

The returns on wine investment have been impressive in the last decade: trading platform Liv-ex, the wine world's equivalent of the FTSE, has calculated that in the past 10 years the price of the Bordeaux first growths has risen 276%. In effect, this means fine wine has outperformed gold, the FTSE 100, S&P 500 and the Nikkei 225. Gold is a distant second in terms of returns, increasing in price by 194% over the same period. The Nikkei 225, the index for the Tokyo Stock Exchange, has performed miserably with a - 46% slump over 10 years. Wine investment in Asia is really starting to take off and Western investors hope that rising demand in Hong Kong and China will boost the value of their existing wine investments further. Of course, there are downs as well as ups in the wine investment market, most notably in late 2008 when some top wines fell up to 25% in value. However over the long term investors can expect to see returns of 10% to 15% annually.

The best Bordeaux investment vintages have been 1982, 1986, 1989, 1990, 1996, 2000, 2005 and 2009

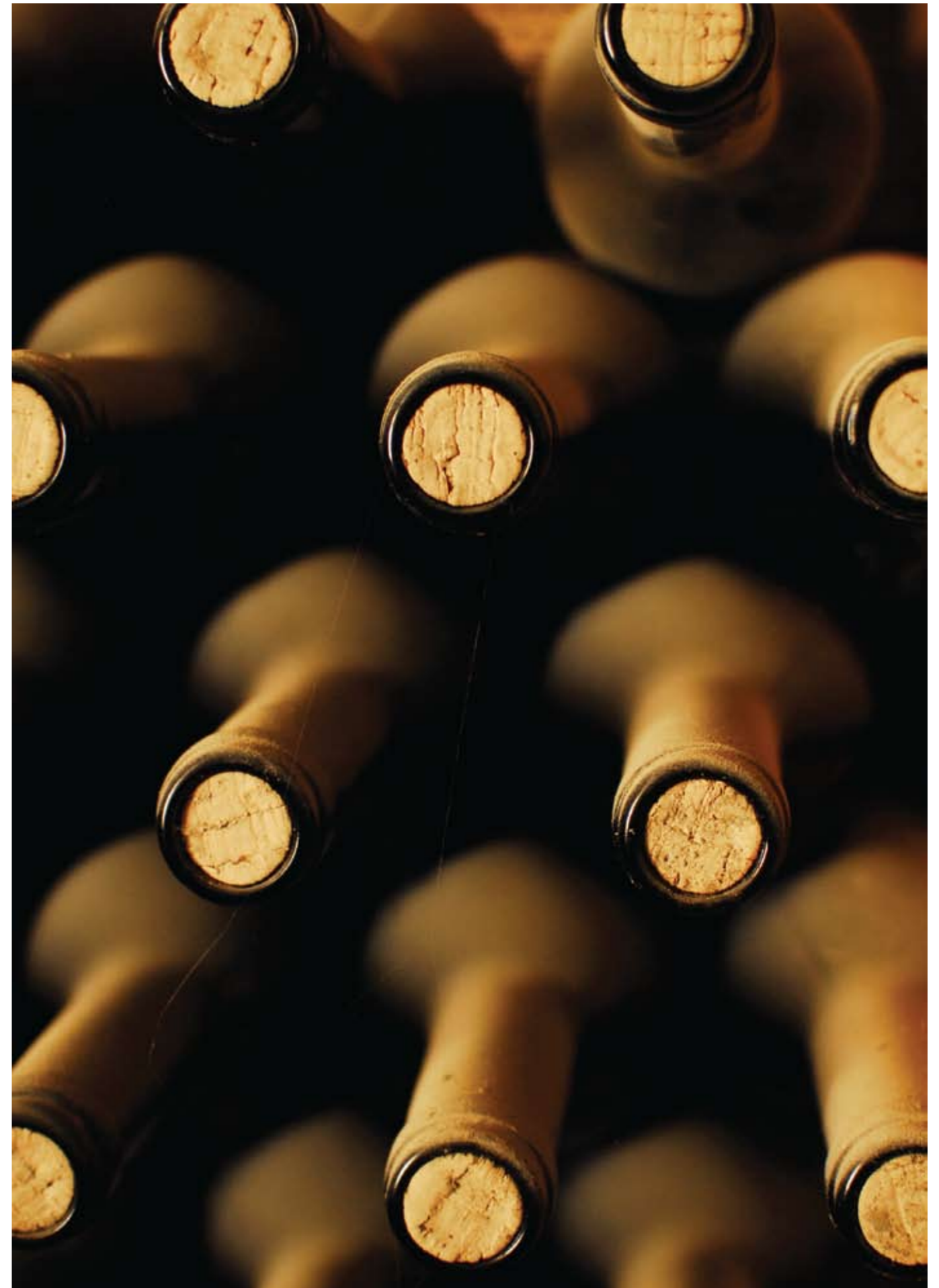
Supply and demand economics are central to wine investment. As time passes, wines reach a 'drinking window'. The window is deemed to be the best time to drink the wine by the experts, and for the very best wines gives a 10-12 year time frame so there's no urgency to get your corkscrew out. Inevitably there are some thirsty wine lovers who can't wait for that drinking window to come and by the time that drinking window opens, the bottles are already empty.

There are limited volumes of the very best wines that are considered worthy of investment and as people start drinking them, the wines inevitably become more scarce and more desirable, thus the value of these wines rises. Remember not to hold on to them past their drinking window, as wines do reach a point when they are past their best and prices start to wane.

When you come to selling your wines, you'll be happy to hear that it is considered a wasting asset by the tax man i.e. it doesn't have a shelf life of

# A case for investment

You could put your hard-earned money in stocks or bonds but where's the fun in that when you could invest in wine? Indeed, wine is no longer only for supping after a hard day at the office; it's a serious investment prospect. From Burgundy to Bordeaux, recent returns on wine have put stocks and shares to shame. So, is wine the new liquid gold?



## 2006 Château Roc de Cambes, Cotes de Bourg £35.25, Corney & Barrow

This stand-out Cotes de Bourg is made by Francois Mitjaville who also owns respected St-Emilion chateau Le Tertre Roteboeuf. It is sexy and fleshy with lots of ripe plum, vanilla spice and savoury notes. And the best thing? It's half the price of Le Tertre Roteboeuf.

Or if that's too pricy...

## 2009 Erdener Treppchen Riesling Kabinett Trocken, Weingut Meulenhof £9.90, Tanners

It might have an unpronounceable name but don't let that put you off. This is a bargain Riesling - and it's dry (Trocken) to boot. It has an alluring ladylike perfume - think white talcum powder, lavender, kiwi fruit and white peach. In the mouth, it's delicate with mouthwatering acidity, and will soon have you going back for a second glass. Thankfully, it's just 12% alcohol, so you can go back for more.

more than 50 years. This means you avoid paying capital gains tax and get to keep any money you make on your investment. Hooray!

### So, what is an investment wine?

Bordeaux reds make up 90% of the wine investment market so that's a good place to start. Generally the 'Blue Chip' wines are found on Bordeaux's Left Bank. The top five properties, classified as the First Growths in 1855 (see box out), are Château Haut-Brion, Latour, Lafite, Margaux and Mouton-Rothschild. These wines are generally expensive (£2-10,000 per 12 bottle case) and in short supply. There are five levels of 'growths' and you'll find some wines don't perform as well as their ranking suggests and vice versa. On Bordeaux's Right Bank around the villages of Pomerol and St-Emilion, there are also some illustrious investment-worthy names like Pétrus, Ausone and Cheval Blanc. Sweet wine producing Château d'Yquem in

Sauternes has also rewarded investors in the past decade but release prices are now eye-watering.

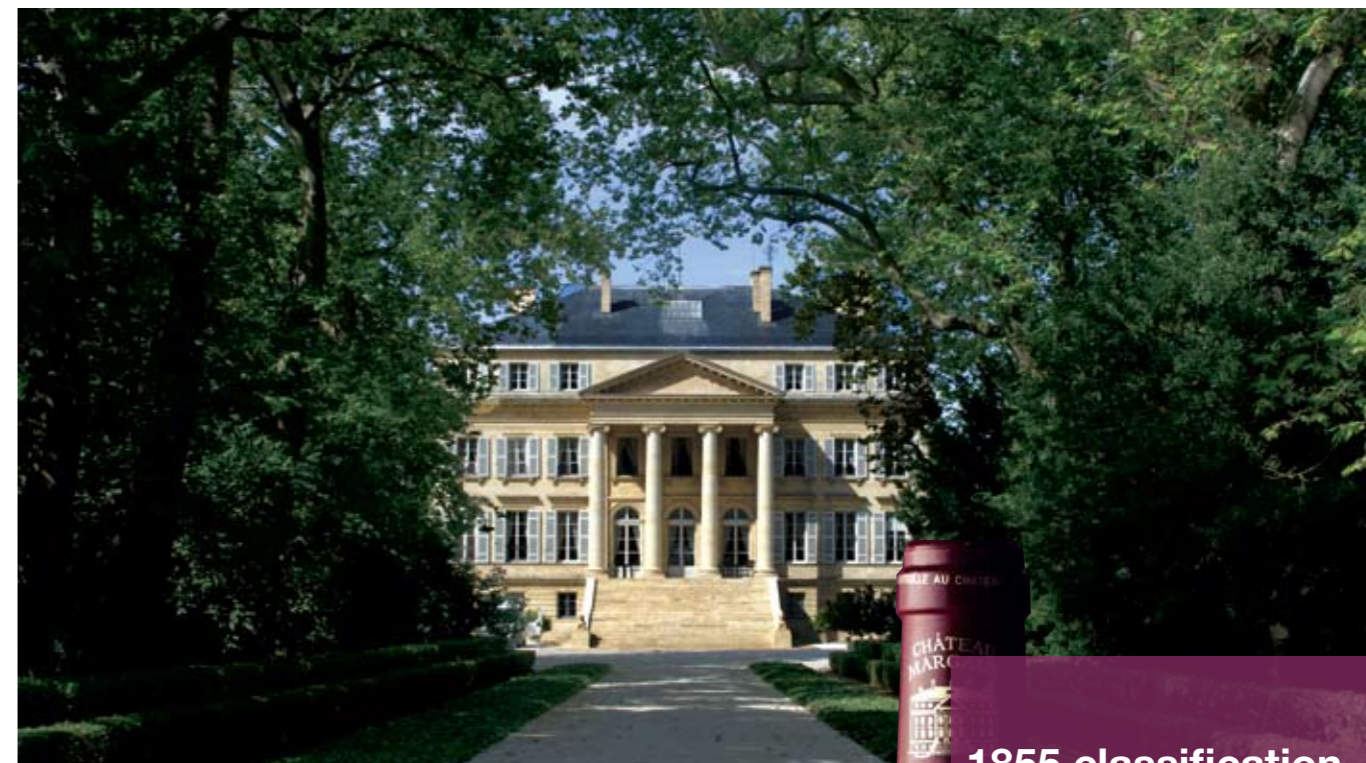
### What about the rest of the world?

Some Burgundy producers like Domaine de la Romanée-Conti and Comtes Lafon often reward the investor - but good luck getting hold of a case. A number of icon wines in Italy like Sassicaia, or Vega Sicilia in Spain, can make you a healthy profit in the top years.

The very best vintage Champagnes such as Krug and Cristal offer heady returns but it's a fairly new wine investment category. Elsewhere, the Port investment market has spluttered to a virtual halt, and wouldn't be recommended for those buying wine for investment - but it's delicious to drink and relatively good value.

Now you've worked out what to buy, which year (vintage) should you choose? The vintage is as important as the estate you are buying from because wine is

You could begin investing with just £500 but if you're going to get serious, £10,000 is a good starting figure



## 1855 classification

Paris played host to the Universal Exhibition in 1855 and the organisers asked for the best wines from Bordeaux to be displayed. The region's brokers created a list of properties ranked into five groups, known as growths. The wines were ranked according to price at the time rather than quality and comprised 61 top châteaux from Bordeaux's Left Bank. The list has not changed since despite some properties performing above - or below their ranking. The one exception is the 1973 promotion of Château Mouton-Rothschild from second to first growth.

### Recommended merchants

Berry Bros & Rudd  
[www.bbr.com](http://www.bbr.com)

Bordeaux Index  
[www.bordeauxindex.com](http://www.bordeauxindex.com)

Farr Vintners  
[www.farrvintners.com](http://www.farrvintners.com)

Fine and Rare Wines  
[www.frw.co.uk](http://www.frw.co.uk)

Corney & Barrow  
[www.corneyandbarrow.com](http://www.corneyandbarrow.com)

Wine Investment Fund  
[www.wineinvestmentfund.com](http://www.wineinvestmentfund.com)

essentially an agricultural product, and the quality of the vintage depends on the weather conditions during the growing season. It's crucial that it's not too cold, too hot, too wet or too dry in the run up to the harvest as the weather plays a key role in the final quality of the grapes. In recent years, the best Bordeaux investment vintages have been 1982, 1986, 1989, 1990, 1996, 2000, 2005 and 2009. However, with prices soaring in the past year, wise investors are taking a second look at the top châteaux in the so-called lesser vintages like 2008 and 2006.

Inevitably there are some pitfalls to investing in wine. The value of wines largely relies on the opinion of one American, Robert Parker, who rates wines on a 100-point scale. If he re-scores a wine and lowers his rating, the value of the wine will inevitably drop. Where you buy your investment wine is also crucial. There have been several rogue traders on the scene. A number of companies have gone under in the past five years, leaving their clients empty-handed. To avoid a similar fate, request that your wine is stored under your own name at a bonded warehouse to safeguard your wine. The better-known fine wine companies include Berry Bros & Rudd,

Bordeaux Index, and Farr Vintners. These reputable merchants should also be able to guarantee the provenance of your wines ensuring the wine is what it says it is.

You could begin investing with just £500 but if you're going to get serious, £10,000 is a good starting figure. Take advice off the experts and shop around, and if you're still unsure what's hot and what's not, a wine investment fund would be worth considering. The future of the fine wine market looks bright and returns continue to be healthy but if things don't go swimmingly, at least you can drown your sorrows with a glass of delicious wine.

Rebecca Gibb, winner of the Louis Roederer emerging wine writer of the year

