss. There is no guarantee that an artwork will appreciate in value, and an artwork may be sold at a loss. Even if an artwork appreciates in value, the proceeds of a sale may be insufficient to cover the expenses of the sale and return the full amount of an investor's investment.

Liquidity Risk. Art Investments are illiquid investments, and there is no guarantee that an investor will be able to sell their investment at a desired time or price. Although a Secondary Trading market is available for Single-Artwork Investments, the trading market has relatively low transaction volume and limited price discovery. Accordingly, Clients should expect to hold the investment for an indefinite period of time and should expect to earn a profit only if the artwork described in the offering materials for a particular Art Investment is sold at a premium to what the issuer paid for that Artwork, plus expenses and fees as described in the offering materials. If a Client is not prepared for the long-term and illiquid nature of the Art Investments, the Client should likely not participate in Art

Investments.

Market Risk. The market for art is volatile and can be affected by various factors, including changes in economic conditions, political events, and changes in taste and fashion trends. There is no guarantee that the market for a particular artist or artwork will remain strong or that an artwork will be able to be sold at a desired price.

Concentration Risk. Investing in a Single-Artwork Investment means that an investor's investment is concentrated in a single asset. Concentration increases risk because there is no diversification of the risk of loss. If the value of the artwork declines, the investor may lose all or a substantial portion of their investment. Bundles, Model Portfolio Target Allocations, and other Co-Investment Vehicles seek to mitigate this risk by investing in a collection of multiple artworks; however, there is no guarantee that these strategies or vehicles will be successful in mitigating risk.

Custody Risk. Artwork is stored in secure facilities, but there is a risk of loss or damage due to theft, fire, natural disaster, or other events. While Masterworks maintains insurance on artwork, there is no guarantee that the insurance will be sufficient to cover all losses.

Tax Risk. The tax treatment of Art Investments is uncertain and may be subject to change, in particular with respect to an investment in Masterworks Securities via an Individual Retirement Account ("IRA"). The IRS could take the position that an investment in Masterworks Securities is tantamount to the acquisition of artwork, which is a collectible, and therefore could be treated as a taxable distribution. Investors should consult their tax advisor regarding the tax implications of investing in Art Investments. It is your responsibility to understand and comply with IRS regulations regarding IRAs, including but not limited to eligibility criteria, contribution limits, and distribution rules.

Operational Risk. There is a risk of operational failures at Masterworks or its service providers, which could disrupt the administration of Art Investments or the sale of artwork.

Legal and Regulatory Risk. The legal and regulatory environment for Art Investments is evolving and may be subject to change. Changes in laws or regulations could adversely affect the value of Art Investments or the ability to sell artwork.

Conflicts of Interest. Masterworks and its affiliates, including Adviser, have material conflicts of interest that could affect the management of Art Investments and the sale of artwork. These conflicts are described in more detail in other sections of this brochure and in the offering materials for each Art Investment.

Risks of Discretionary Services. Discretionary Clients rely on Adviser to make investment decisions on their behalf. There is a risk that Adviser's investment decisions may not be successful or may not align with a Client's investment objectives.

Risks of Secondary Transactions. Secondary Transactions are conducted on an alternative trading system operated by a third-party broker-dealer. Securities listed on the alternative trading system are often thinly traded and therefore typically trade at a discount to their fair value or their net asset value per share. The Secondary Market is limited, and there is no guarantee that an investor will be able to

buy or sell shares at a desired time or price.

No Voting Rights. Investors in Single-Artwork Investments generally do not have voting rights with respect to the management of the artwork or the Single-Artwork Issuer. All decisions regarding the management and sale of artwork are made by Masterworks or its affiliates.

No Guarantee of Profit. There is no guarantee that an investor will make a profit from an Art Investment. An investor may lose all or a substantial portion of their investment.

Item 9. Disciplinary Information

Adviser currently does not have any disciplinary history to report. Required Advisory Affiliate disciplinary information is available in the Form ADV Part 1, Item 11 DRP(s).

Item 10. Other Financial Industry Activities and Affiliations

As stated above, Masterworks Advisers, LLC is a wholly owned subsidiary of Masterworks, LLC. Masterworks, LLC is a company that is engaged in the business of sourcing, acquiring, securitizing, and selling artwork. Masterworks, LLC has various affiliates that are engaged in related businesses, including, but not limited to, the operation of the Masterworks Platform, the management of art storage facilities, and the operation of an art gallery.

These affiliations create potential conflicts of interest for Adviser, as Adviser has an incentive to recommend Art Investments that are owned or managed by its affiliates. The Adviser seeks to mitigate these conflicts of interest by providing full disclosure of its affiliations and by recommending Art Investments that it believes are in the best interest of its clients.

Masterworks, LLC also sponsors certain co-investment vehicles and pooled investment vehicles that invest in artwork. Adviser makes investment recommendations with respect to certain co-investment vehicles (but does not act as the co-investment vehicle's investment manager).

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Adviser has adopted a Code of Ethics ("COE") that sets forth the standards of conduct expected of its employees and Representatives. The COE requires that all employees and Representatives act in the best interest of Clients and avoid or appropriately mitigate conflicts of interest. The COE also includes provisions relating to personal trading, gifts and entertainment, and the confidentiality of Client information.

Employee Trading Prohibition

Masterworks has adopted a Trading Policy which prohibits all employees and their immediate family members residing in the same household ("family members"), including employees and Representatives of Adviser, from participating in any primary offerings of Masterworks Securities and

from trading any Masterworks Securities on the Secondary Trading market, effectively eliminating any potential employee conflict with Client investments and trading.

Additional MNPI Considerations

Adviser and Masterworks rely primarily upon information available in the public domain with limited exception (i.e. when there is an agreement to sell a work or when performing quarterly NAV updates before they are published) which are managed through the Masterworks' Material Non-Public Information Policy.

Conflicts of Interest

Adviser recommends Art Investments in which Masterworks, LLC or its affiliates have a financial interest. This creates a potential conflict of interest, as Adviser has an incentive to recommend these Art Investments. The Adviser seeks to mitigate this conflict of interest by providing full disclosure of its affiliations and by recommending Art Investments that it believes are in the best interest of its clients.

Masterworks has additional conflicts of interest in performing artwork appraisals as the Masterworks Appraisal Committee is composed of employees of Masterworks, who receive compensation for the administration and profitable sale of the artwork. Masterworks business in general is influenced by the fair market value of artwork it manages. The compensation of members of the appraisal committee is not directly contingent upon the performance of any appraisal, including reporting of a predetermined value or direction in value that favors the cause of Masterworks, the appraised fair market value, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of any appraisal. Although Masterworks has conflicts of interest, it has taken steps it deems reasonable, including the engagement of a third-party art appraiser, to ensure that the Appraisal Committee can act independently of Masterworks and free from bias.

Masterworks is active in buying, and selling in the art market. If there is a sale of a work that Masterworks has purchased at public auction that qualifies as comparable to the target object, the comparable sale may be included in the comparable data set at the discretion of the lead appraiser. Investors and Clients are cautioned against placing undue reliance on any given appraised value and there is no assurance that an independent appraisal would produce a different appraised value.

Gifts and Entertainment

Adviser and its employees and Representatives may receive gifts or entertainment from Clients or other parties. The COE includes provisions that restrict the acceptance of gifts and entertainment and require employees and Representatives to report any gifts or entertainment that they receive.

These restrictions and reporting requirements are designed to prevent conflicts of interest and ensure that gifts and entertainment do not influence recommendations or other decisions.

Item 12. Brokerage Practices

Adviser does not execute brokerage transactions for Clients and Adviser does not select or

recommend brokers or dealers for Client transactions. However, Adviser will communicate trades to the ATS for Clients enrolled in the Strategy Opportunities advisory services. These trades are all communicated to the ATS exclusively as that is the only trading market available for Masterworks Securities at this time. Masterworks pays all expenses related to the ATS and Masterworks and Adviser do not earn commissions or commission credits on these transactions.

Outside of the Strategy Opportunities services, an investor or Client is able to gain access to Secondary Transactions on the ATS and they may consider buying or selling Single-Artwork Investments on the ATS independently and make self-directed investment decisions.

Item 13. Review of Accounts

Non-Discretionary Clients: For Non-Discretionary Clients, account activity and holdings are accessible through the Masterworks Platform. Clients are responsible for reviewing their own account activity and holdings. The Adviser does not provide regular, ongoing reviews of Non-Discretionary Client accounts beyond the initial onboarding period for Point-in-Time Clients, or periodic reviews for Ongoing Advisory Clients. Clients are provided with transaction confirmations and holdings information through the Masterworks Platform.

Discretionary Clients: For Discretionary Clients enrolled in an Art Investment Plan, account activity and holdings are accessible through the Masterworks Platform. The Adviser provides regular, ongoing reviews of Discretionary Client accounts as part of the Art Investment Plan services. Clients are provided with transaction confirmations through the Masterworks Platform.

Frequency of Reviews: The frequency of reviews for Discretionary Clients is generally monthly, coinciding with the rules-based recurring investment activity of the Art Investment Plan. However, Adviser may review accounts more or less frequently based on market conditions or other factors. For Ongoing Advisory Clients and Strategy Opportunities Clients Adviser reviews Client investments immediately prior to making any investment recommendation.

Review Triggers: Reviews may also be triggered by various events, including but not limited to, changes in market conditions, changes in a Client's investment objectives or financial situation, or changes in the availability of Art Investments.

Reports: Clients receive transaction confirmations and other reports through the Masterworks Platform. These reports provide information about account activity, holdings, and performance.

Adviser does not provide regularly scheduled in-person or periodic portfolio review meetings for all Clients. Communications may be event-driven, investment-specific, or triggered by changes in Client circumstances or available investment opportunities.

Item 14. Client Referrals and Other Compensation

As stated above, Adviser is an affiliate of Masterworks and advisory fees for the services provided by Adviser and its Representatives are paid predominantly by Masterworks. See Item 5 for

Representative compensation information.

From time to time, Masterworks offers de minimis compensation to existing investors who refer new investors to Masterworks. Both the existing investor and referred investor receive the compensation. Masterworks will disclose the details of those incentives to referred investors at the time of the offer. Prospective investors that are referred by existing investors should be aware that the referring investor will receive an economic benefit for making the referral. The compensation awarded, or any other incentive provided by Masterworks, does not increase the investment fees or costs for the referring or referred investor.

Masterworks may also utilize certain promotional offerings or “Giveaways” for its Platform members. These Giveaways offer low-value items as rewards for specific user actions. Participation in Giveaways does not require any investment in Art Investment, enrollment in advisory services, and does not result in differential fees or preferential treatment.

Masterworks may also host certain in-person events designated to educate on, and engage with, post-war and contemporary art. These events may include public exhibition of artworks previously or currently featured in Masterworks offerings.

Item 15. Custody

Adviser does not have custody of Client funds or securities. Client funds are transferred directly to the issuers of Art Investments through the Masterworks Platform. Securities representing ownership in Art Investments are held directly by the issuers. Clients receive statements and confirmations directly from the issuers and through the Masterworks Platform.

Item 16. Investment Discretion

Non-Discretionary Clients

For Non-Discretionary Clients, all investment decisions are made by the Client. The Adviser provides recommendations, but the Client has the ultimate authority to decide whether to follow those recommendations.

Limited Discretionary Clients

For Limited Discretionary Clients enrolled in an Art Investment Plan or Strategy Opportunities services, Adviser has limited investment discretion to select and purchase Art Investments on behalf of the Client, without requiring prior approval for each transaction. The Adviser’s discretion is subject to constraints and limitations in the investment advisory agreement as well as the availability of Eligible Issuers and Secondary Market opportunities.

Item 17. Voting of Client Securities

Clients who invest in Single-Artwork Investments generally do not have voting rights with respect to the management of the artwork or the Single-Artwork Issuer. All decisions regarding the management and sale of artwork are made by Masterworks or its affiliates.

Item 18. Financial Information

Adviser does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.