Not only do luxury collectables represent a safe asset investment, they are a way of illustrating status and a sense of having ‘arrived’.

Knight Frank Wealth Report, 2016

Wine lovers who scraped together £300 (£1,028 in today’s money) for a case of Lafite Rothschild in 1982, and have resisted the urge to drink it, are now sitting on a £28,000 nest-egg. Few equities have done so well.

The Economist, 2015

This is no flash in the pan. Since 2001, when Liv-ex began its 100 Index, wine has significantly outperformed the leading equity indices in western markets with an average annual return of 16%.

Decanter, 2010

Our findings show that the inclusion of wine in a portfolio and, especially, more prestigious wines, increases the portfolio’s returns while reducing its risk.

Masset et al. (2010) Wine as an alternative asset class. Journal of Wine Economics (5) 01: 87-188
Capital Vintners is a leading London fine wine brokerage and merchants. Established in 2005, the company has amassed a thriving client base of thousands, offering a variety of services in the fine wine market. We specialise in buying and selling the finest wines, mostly from Bordeaux, but also Burgundy, Champagne, the Rhone Valley, Tuscany and California.

**Our Services**

- We provide fully comprehensive fine wine portfolio management
- We store over £25 million worth of our customers’ wines in the most secure locations in the UK, with all wines stored in individuals’ private named accounts for maximum protection
- We are affiliated with the London International Vintners Exchange (Liv-ex), giving us live minute-by-minute market data, as well as offering the service of selling our clients’ wines over the Exchange
- With over £1 million of stock at our disposal, we can offer our clients the finest range of the best wines in the world.

“Capital Vintners’ invaluable support has been appreciated by me over the past few months. Your prompt attention and communication helped enormously, and I look forward to our continued association.”

W.M, Isle of Man (2014)

Capital Vintners is an accredited member of the London International Vintners Exchange (Liv-ex), the global marketplace for trade professionals of fine wine. Established in 1999 the Exchange has brought new standards of efficiency and transparency to a traditional opaque market.

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**How Wine Investment Works**

**Unique supply and demand dynamics**

The very best Bordeaux wines are produced according to strict production laws, creating steady demand for a class of wine in finite supply. Fine wine improves naturally with age and supply is gradually reduced as a vintage is consumed, ensuring further appreciation and rising demand.

**Strong performance**

Over the last 20 years, fine wine has outperformed financial markets 98% of the time. Since 1988, wine has shown negative returns in just one five-year hold period, compared to 72 negative periods for the FTSE 100. On average, investment wine delivers a compound annual growth rate of over 12%.

**Tangible and tax efficient**

Fine wine has inherent physical value unlike stocks or shares, and is classed as a “wasting asset”, making it generally free from Capital Gains Tax. However, we always advise that you consult your accountant on the disposal of your acquisitions.

**Steady in the face of market pressures**

Fine wine has withstood two recessions and proven to be less volatile and less susceptible to economic downturns than stocks & shares, property and gold. The price of fine wine also tends to increase with inflation, ensuring the preservation of wealth in periods of rising inflation.

We hope you find this brochure informative – should you have any questions, do not hesitate to get in touch.

Kind Regards,

Capital Vintners
“We only began investing in the fine wine market with Capital Vintners in October/November last year and it is amazing that in less than 12 months we have made a profit of £875 (17%) on the sale of one case, which you sold for us recently. I am so pleased that I chose to invest my pension nest egg with Capital Vintners and would like to thank my broker and yourself for your valuable advice in setting up and managing our portfolio. I would be more than happy to recommend you and Capital Vintners to anyone looking to obtain a good return on their investment in the fine wine market.”

NW, Wolverhampton (2014)

Market Growth & Performance

There couldn’t be a better time to get into the fine wine market. Global economies are recovering from the last financial crisis and investors are returning to the markets looking for ways to diversify their portfolios. Since the Asia-led 2006 boom and 2011 bust, fine wine has experienced significant growth – a sign that the market is returning to its full strength. Here are just a few reasons why now is a great time to start collecting.

Fine Wine outperforms other financial markets

In the second half of 2015, most markets were under considerable pressure due to renewed macro-economic uncertainty. The Fine Wine market performed better than most other financial assets, gaining 6.9% in Euro terms. This illustrates the market’s unique ability to withstand economic downturn whilst continuing to show healthy returns for investors.

Wine is the second best-performing luxury collectible

Data from the 2016 Knight Frank Wealth Report shows that fine wine is the second most lucrative long-term luxury investment after classic cars. This further confirms that fine wine can show significant returns provided the investor is committed to a medium-long term hold.

<table>
<thead>
<tr>
<th>Luxury Asset</th>
<th>12-month change</th>
<th>5-year change</th>
<th>10-year change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classic Cars</td>
<td>17%</td>
<td>162%</td>
<td>490%</td>
</tr>
<tr>
<td>Fine Wine</td>
<td>5%</td>
<td>32%</td>
<td>241%</td>
</tr>
<tr>
<td>Coins</td>
<td>13%</td>
<td>92%</td>
<td>232%</td>
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<tr>
<td>Art</td>
<td>4%</td>
<td>28%</td>
<td>226%</td>
</tr>
<tr>
<td>Stamps</td>
<td>2%</td>
<td>27%</td>
<td>166%</td>
</tr>
<tr>
<td>Jewellery</td>
<td>4%</td>
<td>65%</td>
<td>155%</td>
</tr>
<tr>
<td>Watches</td>
<td>5%</td>
<td>35%</td>
<td>67%</td>
</tr>
</tbody>
</table>

Source: Knight Frank Wealth Report 2016
Market shows biggest growth in over three years

Liv-ex has built the world’s largest database of standardised fine wine prices, and is the leading source of independent fine wine price information and research.

The Liv-ex Fine Wine 100 - the industry’s “benchmark” index – closed April on a high for the fifth consecutive month for the first time since early 2011, gaining 6.1% so far in 2016. The bid:offer ratio – the total value of bids divided by the total value of offers – was 1.63, a clear sign of healthy demand.

“Having seen prices fall for five consecutive years, buyers seem to be making the most of physical stock available,” said Liv-ex director Justin Gibbs.

The majority of the index consists of Bordeaux wines, although wines from Burgundy, the Rhone, Champagne and Italy are also included. In order to qualify, wines must have achieved a 95-point score or above from a leading critic and attract regular trade on Liv-ex.

It was a similarly good month for the Liv-ex Fine Wine 50, which closed April 1.2% higher, up a total of 7.1% year to date. Growth is predicted to continue well into 2016.
Critics and their Influence on the Market

The Life Cycle of a Fine Wine

1. *En primeur*
   The wine is still in barrel but can be bought by customers, to be released after two years. This is normally the best time to secure wines at the first release price, enabling maximum potential for capital growth.

2. *Cellared*
   The usual period is 10 years, but it varies between wines and vintages. During this time, complex chemical reactions occur involving the tannins, sugars and acids that bring about maturity and add to a wine’s value.

3. *Ready to drink*
   This is dependent on several factors, and ultimately it’s the critics that have the final say in the matter. This is also when price tends to escalate according to demand, as supply diminishes.

Robert Parker’s Parker Points System

- **96 - 100:** An extraordinary wine of profound and complex character displaying all the attributes expected of a classic wine of its variety. Wines of this calibre are worth a special effort to find, purchase, and consume.
- **90 - 95:** An outstanding wine of exceptional complexity and character. In short, these are terrific wines.
- **80 - 89:** A barely above average to very good wine displaying various degrees of finesse and flavour as well as character with no noticeable flaws.
- **70 - 79:** An average wine with little distinction except that it is a soundly made. In essence a straightforward, innocuous wine.
- **60 - 69:** A below average wine containing noticeable deficiencies, such as excessive acidity and/or tannin, an absence of flavour, or possibly dirty aromas or flavours.
- **50 - 59:** A wine deemed to be unacceptable.

Robert Parker is the single most influential person in the world of wine” The Observer.

Robert Parker has had a profound effect on price movement and demand for fine wines across the globe. His 100-point rating system still defines wine criticism and may do for some years to come, despite his recent announcement to step down from reviewing Bordeaux wines and focus instead on California.

Neal Martin
Parker will hand over his responsibilities in the Gironde to British critic Neal Martin. Having started his career as a wine trader, Neal’s writings on his website Wine Journal soon attracted a huge following and have led to his present-day position as a renowned wine critic and journalist. He specialises in Sauternes and the Pomerols, and published a highly-praised book on the history of the Pomerol commune in 2014.

Allen Meadows
American critic Allen Meadows is the industry’s most respected expert on Burgundy wines. A former financial executive and private wine collector, he decided to follow his passion for wine after reading a publication in Wine Spectator in 1997. In 2000 he launched the Burghound.com site providing subscribers with up-to-date reviews of Burgundy, California and Oregon Pinot noir wines.

Wine to me is something that brings people together. Wine does promote conversation and promote civility, but it is also fascinating.

Robert Parker

“I have been a client of Capital Vintners for the region of around 2 years now. The company are very good to its clients as they do their best to look after clients who are of medium means as well as clients who are of higher means.”

JN, Durham

Neal Martin

Robert Parker

Allen Meadows
Here are just a few examples where critics’ influence has shaped the market for investment-grade wine.

**Lafite Rothschild 1982**
In 1995, Parker awarded this wine 98 points and said it would be ready to drink by 2003-2005. As can be seen from the graph, there was a small increase in price between 1995 and 1997. Then in 2000 he revised his score to a perfect 100 points and estimated drinking time to be 2007+. This in turn caused market price to soar around 2006 and explode over the next five years. Combined with the Asian market boom of the time, Lafite is the perfect example of a wine that can produce incredible returns on investment. In 2010 Parker downgraded his score again to 97+, reflected Lafite’s decrease in value over the last few years.

**Domaine de la Romanée-Conti 2000**
Domaine de la Romanée-Conti or DRC, one the world’s top wines, produces a mere 450-500 cases annually of its finest wine, Romanée-Conti, pushing demand through the roof. Allen Meadows wrote that the 2000 vintage should be drunk from 2011 onwards, and improved his score for the wine from 91 points in 2002 to 94 in 2007. As can be seen from the graph, DRC is the perfect example of a wine that is so highly sought-after that it can quadruple in value over a 13-year period.

**Latour 1986**
On Parker’s first tasting of Latour 1986 in 1993, he anticipated maturity to be somewhere between 1996 and 2012. Then in 2000, when he re-tasted the wine, he changed his estimates to 2005-2020. As can be seen from the graph, the value of the wine exploded in 2005, and over the following decade has almost trebled in value.

**Other Critics**

**Jancis Robinson MW** is a British wine critic who provides advice for the Queen’s wine cellar. In 1984 Robinson became the first person outside the trade to become a Master of Wine.

**James Molesworth** is a Senior Editor at Wine Spectator, a leading industry publication that reviews tens of thousands of wines and organises the yearly event Wine Experience.

**James Suckling** is an American critic and former Senior Editor of Wine Spectator, specialising in Bordeaux and Italian wines.

**Lisa Perrotti-Brown** is an American wine critic who took over Robert Parker’s responsibilities as Editor of The Wine Advocate.

**Tim Atkin MW** is a British critic and an award-winning wine journalist, broadcaster and commentator. He is a judge of several international wine competitions.

**Michael Broadbent MW** is a British Master of Wine who has won countless awards for his dedication to wine writing.

**Antonio Galloni** is a renowned American critic who worked for the Robert Parker’s The Wine Advocate and now runs his own internet publication.
The world of fine wine

France remains the premier wine producer in the world. Its vineyards have been producing highly sought-after wines for centuries and continue to do so to this day, however there is increasing competition from other regions such as Tuscany, Napa Valley and Australia.

The First Growths (‘Premier Crus’)

Château Latour
- Paulliac, Médoc region
- 190 acres of vineyards
- Annual production of 18,000 cases
- Cabernet Sauvignon (74%), Merlot (24%), and the rest Cabernet Franc and Petit Verdot
- An ‘impériale’ (6-litre bottle) sold for £135,000 in 2011

Château Haut-Brion
- Pessac-Leognan, Graves region
- 125 acres of vineyards
- Annual production of 12,000 cases
- Merlot (45%), Cabernet Sauvignon (44%), Cabernet Franc (10%) and Petit Verdot (1%)
- First recorded Premier Cru to be transported to the USA

Château Mouton-Rothschild
- Paulliac, Médoc region
- 203 acres of vineyards
- Annual production of 20-25,000 cases
- Cabernet Sauvignon (77%), Merlot (11%), Cabernet Franc (10%) and Petit Verdot (2%)
- Every year the Mouton label is designed by a famous artist – Dali (1958), Picasso (1973) and Warhol – pictured right – (1975) have all featured
Champagne
The most famous sparkling wine region in the world contains some of the most renowned wine producers. Louis Roederer, Cristal, Dom Perignon, Krug, Bollinger and Taittinger are all brands that carry worldwide recognition. Still seen as the ultimate luxury commodity, Champagne provides investors with a great opportunity to take advantage of the blossoming Asian market for sparkling wine.

Burgundy
The region of Bourgogne (known as Burgundy) has become a genuine contender for the most highly sought-after area of wine production, largely thanks to the Hong Kong auction market. China is now the fifth largest market for Burgundy in terms of value.

Burgundy has more appellations d’origine contrôlée (AOC) than any other French region. The most famous estate in Burgundy is Domaine de la Romanée-Conti (DRC). These vineyards produce some of the most expensive wines in the world. In 2015, a mere six bottles of 1990 DRC sold at a Sotheby’s Hong Kong auction for just over £112,000 – almost £19,000 a bottle – and overall DRC sales amounted to over £7.3m that year. With only 450-700 cases produced by the Romanée-Conti estate per year, demand for these wines is skyrocketing.

The Rhône Valley
Wines from the Côtes du Rhône region are largely produced with the Grenache grape. At the highest level there are 15 Crus that are labelled according to their village names, including Châteauneuf-du-Pape, Crozes-Hermitage and Côte Rôtie. In recent years single vineyard wines have become popular (thanks to the efforts of Marcel Guigal), with the most lucrative being La Mouline, La Landonne and La Turque (often known collectively as the Lalas).

California
In 1976 the Napa Valley received a boost in worldwide recognition when a couple of its wines outperformed several famous French labels. With over 450 wineries in Napa, the Californian wine region is now one of the most popular wine tourism areas in the world.

With an annual production of only 400-750 cases, Screaming Eagle is the top name in American wine. The 1992 vintage was awarded a Parker score of 99 points and can sell for over £5,000 a bottle. Opus One – another Californian winery – was established in 1982 by two of the wine industry’s giants: Baron Philippe de Rothschild and Robert Mondavi. Their aim was simple; to create a Bordeaux-style wine with Napa Valley Cabernet Sauvignon. With Rothschild’s name on the label, this wine helped to put Napa on the map, and Opus One, together with Screaming Eagle, lead the way in terms of quality American wine.

Italy
Italy is the only country in the world that produces as much wine as France, with nearly a quarter of worldwide production coming from the country. The UK, Germany and the USA are the leading importers of Italian wine. With over 4000 years of wine production behind them, Italian vineyards produce some incredible wines including the mighty Barolos and the ‘Super Tuscans’ that are gradually making their way into the list of top investment wines, namely Tignanello and Sassicaia.

Australia and New Zealand
One of the largest exporters of wine (especially to the UK), Australia has the reputation for supplying low-end wine at affordable prices. But if you look beyond the supermarkets, you’ll find there’s more to these established vineyards than meets the eye.

Penfolds is considered one of the best producers in Australia. For example, a case of 1990 Penfolds Bin 95 can sell for over £4000. Ever since wine critic Oz Clarke remarked that New Zealand Sauvignon Blanc was the best in the world, consumers have been devouring wine from the country’s vineyards, especially the renowned Cloudy Bay in Marlborough, a region said to have the best climate and soil for Sauvignon Blanc in the world. New Zealand wine production has increased year-on-year since 1995 and now stands at over 200 million litres.
“I was pleasantly surprised when Capital Vintners announced the arrival of Cellar View rolling out for their clients. This concise database in its early stages is superb and I am sure that as time goes on it will be modified and refined to cover all aspects of managing a personal portfolio of fine wines. Well done Capital Vintners.”

D.T, Ayrshire (2014)

“Capital Vintners provide a good selection of wines for which they arrange good storage facilities.”

D.B, Vienna (2014)

**Storage**

**Vine International**
Capital Vintners uses Vine International, a partner company of Liv-ex, for their meticulous storage, settlement and distribution services. We have found them to be excellent providers in terms of efficiency, cost-effectiveness and technical attention to detail, especially when dealing with stock condition checks.

We currently store over 5000 cases of our clients’ wines at Vine International and EHD, worth a total of over £20 million.

All our customers have their own private named account, which means that complete ownership and control of the account is with the customer.

**Why Vine?**
Vine offers a unique and seamless solution to fine wine storage and transport. This includes:

- Temperature controlled, highly secure warehouse space at the heart of international trade in London, Bordeaux and Hong Kong
- A team of dedicated, highly-skilled experts
- Fully documented standards of practice to ensure consistency and transparency.
- Unique case identifiers (UIDs), condition checks and photographs to allow validation of case identity and ownership as well as efficient tracking and location.
- Easy-to-use web access to stock records, movement details and photographs.
- An Instant Transfer system, allowing change of ownership with a single click. This eliminates physical movement, reduces costs and risks, saves time and allows for higher stock turnover.

**Capital Vintners is one of the top 10 suppliers to Vine, Live-ex’s storage and transport provider**

**EHD London**
Capital Vintners also maintains a continued association with Locke King Vaults at EHD London for the storage of our customers’ wines. EHD currently stores in excess of 268,000 cases on behalf of over 300 clients. Customers include fine wine merchants, major auction houses including Christie’s, premier brands, retailers, media celebrities and private individuals.

**EHD’s fascinating provenance**
The ex-wartime shelters that make up Locke King’s storage facilities are a concrete-lined labyrinth of corridors, 2m high by 1m wide complete with gas tight doors, air filtration equipment and water supply. When joint Managing Directors Michael and Stuart Phelps had the opportunity to acquire the site in August 2009, after it had lain dormant for over sixty years, they knew immediately it was the perfect storage facility.

**The ‘Sommelier Touch’**
The service element is crucial to Locke-King’s customer proposition. Managing Director Stuart Phelps explains: “Fine wine is a delicate, inherently fragile and very valuable commodity. Our existing logistics team is probably one of the most experienced in Europe when it comes to moving and re-siting collections or auction purchases. In particular, we transport and handle our clients’ wine investments as a sommelier would.”

**Cellar View**
Capital Vintners is one of only a handful of companies offering their clients access to a unique online portal in which they can view their fine wine portfolio.

Using software developed in house by our team of specialist technicians, customers’ stock lists are automatically updated with information from our storage providers and displayed in an easy-to-access format for clients to refer to at their leisure. This includes case UIDs or rotation numbers, location (Vine or Locke King) and value at the time of purchase.

Clients also have the option of requesting a condition check through Cellar View for any one of their cases of wine at any time.
FAQs

Why are there no prices in the brochure?
The fine wine market is constantly moving and evolving; it is a live market after all. Therefore prices can change quite considerably on a day-to-day basis.

Can I drink my wine?
Yes you can, at any time (although we don’t necessarily advise it). If you take a case of wine out of bond, you will pay 20 per cent VAT, plus £2 per bottle for Duty. So for example, if you wish to take your case of Montrose 2010 that had an In Bond price of £1,850, you will pay £2,248.80 (plus any delivery costs).

Can I see my wine?
Your wine will be either be stored at Vine International or EHD London Locke-King Vaults. You can book an appointment (via your Capital Vintners broker) if you would like to go to view your portfolio. Alternatively you can have a condition check of your wine, at a cost of £15 (+VAT) per case.

How do I know my wine is in my own private account?
New customers receive a Stock Report, containing the UIDs and Rotation Numbers of each case of wine. You also receive an online log-in to access your account, so you can view your wine portfolio from the comfort of your own home.

Is there a minimum spend?
We endeavour to tailor our offers to everyone’s needs. Cases range from £500/cs to £75,000/cs, and a tailor-made investment portfolio lies within the range of £10,000 - £50,000, depending on investor liquidity.

What is Liv-ex?
The London International Vintners Exchange is the global platform that is used by merchants and brokers to buy and sell fine wine. As a member of the Exchange (of which there are fewer than 350), we are in a position to offer to connect our clients with the world and can sell their wine on the Exchange. Added to this is the vast amount of data the Exchange can offer us, and in turn, our clients, and it is not hard to see how valuable this partnership really is.

How long should I hold my wine for?
Our brokers are given daily updates on the market by our Data Team, so they have a vast array of information at their fingertips. Therefore your broker knows best when it comes to holding onto your wine, or selling it. We usually recommend a longer hold than most commodities – roughly 5-10 years or longer. The underlying principle of fine wine investment is that diminishing supply over time raises demand and pushes up the price. Hence, the more cases of a particular wine that you invest in are drunk, the more the asset will increase in value.

How do I exit the market?
Contact your broker, who will give you the advice that you need to think about an exit strategy. But remember; we take 10% of the total sale price if you sell within two years. Sell after two years of holding your wine and we only take 10% of the profit. If you decide to sell your wine on Liv-ex (through us), we charge 7% of the sale price.

What are our storage charges?
For new clients, storage for the first case of wine that you purchase from us is free for the rest of that year. After that, our charge is £15 (+VAT) per case per year. We also have a standardised minimum term of 6 months, which carries a charge of £7.50 (+VAT) per case. This comes into force if you purchase a case of wine from us after June 30th (the mid-point of the calendar year).

I already own cases of wine. Can I sell them to Capital Vintners?
If the cases are in good condition and are stored in a reputable UK bonded warehouse, we would be happy to value your wine and make an offer. As part of our terms of purchase, all units are liable for a condition check priced at £15 + VAT per unit.

Where can I find more information about the fine wine market?
Our website contains a wealth of information, market data and a blog which is updated weekly, covering various topics of interest in the winemaking and wine investment fields. This can be accessed at www.capitalvintners.com.

We look forward to welcoming you to this exciting market.