

# Frac: Democratizing access to High-value Alternative Investments

**Singapore, Singapore Jan 29, 2023 ([IssueWire.com](https://www.issuewire.com))** - Besides the occasional headlines of artworks and whiskies being sold for millions, the world of high-value alternative investments has always seemed opaque and out of reach for the ordinary person, despite the allure of the potentially outsized returns on some of these assets.

According to Citi, the global art market as an asset class returned 28.2% over 18 months during the Covid-19 pandemic, it said in its report entitled “Global Art Market Disruption - Pushing the Boundaries”.

It said that the impressionist and modern art index gained 41% during the period, comparable to solid returns from developed market equities, emerging market equities, and commodities. The asset class outperformed hedge funds (19.2%), high-yield fixed income (10%), and even real estate (9.8%).

Between 1995 and 2020, Citi said contemporary art provided an annual estimated return of 14%, outperforming the S&P 500's 9.5% return during the same period.

In the rare whisky scene, a four-decanter lot of Glenfiddich single malt from the 1950s was sold for £830,000 (approximately USD1 million) at Sotheby's inaugural Distillers' One of One auction in December 2021.

Meanwhile, a 1975 Ardbeg Islay Single Malt Scotch Whiskey cask was sold for £16 million (USD19 million) to a private collector in July 2022.

While the selling prices of these assets can be eye-watering for the average person, they are unlikely to access these high-value assets due to several significant barriers to entry.

Arguably, the biggest hurdle for most would be the considerable capital required to acquire a high-value asset – the prices of these art pieces and rare whiskies can quickly go beyond six- to seven-digit figures.

Just because you have the money to invest, it does not mean you can buy any piece of art that you like. Many works of art are relatively illiquid — they cannot be easily bought or sold.

The art industry is very exclusive, and without a personal recommendation or professional link, it would be virtually impossible to access the collectors and gallerists holding these artworks.

High-value alternative assets and their respective markets can also seem tricky. For people who need to be better-versed in these investments, this would be another significant hurdle to them making inroads.

With the advent of Web 3.0 and recent developments in blockchain technologies, such as smart contracts and non-fungible tokens (NFTs), the archaic world of high-value alternative investments is ripe for disruption.

## Democratizing access to alternative investments through F-NFTs

Frac, a decentralized exchange for fractional NFTs (F-NFTs), is looking to decentralize and democratize access to these alternative investments by addressing the significant hurdles the average

person faces in participating in these exclusive asset classes.

A seller, also known as a “fractor”, can submit their asset, say, a wildly valuable Chinese ceramic such as a Qing Dynasty vase (i.e. auctioned for USD1.8 million), to Frac to be tokenized after going through a valuation process.

The physical asset will be stored securely by a trusted custodian, while the F-NFTs representing fractions of ownership in the asset will be put up for sale via an Initial Asset Offering (IAO) exercise.

An investor keen on delving into these alternative investments no longer needs to shore up a large amount of capital, as they can acquire a smaller percentage of the overall asset, which allows the average person to gain exposure to these assets and gain from their appreciation in value over time.

The investor may also redeem the physical asset if they can acquire the entire 100% stake in the fractionalized asset.

These tokenized assets can be traded seamlessly on Frac’s decentralized exchange (DEX), which addresses the illiquidity issue in the traditional art market.

Besides paintings, wines, and whiskies, the DEX also offers investments in rare antiques, diamonds, and gemstones. Users are not limited to just fractionalized physical assets, as the platform can also be used to fractionalize digital collectibles, such as some of the popular NFT collections.

“Frac is pioneering a new frontier in the digital asset space. We truly believe that fractionalization is a blue ocean business – it is uncharted and full of potential,” says Ryan Lim, Chief Growth Officer of Frac.

Leveraging on the power of blockchain, these elusive assets will no longer only be accessible to a small circle of individuals, as everyone will be able to benefit from the appreciation in the value of these assets.

“We see our platform as the ‘Robinhood’ of alternative investments - what Robinhood did for equities, Frac aims to do for high-value alternative investments. We want to democratize access to these exclusive assets, which were previously only available to ultra-high-net-worth individuals,” he adds.

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