

Golden opportunity

Is there a sweet profit to be made from investing in Sauternes?

REBECCA GIBB looks at a young but growing alternative futures market

Bordeaux's sweet wines are often overlooked during the annual *en primeur* frenzy, but a few drops of the golden nectar could be a valuable asset to your portfolio.

The idea of investment in sweet wine emerged with the 2001 wines. Hailed as the vintage of a generation, the returns it offered have created growing interest in Sauternes and Barsac as futures. Robert Parker gave châteaux Yquem and Climens 100-point scores; Rieussec and Suduiraut followed with 99. With such acclaim, demand soared from collectors. Climens was released at £400 to the trade but the only case available on the website of fine wine exchange Liv-ex is now selling for £2,000 – a 500% increase. (Consumers should expect to pay around £2,800). Justin Gibbs, a director at Liv-ex, notes that this represents a better return for buyers than 2005 Bordeaux first growths.

In 2008, Liv-ex studied the performance of the four top Sauternes properties for the six best vintages of the past 20 years: 1988, 1989, 1990, 1997, 1999, 2001 and 2003. It found that Sauternes had not seen price rises on the same scale as the rest of Bordeaux's fine wine market. The Liv-ex Sauternes Index increased from its base level of 100 in January 2004 to a peak of 160.33 by the end of July 2008. A 60% return is healthy by anyone's standards, but well below the Liv-ex 100 Fine Wine Index, which posted 163% growth (263 points). Since the publication of its report, average trading prices in the



Above: Investment in Sauternes is a very much a story of Yquem and 'the others'

Liv-ex 100 have fallen by 50 points, while the Sauternes Index dropped just 7 points.

Investment in Sauternes is a story of Yquem and 'the others'. Yquem, the only *premier cru supérieur* in Sauternes, is as highly esteemed as Lafite or Latour. Barsac's Climens is next in the pecking order and has cult status, but production is small – only 25,000 bottles a year on average. You are most likely to see returns from these two estates but as their fame grows, release prices are rising.

Yquem has adopted a more aggressive pricing strategy since 2005, with trade prices set at £3,000 to £3,500 on release. If the high entry price continues, Gibbs suggests investors should look back to older vintages which have scored well, including the 2004 at £1,400 a case and the 2002 at £1,800 a case. The near-

perfect 1990 is less than £3,000 a case. As they become increasingly scarce, supply and demand economics suggest you would be well-gearred to make gains.

Aside from Yquem, Climens and, in top vintages, Rieussec and Suduiraut, Sauternes should be bought to drink. Gary Boom, director at Bordeaux Index says: 'In nine out of 10 vintages, you will lose money on Sauternes. It is hard enough to make money on Yquem. Further down the scale you have more chance of winning the lottery.'

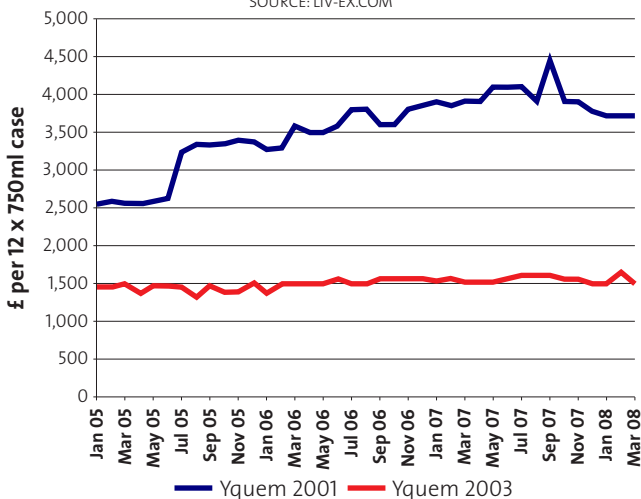
And whether for investment or for drinking, it's wise to buy half bottles (you can request this *en primeur*). Yes, they do mature more quickly than 750ml bottles but Sauternes is built for the long-term. Sweet wine in halves is much more desirable on the marketplace; a full bottle can be too much of a good thing. On everywine.co.uk, a case of half bottles of 2001 Climens is £3,262 whereas it only costs £2,779 for a full-bottle case.

It's hard to predict what lies ahead for Sauternes futures. Wine fund management is still a new phenomenon and interest in sweet wines as an investment is embryonic. Gibbs says: 'As the idea of investment grows, wines other than claret will come under the radar and Sauternes will no doubt be caught up in that.' It's a risky business, but as ever, you will need to buy wisely, move swiftly and do your homework. **D**

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

Tracking the price of Yquem (2001 & 2003 vintages)

SOURCE: LIV-EX.COM



Liv-ex Sauternes index

SOURCE: LIV-EX.COM

