

# Add some sparkle to your portfolio

The very top Champagnes are showing healthy returns, making them a good avenue to explore beyond Bordeaux, says **REBECCA GIBB**

**C**hampagne came to the world's attention last year when national newspapers proclaimed bubbly as a shrewd investment prospect. Figures from Liv-ex's Champagne 25 Index showed a 27% rise in value in the year to June 2008. The Index tracks the price of 25 of the world's top vintage Champagnes and showed impressive growth when compared to an 8% rise in the Bordeaux-dominated Liv-ex 100. FTSE 100 shareholders were green with envy having seen the value of their stocks fall almost 15% in the same period. But is fizz really an investment prospect, or has the sparkling market fallen flat since?

The figures speak for themselves. Krug 1996 hit an all-time high in June 2008, trading at £217 a bottle, though it has since fallen back to £196 (Liv-ex average trades excluding duty and sales tax, April 2009). Not a bad return if you'd picked it up on release in June 2007 for £125 a bottle. The 97-Parker point wine is expected to be drinking well until 2020, so there's still plenty of life in it, and as supply dwindles, the price is sure to rise.

Similarly, Louis Roederer's Cristal 1996 (95 Parker points). It was released in July 2002 at £60 a bottle. By August 2007, it was trading at £175 a bottle and peaked at £250 in July 2008. While it has

now fallen to £160, this still represents a 166% increase in value since it came on the market. Moët & Chandon's Dom Pérignon (DP) 1996 is widely available compared with Krug and Cristal, and has seen 152% growth since release in 2003 at £48. A bottle now fetches £120.

It's this select group of vintage Champagnes – the first growths of the sparkling world – that still provide good returns, especially the 1996 vintage. Krug, Cristal and DP are the big three with viable volumes to make it into the Liv-ex 100. It's also worth a punt on Pol Roger's Winston Churchill or Salon, but both

*'Investments in sparkling wine have registered 143% growth since January 2004'*

are in limited supply. Justin Gibbs of Liv-ex says, 'There are many more Champagnes that would be good investment prospects but they don't produce enough volume to make it on to the index.' But Chris Smith, investment manager at The Wine Investment Fund, claims there are too few Champagnes worth investing in, making returns more uncertain. 'There are far fewer properties in Champagne so you can't spread your risk like you can with Bordeaux. The production in Bordeaux is also predictable. You know Lafite will produce 20,000 cases a year but figures are more opaque in Champagne. DP is portrayed as niche but they make hundreds of thousands of cases, so it's difficult to pin down.'

## THE BIG MOVERS

CHAMPAGNE	VINTAGES
Cristal	1996, '97, '99, 2002
Dom Pérignon	1995, '96, '98, 2000
Krug	1989, '90, '95, '96, '98
Winston Churchill	1993, '95, '96, '98, '99
Salon Mesnil	1990, '95, '96, '97, 2000

Like any investment in a global downturn, Champagne has seen a dip, but it has held up remarkably. While other wine investments were dropping at the end of 2008, vintage Champagne was still trading well thanks to the imminent festive period. 'The Bordeaux market ran ahead of the Champagne Index at its best,' says Gibbs, 'But unlike the Bordeaux 100 it has not retracted as much.' Investment in non-bubbly fine wine has risen by 113% since January 2004 while sparkling investments have outperformed them, registering 143% growth.

While the recent figures speak for themselves, there is a lack of clarity on long-term Champagne investment. If the global recession continues, fewer bottles of vintage Champagne may be consumed. The fizz market is driven by supply and demand, and with weakening demand, the investment market could go flat. Smith advises prospective investors to proceed with caution. 'Unless you are looking for a high-risk strategy, keep Champagne to a small percentage. You should have most of your investment portfolio in Bordeaux as you can predict what's going to happen as it matures'.

Gibbs is more optimistic. 'Vintage Champagne is an investment prospect and is less risky than Bordeaux because it gets drunk. Champagne houses release their wines only when they are ready to drink. Then it only takes a small level of demand to spike the price. The interest is long-term if you consider most people would buy a bottle of Krug – not Latour – at some point in their life.' If you can beat off P Diddy and friends to a case or two of Cristal, it seems you can expect to see good – and relatively quick – returns. **D**

Rebecca Gibb is the ex-features editor of UK wine trade title Harpers Wine & Spirit

