

## Article

# Art Funds in China: Developments and Limitations

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**Abstract:** This paper focuses on a type of worldwide art investment vehicle in an unexplored yet significant area: the Chinese art fund. It seeks to understand why art funds exploded in China after the 2008 financial crisis and how they have developed new features in the Chinese context. Further, it discusses the relationship between Chinese art funds and the Chinese art world. While these two groups tend to be what sociologists call “hostile worlds” in the West, my study shows that actors in the Chinese art world tend to take a pragmatic attitude toward capital. Thus, art funds face fewer social limitations in the Chinese art world than their Western counterparts. However, Chinese art funds face limitations in terms of accessibility, credibility, and liquidity. These limitations have been caused mainly by a series of regulations launched since 2013, which has primarily resulted in a decline of art funds in China.

**Keywords:** art funds; China; developments; Chinese art world; limitations

## 1. Introduction

Among many attempts to reap investment benefits from the art market in 21st-century China, the art fund is of particular interest. While in Western countries, a large number of art funds set up in 2007 and 2008 closed down in 2009 in the aftermath of the financial crisis, in China, the same period saw a dramatic increase in art funds.<sup>1</sup> With rapidly growing art funds coming into the market, China thus replaced the West as the center of art funds in the global market in 2010. In the following five years, according to the *Art and Finance Report*, Chinese art funds held the leading position in the global art fund market in terms of both numbers and assets under management (AUM) from 2011 to 2015 (Deloitte and ArtTactic 2016, p. 111). However, the booming of Chinese art funds did not last long. Instead, the Chinese art fund market saw a continuous decline between 2013 and 2016 (Deloitte and ArtTactic 2017, p. 182). In a recent edition of the *Art and Finance Report*, due to the limited public information on this market, the focus of art investment has been changed from art funds to other investment models (Deloitte and ArtTactic 2019, p. 146).

Art funds refer to a type of art investment vehicle “that allows sophisticated investors to pool their resources and reap the financial rewards without individually owing the underlying artworks” (Xiang 2018, p. 1702). They have been discussed by researchers from different perspectives (e.g., Eckstein 2008; Horowitz 2011; Gerlis 2014). The subject of art funds also raises a set of problems that are central to the discussion of art investments in the field of sociology of art; for example, the “hostile worlds” discourse among actors in the Western art world toward art investments (Coslor 2010; Velthuis and Coslor 2012). However, despite the growing interest in art funds, few studies have expanded their discussion to Chinese art funds. This leaves essential questions regarding the developments and limitations of this worldwide art investment vehicle in a significant area unanswered.

This paper brings in some theories and concepts from the sociology of art. However, my research methods are different from those in the empirical study of sociology. My study



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<sup>1</sup> According to a report by Fine Art Wealth Management, “before the collapse of Lehman Brothers, there were about 40 art funds in operation in 2008, and now there are only 20 art funds surviv[ing].” Cited by (Gerlis 2014, p. 133).

is based on secondary Chinese resources that focus on Chinese art funds,<sup>2</sup> though some essential English resources related to this topic are also included, such as the annual *Art and Finance Report* launched by Deloitte and ArtTactic. Given that art funds are no longer popular in China, in order to obtain access to the original situation and context of Chinese art funds, important journals, newspapers, and online news outlets with a particular focus on Chinese art funds were selected as the main sources for this research. They include information on the following three aspects. First is information on the primary conditions of art funds in China. The monthly journal *Touzi youdao (Money Journal)* is the major source material. During the boom period of Chinese art funds between 2010 and 2013, *Touzi youdao (Money Journal)* published over 50 articles on Chinese art funds, 1 annual Chinese art funds ranking, 2 annual Chinese art fund reports, 1 biannual Chinese art trusts report, and 1 quarterly Chinese art trusts report. Since these articles were based on interviews with the direct participants of Chinese art funds, such as the funds' founders and managers, they provide reliable information on the funds' issuers, sizes, business models, and investment strategies. The second is information on market events related to art funds in China. Chinese media, such as *Nanfang zhoumo (Southern Weekly)* and *Beijing shangbao (Beijing Business Newspaper)*, are also interested in Chinese art funds. They pay special attention to the record-high prices of works, cases of default, and scandals in this industry. These articles bring the lens of observing the broader implications of art funds in the Chinese market. The third is information from reviews, which focus on the influence of Chinese policies on the launch and operation of Chinese art funds. When the new policies and regulations related to art funds were initiated, Chinese media, such as *Ershiyi shiji shangye baodao (21st-Century Business Herald)* and *Zhongguo Wenhua Bao (Chinese Culture Newspaper)*, would invite important Chinese scholars in the art finance field to share their thoughts. The published review articles from Chinese scholars bring an academic perspective on how the changing regulative environment impacts Chinese art funds. As one Western scholar in sociology states, his research on the financialization of art, which is a globally networked phenomenon, has an unmistakable Western-centrism partly because of "a linguistic limitation of the author to European languages" (Upton-Hansen 2018, p. 14). Hence, this study also hopes to contribute to the global study of art funds by introducing significant Chinese resources on this topic.

This paper seeks to explore the art funds within the Chinese context. I begin with an overview of the dramatic rise of Chinese art funds by analyzing the increasing demand and supply, particularly driven by the economic and political factors in China. Next, I analyze how the particular dynamics in China, such as Chinese trust companies, auction houses, and art exchanges, are involved in the launch and operation of art funds and how they shape the unique features of Chinese art funds. I follow by discussing the attitude of actors from the Chinese art world toward art funds and how they work together to achieve their different goals. Then I look at the limitations Chinese art funds have faced since new regulatory oversights have made the launch and operation of art funds more complicated than in the early years. Finally, I conclude with how this paper may contribute to the study of the global art fund industry and the discussions of art investments in the field of sociology.

## 2. The Rise of Art Funds in China

In the developed area of east China, such as Zhejiang province, local people established art funds at the beginning of the 21st century. These art funds were organized in a similar way to Peau de l'Ours (Bearskin) Club, the precedent of Western art funds (Horowitz 2011, p. 152), through pooling money from relatives and friends into a syndicate. Rich people in Zhejiang province could then reap economic benefits from areas with high investment

<sup>2</sup> This paper only includes art funds in mainland China, and art funds in HK are not addressed. One reason is that there is not sufficient public information available to obtain access to the situation of art funds in HK, so the resources I collected are constrained to the art funds in mainland China. Another reason is that the art funds in HK would warrant a new discussion of contextual differences, particularly because their launch and operation refer to a different regulatory environment.

potential. While these syndicates usually invested in real estate and coal mines, art also became a popular investment around 2000. A good example is the art fund run by Liu Qiansheng, a local businessman, who raised 3.3 million yuan (\$495,000) from 11 people, all relatives or friends, and invested in antique Chinese furniture. Although the investment horizon was set to be ten years, in 2007, the return rate had achieved 22%. Liu expected cumulative returns of between 33% and 50% when the fund exited in 2010 (Ma 2010).

These syndicates, which are usually regarded as the precedents of Chinese art funds,<sup>3</sup> are different from formal art funds because the latter are, in Horowitz's words, a "grafting of modern finance theory onto the art market" (Horowitz 2011, p. 153). Yet, although the local syndicates in Zhejiang province hardly provided the same sophisticated approach to art investments as formal art funds, their growing interest in artworks indicated a rising demand among wealthy people in the developed area of China. With strong Chinese economic growth, which maintained an average growth rate of more than 10% for over thirty years after 1978 and China's opening-up policy, the number of high-net-worth individuals (HNWIs) escalated rapidly in mainland China. According to the *World Wealth Report*, "China's HNWI population surpassed that of the UK to become the fourth largest in the world in 2008 (364k HNWIs), after having exceeded France in 2007" (Capgemini and Merrill Lynch Global Wealth Management 2009, p. 4). Once Chinese people became rich, their demand for art investment continued to increase. As one Noah Wealth Management spokesman states, "when a country's GDP per head reaches US\$3000, its citizens will have [demand for] art investments. China's GDP per head reached \$3100 in 2008. It is a good time to start an art fund now" (Maneker 2010).

The first formal art fund in China was actually revealed in 2007, when China Ming-sheng Bank Corp., Ltd. (CMBC) launched the Extraordinary Asset Management "Art Investment Plan" No. 1 (Feifan licai "yishupin touzi jihua" 1 hao, henceforth Art Investment Plan No. 1). This fund was a wealth management product sold to high-end clients of CMBC, with a minimum contribution of 1 million yuan (\$150,000). The fund invested in modern and contemporary Chinese art. Two years after its inception, it was generating an annualized return of 12.75% (Lei 2011b). As the fruit of the first financial institution entered into the art field, this return signaled the large investment potential of art funds.

The rising demand for Chinese art funds was also driven by restrictions in the property market; one of the most lucrative alternative investments in China.<sup>4</sup> After the second half of 2009, the previously relaxed housing policies changed in order to inhibit increasing speculation in the real estate market and soaring home prices. A series of restrictions were set to regulate the property market in 2010, such as an increase in interest rates and a minimum down payment ratio, which caused an increase in investment costs in the real estate market. In April 2010, the State Council issued a tightened directive, Notice of the State Council on Resolutely Curbing the Soaring of Housing Prices in Some Cities (State Council 2010.) Following this directive, 51 cities in China launched local housing purchase restriction policies.<sup>5</sup> These property policies directly limited the country's real estate transactions, and under such circumstances, Chinese investors were eager to find other profitable alternative investment vehicles into which to transfer their disposable wealth.

The rapidly growing domestic auction art market in China provided new opportunities for Chinese investors. In 2007, China moved up to the third position of the global art market

<sup>3</sup> Some experts trace the first Chinese art fund to Lan Ma Ke from China's northwest city Xi'an, with a group of investors co-buying contemporary Chinese artist Liu Xiaodong's series of paintings *Shiba Luohan (18 Buddhist saints)* for \$500,000 from the China International Galleries Fair in May 2005. See (Lei 2011b).

<sup>4</sup> China has experienced a transformation of housing policy from state-owned houses to market-oriented houses, which was established in 1988. Since then, the Chinese government has taken a relaxed legislative approach to the increasing domestic real estate market, which has contributed to the prosperity of real estate investment in the country.

<sup>5</sup> In Beijing, for example, the local government set up strict legislation regarding housing speculation. The commercial banks stopped offering mortgage loans to people purchasing their third house and suspended the provision of mortgage loans to people who could not offer tax certification or social security certification for more than one year. See (Beijing Municipal People's Government Office 2010).

in terms of auction sales turnover, after the US and the UK ([Artprice 2007](#), p. 16). In just three years, China climbed to the top position of the global art market, accounting for 33% of the world's fine art auction turnover in 2010 ([Artprice 2010](#), p. 11). This thriving domestic auction market also witnessed unprecedented soaring prices for works from Chinese artists. The “most expensive and most profitable artists” can be found particularly in the category of modern and contemporary Chinese art, with Qi Baishi, Zhang Daqian, Xu Beihong, and Fu Baoshi being among them ([Artprice 2010](#), p. 22). Zhang Daqian's works offer one illustrative example. At the beginning of the 1990s, Zhang Daqian's drawings were auctioned for between \$2000 and \$10,000 on average. In 2010, the average selling price of his works was between \$20,000 and \$750,000 ([Artprice 2010](#), p. 25). In 2011 only 1.9% of Zhang Daqian's lots could be acquired for less than \$5000, and only six lots were presented outside China ([Artprice 2011](#), p. 16). Thus, for the Chinese investors who were seeking out a new kind of alternative investment, it is not surprising that art gained their attention as an investment asset class.

Meanwhile, the supply of art funds increased due to new cultural policies issued in 2009 and 2010, which actively called for efforts to promote the country's cultural industry. Since the launch of the National “11th Five-Year Plan” in 2006, developing the cultural industry has been an essential part of the Chinese government's national policy. The status of the cultural industries was significantly enhanced with the introduction of the Cultural Industries Reinvigoration Plan (henceforth Reinvigoration Plan) by the State Council in September 2009, which was the first plan specially made for the cultural industry in China. According to this plan, the expansion of cultural consumption, including the innovation of cultural products and services, was among the main eight tasks ([State Council 2009](#)). In April 2010, nine departments jointly issued a national policy called Upgrade Financial Support for Cultural Industries Guideline (henceforth Upgrade Financial Support Guideline). The guideline not only calls upon financial institutions to develop multiple financial products and financial services in line with the needs of cultural enterprises but also urges the establishment of a multitier capital market to expand the scale of fundraising for cultural enterprises. Different kinds of funds to finance the development of cultural industries are encouraged. Through softening regulation, investors in venture capital and private equity funds are also supported to invest in startup cultural industry projects with broad market prospects ([Nine Departments 2010](#)).

In the spirit of the Reinvigoration Plan and Upgrade Financial Support Guideline, it is highly encouraged that financial institutions contribute to the innovation and prosperity of cultural industries. Thus, for Chinese banks and trust companies, offering innovative financial products related to the cultural field is a response that meets not only the demand of Chinese investors but also fulfills the needs of the Chinese government. In 2009, the State Investment Trust (Guotou Xintuo) created the first Chinese art trust, the Flying Dragon Art Fund—Treasures of Prosperous Time No. 1 Poly Art Investment Collective Fund Trust Plan (Fei long yishupin jijin-shengshi baozang 1 hao baoli yishupin touzi jihe zijin xintuo jihua, henceforth Flying Dragon Art Fund). The China Construction Bank and Poly Culture Group Corp., Ltd. (henceforth Poly Culture Group) cooperated with the State Investment Trust in this venture. The Flying Dragon Art Fund was sold to high-end clients of the China Construction Bank's Beijing branch as a wealth management product. With an entrance threshold of 500,000 yuan (\$75,000), the trust collected 46.5 million yuan (\$7 million). After a locked-in period of 18 months, the trust paid a fixed return of 7% to its subscribers. In 2010, both the CMBC and the State Investment Trust launched their second round of art funds. The CMBC issued the Extraordinary Asset Management “Art Investment Plan” No. 2, with a minimum investment of 500,000 yuan (\$75,000). The State Investment Trust launched seven art trusts, including the Poly Art Investment Collective Fund Trust Plan No. 2–7 and No. 9, raising 415.7 million yuan (\$62.4 million) in total.

Besides Chinese financial institutions, the increasing supply of art funds has also been propelled by art investment management companies in China. On one hand were state-run companies that launched an art investment branch, and their rich resources in the

cultural industries helped them quickly expand their business into art finance, particularly art funds. Beijing Poly Art Investment Management, for example, which was set up in 2010 by Poly Culture Group, which also owns Beijing Poly International Auction House, quickly became an important player in the art fund industry. Another example is the well-known Chinese media company Golden Eagle Broadcasting System, established by Zhongyi Dachen in 2010. In the 2011 Chinese Art Fund Ranking, the Yahui Art Fund launched by Zhongyi Dachen appears as the largest limited partnership art fund, with an AUM of 360 million yuan (\$54 million) (Touzi youdao 2011). On the other hand, dozens of privately owned art management companies also sprang up and quickly developed art funds as their core business in art finance. For instance, the Terry Art Fund, founded in 2008, launched Red Coral No. 1, No. 2, and No. 3 from 2009 to 2011, with raised funds of 10 million yuan (\$1.5 million), 15 million yuan (\$2.3 million) and 15–20 million yuan (\$2.3–\$3 million), respectively. The Shenzhen Xingshi Investment Company (henceforth Shenzhen Xingshi) raised 200 million yuan (\$30 million) for a series of Xingshi Art Funds soon after its establishment in June 2010 (Xiao 2011).

Adding to the above parties was an influx of players from other trust companies (e.g., Zhongrong Trust and Zhongxin Trust) and art investment management companies (e.g., Beijing Zhong Bo Ya and Beijing Demei Yijia), which entered this growing field in 2010 and 2011 and made China the biggest art fund market in the world. At its peak in 2012, AUM for Chinese art funds was estimated at \$1.48 billion (Deloitte and ArtTactic 2016, p. 111), which accounted for nearly 70% of the global art fund market.

### 3. Features of Chinese Art Funds

Art funds in China have not just transplanted the models and strategies of Western art funds. Instead, within the particular dynamics of the art finance market in China, Chinese art funds have developed several essential new features. These new features suggest that worldwide art funds are different in China and the West.

One fundamental new feature developed by Chinese art funds is the introduction of a new format to the art fund industry. This new format is the art trust, which was launched by Chinese trust companies. The term trust differs in definition from the Western context; in China, it denotes a special financial institution that combines the functions of the private equity, asset management, and banking sectors (Deloitte and ArtTactic 2011, p. 24). In 2011, art trusts accounted for 43 of 70 art funds, and AUM of art trusts accounted for 4900 million yuan (\$735 million) of 5770 million yuan (\$865.6 million) (Touzi youdao 2011).

As a new financial format for art funds, art trusts significantly shortened the duration of art funds in China. As trust products usually operate within a two-year cycle in China, art trusts inherit this short maturity feature. The investment term of most art trusts is between 12 and 18 months, which is only half the time of limited partnership art funds in China. The art trust format also brings new strategies to Chinese art funds. Due to the short investment horizon in China, trust companies typically tend to employ strategies to add credibility to their art trusts. The conventional method is dividing the raised funds into two levels, the primary level and secondary level; the latter is guaranteed by a third party company, usually an investment consultant. The Art Investment Fund Trust launched by Xi'an Trust, for example, is guaranteed by the investment consultant Beijing Bangwen Contemporary Art Investment Co., Ltd. (henceforth Beijing Bangwen).<sup>6</sup> Beijing Bangwen contributed one-fourth of the capital for the secondary level fund. If the art trust made a loss, the secondary level fund would be used to protect against the risk; conversely, if the art fund made a profit that exceeded the basic proceeds of the primary level fund, Bangwen would receive 50% of the excess return (Yang 2011a).

Even with a short investment horizon, some art trusts issued between 2009 and 2011 generated high returns for their investors. Zhongrong-Bangwen Heirloom Collective Fund

<sup>6</sup> Beijing Bangwen is a big player in the Chinese art fund market, which has the third-largest AUM in the 2011 Chinese Art funds Ranking (Touzi youdao 2011).

Trust is an example of a high-yield art trust. It was launched by Zhongrong International Trust in April 2011. Beijing Bangwen joined the venture as an investment consultant who also guarantees the trust. The trust raised 60 million yuan (\$9 million), which included 45 million yuan (\$6.75 million) sold to high-end clients of Bohai Bank's Nanjing branch, and 15 million yuan (\$2.25 million) invested by Beijing Bangwen. The investment term of Zhongrong-Bangwen Heirloom Collective Fund Trust was one year, with an optional extension of six months. The trust invested in four paintings by modern and contemporary Chinese masters, Zhang Daqian and Xu Beihong being among them. Given the very short investment horizon, the trust purchased and sold the work very quickly. Beijing Bangwen helped the trust buy those works before the spring auction of May 2011 and stored the works until the autumn auction of the same year. Only one year after its inception, the trust generated a return of 14.85% in 2012, including a 10% fixed return and 4.85% excess return. This suggests a large investment potential in art trusts for Chinese investors, particularly in comparison with other trust products, because "the yield of the other trust products during the same period was around 8% in 2012" (Gu 2012b).

Another key feature that distinguishes Chinese art funds from Western art funds is their strong relationship with auction houses.<sup>7</sup> Due to a lack of sophisticated art experts and art market resources in the trust companies and banks offering art funds, auctions have become an essential partner in these ventures. A typical example is Beijing Poly Art Investment Management. Because of its very close relationship with the Chinese auction giant Beijing Poly International Auction House, Beijing Poly Art Investment Management was able to collaborate with the State Investment Trust as an investment consultant in at least eight art trusts. Another example is Beijing Bangwen. The chairman of Beijing Bangwen, Huang Yujie, is also the president of the Beijing Chuanshi International Auction House. Since the core auction business of Beijing Chuanshi centers on the modern Chinese painting category, Beijing Bangwen's art funds focus on this category as well, which accounts for 60–70% of its art investments, so that they can share resources with each other (Huang 2011).

The close cooperation between Chinese art funds and auctions can be explained by the unique character of the contemporary Chinese art market. Since a large percentage of sales are completed through auctions, including primary sales (Gerlis 2014, p. 141), Chinese auctions have a different role and identity compared with those in established markets (e.g., the US). As sociological studies have convincingly demonstrated, auctions in China are "not only seen as a marketing device but also as a judgment device that is well equipped to resolve the uncertainty and cognitive deficits troubling markets for singularities" (Kharchenkova and Velthuis 2017). In this sense, working with auctions benefits art funds in at least two aspects. First, due to the short maturity feature of Chinese art funds, working with auction houses, the dominant marketing device in the Chinese art market, helps art funds liquidate their holdings more effectively, as well as reducing transaction costs (buyer's premiums and seller's commissions). Second, since reliable third party appraisal institutions have not yet developed in China, the auction houses' role as a judgment device confirms the authenticity and quality of the art funds' holdings. As a manager of Beijing Poly Art Investment Management suggests, a significant advantage for the funds it manages is its parent company, which established a full art business chain, including the famous auction giant Beijing Poly Auction House, which brings reliable purchase avenues such as artworks from collectors overseas and also provides important liquidation avenues to the art funds (Lei 2011a).

The third new feature of Chinese art funds is that they take advantage of art exchanges as an innovative way to liquidate their collection. Supported by encouraging national policies for cultural industries in 2009 and 2010, art exchanges in China developed quickly

<sup>7</sup> Noah Horowitz notices the close strategic ties between the art funds and leading Indian galleries and auctioneers, and he suggests this is also the case in the Middle East and China; however, in the West, "these parties tended to erect far more rigid barriers between themselves and art funds" (Horowitz 2011, p. 182). For more details about the barriers influencing the operation of art funds in the Western art market, see (Horowitz 2011, pp. 174–77).

as a popular investment avenue for retail investors. Shanghai Cultural Exchange and Shenzhen Art Exchange are the precedents. They received licenses in 2009 from the State Council after the launch of the Reinvigoration Plan, according to which promoting the free circulation of art products is of great importance. The Upgrade Financial Support Guideline has had a significant impact on the popularity of art exchanges because it directly encourages them to “cultivate the circulation market, taking advantage of trade platforms, such as Shanghai Cultural Exchange and Shenzhen Culture Exchange to provide professional services” (Nine Departments 2010). In light of the two policies, by October 2011, six cultural exchanges had been established, and thirty cultural exchanges were in the process of being set up (Deloitte and ArtTactic 2011, p. 22).

As the other attractive art investment vehicle besides art funds in China, the art exchange shares many aspects with art funds but still differs in several ways. First, the entrance threshold is low, which allows less affluent investors to participate in the market. For example, in the Tianjin Artwork Cultural Exchange (TCAE), the investment threshold initially was 50,000 yuan (\$7500) with a minimum purchase of 1000 shares. Second, the art exchange generally does not involve dealing with or managing works; it only provides the trading platform for the investors. Third, the artworks are securitized in a similar way as the stock market, which allows investors to trade artwork shares in a short time so they can cash out their money quickly rather than locking it up during the investment term.

The prosperous art exchanges during 2010 and 2011 not only provided opportunities for Chinese retail investors to participate in art investment but also brought liquidation avenues for art funds. Since the most renowned auctions were located in big cities such as Beijing and Shanghai, art funds in other cities that lacked a big auction house could more easily reach a local art exchange and thus trade their holdings there. For instance, the Shenzhen Art Exchange played an important role in liquidating the collections of Shenzhen Xingshi and Shenzhen Jingwen. Another example is Dingxin No. 2, which was launched by Shandong Trust and had investments focusing on prints. Dingxin No. 2 traded its works at the Taishan Art Exchange in Shandong.

Generally, art funds can liquidate their collections through art exchanges in two ways, either transferring the whole portfolio or dividing the works into art securities (Yang 2011b). In comparison with an auction, where the trade date is limited and the commission fees are high (in China, usually 15%), an art exchange can provide a more effective and cost-saving way for trading artworks. With the TCAE, for example, it initially used the T + 0 settlement scheme so that artwork shares could be sold repeatedly on the same day to buyers, and the daily price limit was 15%, which was higher than 10% of the stock market but set at the upper limit of 5% of the transaction volume (Zhang 2019). The art exchange only charged a 2.0% commission fee for the open bidding transfer by the network and 1.5% of the amount of the contractual transaction for the transfer by agreement.<sup>8</sup>

These new features serve to distinguish Chinese art funds from their Western counterparts. First, Western art funds generally adhere to private equity fund structures, which are long-term closed-end funds. A private equity fund consists of general partners and limited partners. General partners are given the right to manage the fund, and limited partners are investors who contribute capital to the fund. The investment period of Western art funds is normally 5 to 10 years, which is longer than Chinese art trusts. Even with a much shorter investment term, the return of high-profile Chinese art trusts, such as the aforementioned Zhongrong-Bangwen Heirloom Collective Fund Trust, exceeds some famous Western art funds. For example, BRPF (British Rail Pension Fund) generated an 11.3% annual compound return from 1974 to 1999 (Radell 2005). The Fine Art Group, established by Philip Hoffman, is another example. In 2015, the first fund of the Fine Art Group, launched in 2005–2006, only made an annual net return of 5%, though Hoffman presents it as a “respectable figure” and “better than most unleveraged funds, many of which went bust after 2008” (Shaw 2017). In addition, Western art funds typically do not utilize a third-party investment consultant.

<sup>8</sup> For more details about TACE’s transaction rules, see the TACE website: <http://www.tjcae.com/gzgl.htm>.

However, in the case of Chinese art trusts, investment consultants play an essential role because they not only inject capital to guarantee the funds but also are responsible for the management of the fund. Second, the links between Western art funds and auction houses are not as direct as in China. While ex-auction experts joining art funds' advisory teams is common in the West, auction houses themselves tend to hold a neutral position rather than directly participate in the ventures of art funds. The case of BRPF is an exception, in which Sotheby's closely worked with the fund as a collection advisor. However, this close relationship also raised concerns over the conflict of interest, since "it is alleged that the auction house sold poor-quality works to BRPF" (Horowitz 2011, p. 155). Third, Western art funds rarely offload their portfolios through art exchanges. While several art exchanges were attempted in the US and Europe, they achieved little success. In the US, the Liquid Rarity Exchange attracted media attention in 2012, but further information about its investment offerings and the current status is not available. In Europe, the SplitArt did not get approval from the Luxembourg financial authorities. Art Exchange, a Paris-based art exchange, suffered from insufficient investor interest (Xiang 2018, pp. 1706–707). Given the art exchanges in the US and Europe are not as prosperous as those in China, Western art funds have not offloaded their collections through these art exchanges yet; instead, their sales were conducted through traditional platforms, such as auctions and private sales.

Although these new features constitute the unique characteristics of art funds in China, it does not mean all of the Chinese art funds adhere to these new models and strategies. There are still some high-profile Chinese art funds that have not exhibited such new features. For example, Red Coral No. 1, launched by Terry Art Fund Management in 2009, adheres to the private equity fund structure of a limited partnership. The fund investors committed capital as limited partners, and Terry Art Fund Management was responsible for managing the fund as general partners. The fund raised 10 million yuan (\$1.5 million) from 17 investors, investing in Chinese ink paintings, classic oil paintings, and contemporary art, with an investment horizon of five years. According to its chief operating officer, Red Coral No. 1 returned 25% in its first year (Maneker 2010). Due to the high return it generated, Red Coral No. 1 is usually cited as one of the most successful examples of Chinese art funds.

Nevertheless, Chinese art funds' new features clearly demonstrate how the art fund industry has evolved in a different context: with the entrance of Chinese trust companies, a new type of financial institution, art funds have developed new formats; with the close relationship with Chinese auctions, art funds have developed new partners; and with the prosperous nature of Chinese art exchanges, art funds have developed new sales channels for their collections.

#### 4. The Attitude of Actors in the Chinese Art World toward Art Funds

As a combination of art and finance, the art fund is not just about the financial side, and the art side also needs to be taken into account. Since the aim of art funds is to utilize opportunities from the art market, their relationship with the relevant actors from the art world is essential for art funds' success.

In the West, the art community and financial community have different attitudes toward the relationship between art and money. While the financial community defines a work of art as "Nothing, but" an investment asset, actors in the art world "see art as a unique, incommensurable, cultural or esthetic object, and try to shield it from financial or commercial concerns" (Velthuis and Coslor 2012, p. 473). These differences tend to result in what sociologists call "hostile worlds" (Zelizer 2000; Coslor 2010; Velthuis 2005). According to sociologists' empirical research on the contemporary art market, the "hostile worlds" discourse is widespread among actors of the Western art world, including dealers, curators, and artists. These actors are inclined to set barriers for buyers who purchase art for investment purposes. As one art dealer put it, he wants to "prevent the artwork from becoming an object of financial speculation" (Velthuis 2005, p. 44).

Horowitz applies these sociological arguments to art funds. He suggests that conflicts between actors of the art group and financial group constrain the art funds in their ability to take advantage of trading opportunities in the art market to achieve their financial goals. The reason is that:

The art world circuit (where profit is, but one factor in a more elaborate cultural system: economic plus cultural capital) can be seen to distinguish itself from art funds' financial circuit (where profit rules: economic capital alone). (Horowitz 2011, p. 175)

In China, however, actors from the art world tend to have fewer struggles with the different logic between art and capital. The positive attitude toward investments is particularly popular among actors in the modern and contemporary Chinese art field. It even can be found in the early 20th-century, before the rise of the Chinese art fund. In 1992, a group of ambitious young Chinese critics organized the First 1990s Biennial Art Fair (Oil Painting Section). Their chief goal was to support the development of contemporary Chinese art through establishing a robust domestic market in which art prices boosted by investment capital would help to confirm the academic value of contemporary Chinese art (Lü and Yi 2011, pp. 261–66). This was largely because for several decades, there had been limited resources for modern and contemporary art since both the dominant art institutions in China (e.g., state-owned museums) and mainland Chinese buyers preferred ancient Chinese painting and calligraphy. Thus, in order to achieve their artistic goal, the organizers widely advertised the investment potential of art across various newspapers, publicizing contemporary art as an “exciting new investment opportunity third only to the stock market and real estate” (Wang 2013, p. 18).

As suggested by the First 1990s Biennial Art Fair, the Chinese art community takes a pragmatic attitude toward the relationship between art and money. Their focus is whether art can benefit from financial capital; their efforts are to use capital to actively support art. Since actors in the Chinese art world tend to view the positive side of capital entering into the art field, they are more willing to cooperate with art funds. The cooperation between the Yan Huang Art Museum and CMBC is an important example, which shows how the Chinese art group and investment group can take advantage of each other to achieve their different goals. The Yan Huang Art Museum is the first large, privately run, state-subsidized art museum in China, opened in 1991. The museum founder was the famous Chinese painter Huang Zhou (1925–1997). Since the beginning of the 21st-century, the Yan Huang Art Museum has faced difficulties in the lack of funds and experts. During the time when there were limited corporate sponsorships in China, the museum gained substantial financial support from CMBC. In December 2007, CMBC announced that it would support the Yan Huang Art Museum in Beijing with 100 million yuan (\$15 million) over the next ten years for the upgrading of facilities as well as the exhibition of artworks (Artron 2008). Through the sponsorship of CMBC, the Yan Huang Art Museum changed itself to be a free admission museum and redecorated itself to attract visitors; as its vice curator claims, “a museum is not a government office, because opening to the public is of great importance for a museum. After taking charge of Yan Huang Museum, the first thing we do is to remove the previous fences. Instead, a new “V” shape landscape was constructed so that people passing by the museum can see the inside, which would make them want to walk into the museum” (Zhu 2009). The museum reopened in July 2008 and has reclaimed its position as a modern Chinese art museum (Artron 2008). On the same day of its reopening, the museum also launched a solo exhibition of its founder, “Twentieth-Century Chinese Painter—Huangzhou”, featuring 51 paintings created by Huang Zhou. Since then, it has launched a series of influential exhibitions on the works of modern Chinese art masters, such as Xu Beihong, Liu Haisu, Yan Wenliang, and Fu Baoshi.

While CMBC spent substantial expenses on arts programming, museum development, and acquisitions, their motivation was to benefit the art fund they launched rather than assist just for art's sake. The sponsorship decision was made only six months after CMBC had set up its first art fund, Art Investment Plan No. 1, which signified the financial

purpose behind the sponsorship. More important, through the patronage of the Yan Huang Art Museum, CMBC is able to play a vital role in museum management. Hence, He Juxing, head of the brand management department of CMBC, a crucial figure who promoted the launch of CMBC's first art fund in 2007, took charge of the Yan Huang Art Museum as a curator (Artron 2008). These initiatives allowed CMBC to obtain ideal spaces to store and exhibit works of their collections in two art funds, and art from Art Investment Plan No. 1 and No. 2 were both stored at the Yan Huang Art Museum. Thus, supporting the Yan Huang Art Museum has been a beneficial business strategy for CMBC because the museum can help enhance the provenance and contribute to the artworks' appreciation in value.

Besides museums, contemporary Chinese artists are another crucial type of actors who have established a close relationship with Chinese art funds. The famous Chinese ink painter Cui Ruzhuo is an example. According to the latest Hurun Most Successful Chinese Living Artists 2020, the 76-year-old Cui is the most expensive living Chinese artist, with a total auction revenue of 340 million yuan (\$51 million) in 2019 (Hurun Report 2020). He has held this position continuously for the past six years, during which time his sales at auction reached 4.33 billion yuan (\$216.5 million) (Hurun Report 2020). Cui's success in the art market garnered attention to the capital power behind him, particularly the Ruzhuo·Jing·Guantang Art Fund. This fund was launched by the Guantang Investment Company in 2014. It intends to raise 10 billion yuan (\$1.5 billion) in total for a series of funds, which is one of the most ambitious targets among Chinese art funds. Three funds in the Ruzhuo·Jing·Guantang Art Fund were established at an early stage, with each fund being no more than 500 million yuan (\$75 million), but only investing in works of Cui (Li 2014). The close relationship between Cui and the fund was uncovered, and Guantang Cultural, the related company of Guantang Investment, disclosed in its official materials that "our company has built a long-term cooperative relationship and deep friendship with a series of famous contemporary artists, particularly Cui Ruzhuo" (Sen 2017). The relationship with Cui has allowed the fund to purchase Cui's works at a lower price. An anonymous person familiar with the fund suggests that Cui Ruzhuo probably offers a discount on his work to the art fund; nevertheless, how Cui Ruzhuo determines the price of the works he transfers to the art fund is still unknown (Li 2014). Besides a lower purchase price, Guantang Cultural further elaborates on how this relationship benefits its art business:

The company achieves high appreciation, making the maximum benefits of art transaction through monopolizing the production, commanding the price right, long-term investment, and long-term cultivation. During this process, the company itself, distributors, and clients will share the appreciation value. (Sen 2017)

The collaboration not only benefits the art funds in terms of investment return, but it also rewards Cui since he can take advantage of the capital power to achieve his broader artistic goals. This is because investing in Cui's work is only an early stage project of the fund, and at the next stage, the fund will be used to establish a museum and cultural properties based on Cui's work. More important, in the final stage, the fund will be involved in the construction of an art prize system proposed by Cui.

Among all Chinese artists, young artists in their early careers are even more willing to cooperate with art funds. As an art fund manager states, "they do not discriminate against us, rather they are happy to work with us. During the process of working together, some young artists even bring up new ideas to help promote themselves; these are the differences between the young and old generation" (Gu 2012a). The Boya Art Fund is a typical example that cooperates with young artists on a large-scale. This fund began to use data tools to analyze the performance of young Chinese artists in 2011. It launched the first art fund in 2014, investing in the Art Nova 100 project. Through this project, the Boya Art Fund obtained one-year exhibition rights for three works from the artists involved. Then, the fund held different kinds of exhibitions, such as tour exhibitions, theme exhibitions,

and solo exhibitions in several cities in China and sometimes abroad. After the one-year exhibition ended, if the works were not sold, they would be returned to the artists. Overall, the collaboration between art funds and young artists is rewarding for both parties. For art funds, compared to investment in artists who have established their fame, investing in young artists is cost saving. For young artists, since they have much fewer resources than more famous artists, participating in art funds allows them to gain access to a large-scale promotion platform, which is a valuable opportunity to develop their careers.

Of course, the prevalent positive attitude toward using capital to support art does not mean that the “hostile worlds” discourse has disappeared in the Chinese art world. Some of the actors still criticize the contaminative effect of capital on the arts. However, compared to their Western counterparts, they do hold a more cooperative attitude toward art funds. Even dealers, who have the most negative judgments on the speculative objective of art funds in the Chinese art world, still demonstrate their openness to the possibility of compromise to some degree. The response to art funds by Lorenz Helbling, founder of the famous ShanghaiART Gallery, represents one example of this attitude. While he believes that “art funds and other wealth management products which attempt to the financialization of art would be a disaster,” he admits: “Indeed, art needs money, art market needs money. If an art fund is to support the development of art, we would like to cooperate with it” (Deng 2011).

Although the “hostile worlds” discourse invoked by actors in the art world is more common in the Western art market, these barriers also have their limits. The most obvious evidence is that a large number of transactions at auctions involve contemporary art, which implies that the speculation cases cannot be neglected. Plus, exceptions probably can be seen when the buyer offers a much higher price; as Horowitz admits, “we find that many dealers will ignore these codes and sell an artist’s work nevertheless” (Horowitz 2011, p. 177). Although the “hostile worlds” explanation has its limits, it still dramatically demonstrates the cultural differences between the Western art world and the Chinese art world. Given their pragmatic attitude toward capital, members of the Chinese art world are more tolerant of investment groups. Thus, Chinese art funds are confronted with much fewer limitations due to the “hostile worlds” than their Western counterparts.

## 5. Limitations for Art Funds in China

Given that art funds in China are breaking through one of the most significant barriers that their Western counterparts have struggled with, one may assume that the success of Chinese art funds would continue for decades. However, the prosperity of Chinese art funds did not last long. Why did Chinese art funds turn out to be a “boom and bust” phenomenon, and since the limitations are not from the Chinese art world, what kind of limitations do they must deal with?

As the products of innovation in financial instruments, art funds launched in the early stage benefited from a relaxed environment because the existing regulatory framework could not be applied to art funds. However, with the introduction of a series of new regulations, the launch and operation of art funds have become more complicated, which directly affects their accessibility.

In 2013, the China Banking Regulatory Commission (CBRC) prohibited commercial banks from selling private equity funds to customers. Since then, one of the most critical sales channels for the limited partnership type of art funds has been limited (Huang 2014). After the issuing of *Provisional Measures on Supervision and Administration of Privately Raised Investment Funds* (henceforth *Private Funds Measures*) by the China Securities Regulatory Commission (CSRC) in 2014, alternative investment funds, including art funds, were no longer able to sidestep regulatory oversight. The *Private Funds Measures* along with other two regulations—*Measures on Private Investment Fund Behavior* launched by the Chinese Fund Industry Association in 2016 and *Guidance Opinions Concerning Standardization of Asset Management Operations by Financial Institutions* (henceforth *Guidance Opinions*) initiated by four departments of the Chinese financial authority in 2018—set strict limits on the

launch and operation of art funds. In particular, fundraising institutions must meet two requirements: (1) have registered at CSRC and gained qualification for their fund business; (2) have joined the membership of the Chinese Fund Industry Association (Huang 2018). According to this rule, art funds that originated from the boom years are not able to launch new funds because many of those art fund issuers are no longer qualified to raise funds.

For art trusts, the restrictions are even tighter than those for limited partnership art funds. Three regulations imposed on trust companies by the CBRC in 2014 have had a significant impact on the incentives for launching trust products related to art. The Trust Companies Risk Regulation Guideline issued in April requires trust companies to affirm the need for strict adherence to the requirements on private placement and qualified investors, as well as risk and information disclosure. The Notice on Adjustment of Net Capital Calculation Standard of Trust Companies introduced in the same month sets the accruing proportion for art trusts at 6%, the highest percentage among all of the trust products (Huang 2014). In August, the Draft of Guidelines on the Rating and Classified Regulation of Trust Companies was issued. According to this draft, the banking regulator will rate trust companies at six different levels in terms of risk, asset, and compliance management and classify companies. The results of the rating process will impact the CBRC's regulatory planning for trust companies, the allocation of regulatory resources, and corresponding regulatory measures (Jiang 2014). Under such circumstances, trust companies will be more cautious about launching art trusts because of the higher requirements for information disclosure and accruing proportion. In addition, since art investments involve high-risk if the art trust underperforms, the trust company's rating will likely be influenced, which can bring danger to its business.

Maintaining credibility is another challenge that Chinese art funds must deal with, as media reveal the scandals and cases of default in this industry. The close relationship between banks, trust companies, and auction houses in the Chinese art fund industry make conspiracies more tempting. In 2012, three important figures in the Chinese art fund industry, Beijing Bangwen's Huang Yujie, CMBC's He Juxing, and Ya Ying Tang's Wang Yaohui, were involved in an investigation. The case initially was about art tax issues, but later other suspicions about art funds became the focus of the media. One concern was how art funds' capital was raised. Art funds could sell artworks bought at a low price to investment consultants at a high price; then investment consultants could use the high-priced artworks as collateral for the trust company, and the artworks would later be packaged as trust products raising funds from investors; thus, the funds could be used to make another round of purchases at auctions.<sup>9</sup> Another concern was how the raised funds were managed. The actual use of capital from the art funds may not be invested in the art marketplace, but instead to the issuer's related property company (Luo 2012; Gu 2013). Given the restrictive policies imposed on the property market, real estate developers could hardly get loans from banks. Instead, they turned to establish art funds, through which the raised money was used to finance their property projects.

Ya Yin Tang was suspected to be the kind of case that raised funds through high-priced artwork and then invested in real estate. Its underlying asset *Di Zhu Ming*, a calligraphy work by famous Song dynasty literati scholar Huang Tingjian, was purchased at a Beijing Poly auction in 2010 with a record-breaking price of 436.8 million yuan (\$65.5 million). The work was quickly used as the underlying asset for Ya Ying Tang to raise funds through Jinlin Trust. Media revealed that the fund probably went into Wang Yaohui's related property company. Furthermore, the real purpose of the fund was not the only suspicious issue. The authenticity of the work *Di Zhu Ming* was doubted by art experts, who thought that the auction deal was a fabricated transaction with inauthentic work aimed at achieving a sky-high price to launch an art trust (Fan and Ye 2012).

<sup>9</sup> For more details see Yishupin Xintuo San Da Zhuangjia Bei Cha (Three market makers were under investigation), available online: [https://news.artron.net/20120630/n244619\\_1.html](https://news.artron.net/20120630/n244619_1.html).

Besides the scandals, cases of default increased after the Chinese art market experienced a fluctuation in 2012. These also endangered the credibility of Chinese art funds. Investors in the Fragrant Blossom Stone Neo-Chinese Painting Art Investment Trust, for instance, were told that the annual investment return of this fund would achieve 12%, yet even after a one-year investment horizon extension, this art fund only returned the investment capital to the shareholders and did not pay any dividends.<sup>10</sup> Another example was Shenzhen Xingshi, which advertised an annual investment return rate of 20% and through sales channels raised 86.82 million yuan (\$13 million) from 162 people for six funds. After a two-year duration and an option of a one-year extension, the funds failed to deliver the promised return. An investigation showed that from 2012 to 2015, Xu Yongbing, board chairman of Xingshi, had paid 28,964,800 yuan (\$4.3 million) back to the investors, approximately 30% of the initially raised fund.<sup>11</sup>

The aforementioned Guidance Opinions have brought more uncertainty to the art funds industry, as it breaks the conventional guarantee methods in the asset management business. In the past, when asset management products defaulted, the guarantee money would be used to make payments in the first place; sometimes, the government also helped investors receive back their money if the defaulted cases generated concern in the media. Those protective conventions made Chinese investors tend to underestimate the high-risk associated with asset management products. With the new regulation breaking the guaranteed payments convention if the art funds fail to make payments, neither the issuers nor the government will back repayments; investors themselves instead must accustom themselves to dealing with the risks.

Liquidity is a significant factor influencing the performance of art funds. As Xiang suggests, “compared to other assets, achieving in the art market presents a set of unique challenges” (Xiang 2018, p. 1713). This burden is more substantial for art funds in China, particularly due to the short investment term, which means they need to liquidate collections very quickly, rather than waiting for an optimal selling time to gain the maximum price. Art exchanges used to bring continuous trading opportunities for art funds in China, which was an innovative avenue for Chinese art funds dealing with liquidity. However, the government’s attitude changed when it found that the surging of investors, along with substantial capital, could fuel excessive speculation and lead to considerable art price fluctuation.<sup>12</sup> In order to protect the developing Chinese art market, the government decided to take measures to curb art exchanges. With the launch of the Decision on Straightening out and Rectifying Various Types of Trading Venues and Effectively Preventing Financial Risks by the State Council in November 2011, and a subsequent policy called the Opinion on Implementing and Carrying Out the State Council Decision to Strengthen the Supervision of Cultural Property Rights Transactions and Trade in Artworks by five departments in December 2011, divided shares of ownership were prohibited from being publicly listed on art exchanges.<sup>13</sup>

Although the two policies do not stop other forms of art trading if they do not deal with divided shares of ownership, the curbing of artwork shares trading places stress on the liquidation of art funds. In 2012, many art funds encountered tremendous obstacles due to the policy change regarding art exchanges, particularly those art funds using art exchange

<sup>10</sup> The Fragrant Blossom Stone Neo-Chinese Painting Art Investment Trust launched in 2011 by Shanghai Zendai Culture Development Limited Company, a branch of Zendai Group, with a special focus on contemporary Chinese art. Many investors participated in this fund through the China Everbright Bank’s Shanghai branch. See (Cui and Cheng 2016).

<sup>11</sup> Xu was arrested in 2016 and trialed in 2018, charged with illegally accumulating public funds. He was sentenced to five years in jail, with a penalty of 100,000 yuan (\$15,000). See (Wang 2018).

<sup>12</sup> Take the transaction at Tianjin Art Exchanges, for example. The first group of artworks listed on the Tianjin Art Exchanges included two paintings, *Yellow River Roaring* (Huanghe Paoxiao) and *Autumn of Yansai* (Yansai Qiu) by Tianjin local artist Bai Gengyan, with an appraised value of 6,000,000 yuan (\$900,000) and 5,000,000 yuan (\$750,000), respectively, divided into 6,000,000 and 5,000,000 shares, with the issue price of 1 yuan (\$0.15), minimum purchase price of 1000 yuan (\$150), using a T + 0 trading model. In just a few months, the value of the two paintings reached 103 million yuan (\$15.45 million), about 52 times the artist’s highest price at auction.

<sup>13</sup> For more discussions on the two policies imposed on Chinese art exchanges, see (Zhang 2019).

as their main avenue for offloading works (Gu 2013). More importantly, the regulations on art exchanges have profoundly influenced cultural policies in China, which signals that “the government’s cultural finance policies tend to be conservative” (Zhang 2019).

## 6. Discussion and Conclusions

This paper seeks to expand the discussion of art funds to the Chinese context. My study explains how art funds have evolved within the specific Chinese economic, cultural, and political environment. The dynamics of the art finance market have cultivated new features for art funds in China. With the entrances of new institutions, new actors, and new markets, Chinese art funds have developed art trusts as new formats, auction houses as new collaborators, and art exchanges as new sales channels. The actors in the Chinese art world tend to hold a pragmatic attitude toward the relationship between art and money. That is, they are more willing to take advantage of capital to support art rather than be against capital. Chinese policies have had a significant impact on Chinese art funds, particularly those regarding cultural industries and financial investment. While the rise of Chinese art funds has greatly benefitted from encouraging policies in 2009 and 2010, the tight regulatory policies launched since 2013 have set limitations to Chinese art funds that have primarily resulted in the decline of art funds in China.

This study on Chinese art funds contributes to a broader understanding of the landscape of the art fund industry in the global market. The case of Chinese art funds demonstrates how art funds in emerging markets differ from those in the West. The close relationship between art funds and actors in the art market also can be seen in India. As Horowitz notes, Indian art funds and leading Indian galleries and auctioneers work closely, but in the West, “these parties have tended to erect far more rigid barriers between themselves and art funds” (Horowitz 2011, p. 182). The regulatory policies launched by the government also have had a profound impact on art funds in India, with the decline of Indian art funds largely being due to the tightening of regulations imposed on them. This is because according to the advisory issued by the Indian financial regulator (SEBI) in 2008, “they should fall under the regulation of collective investment schemes (CIS), with which none of the funds had registered” (Deloitte and ArtTactic 2011, p. 18).

This research also brings new perspectives to the discussion of art investments in the field of sociology. In the West, the relationship between the art group and financial group tends to be what sociologists call “hostile worlds.” However, the case of Chinese art funds shows the two groups are not actually that much in conflict; instead, they are more willing to work with each other to achieve their own goals. While people in the Chinese financial community use art as an instrument to gain economic rewards, members in the Chinese art world manage to take advantage of capital as an instrument to support the arts. Since the art fund “is a key element in the story of art’s financialization” (Upton-Hansen 2018, p. 63), to take this discussion further, Chinese art funds offer a new explanation of the phenomenon of the “financialization of art.” Velthuis and Coslor define the term as how “markets have seen the emergence of new financial instruments and that they have become affected by the ‘increasing role of financial motives, financial markets, financial actors and financial institutions the operation of... economies’” (Velthuis and Coslor 2012, p. 471). In the Chinese context, on one hand, the rise of Chinese art funds does bring growing financial forces into the art market. On the other hand, the Chinese art world also progresses by actively cooperating with art funds. Thus, the case of Chinese art funds suggests the financialization of art is a mutually beneficial interaction between artistic motive and financial motive, art markets and financial markets, artistic actors and financial actors, and artistic institutions and financial institutions.

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