

Q1 REPORT

—
2023



WINECAP

Executive Summary

Welcome to our **Q1 report**, which examines the trends that shaped the fine wine market over the past three months. We have taken a closer look at how the global financial turmoil has affected fine wine's performance, the factors affecting demand, and the best performing regions.



Report highlights

- Mainstream markets had a rollercoaster quarter, but fine wine remained relatively unaffected.
- Fine wine prices have risen for two consecutive months after a slow start to the year.
- As the last 'rabbit' vintage, some Bordeaux 2011s enjoyed heightened demand and rising prices in light of Chinese New Year.
- The Burgundy 2021 campaign was met with mixed sentiment from the trade due to low allocations and high prices.
- Axel Heinz has left Ornellaia to join Château Lascombes and bring fresh life into the estate, which has been underperforming the Super Tuscan in recent years.
- The spotlight will soon be on Bordeaux, with the En Primeur release of the 2022 vintage, which has been described as 'very promising'.

The fine wine trends that shaped the market

A rollercoaster quarter for mainstream markets

The first quarter of the year highlighted the existing risks within the financial system, with the collapse of the Silicon Valley Bank (SVB) and the takeover of the banking giant Credit Suisse. Combined with rising inflation and ongoing interest rate hikes, traditional assets swung dramatically. Unsurprisingly, 'safe havens' performed well, with gold approaching a record high this quarter. Fine wine, which has historically shown very low correlation to traditional markets, also remained relatively unaffected. As a market moved by its own dynamics, the main events that impacted its performance were the launch of Burgundy's 2021 vintage, new critic reports, and wine releases.

Regional forces at play

Chinese New Year holidays and the Burgundy 2021 En Primeur campaign distracted the market at the beginning of the year. Wines from 'rabbit' (per the Chinese zodiac) vintages enjoyed rising demand in Asia. For instance, two wines from the last 'rabbit' vintage, Château L'Évangile 2011 and Château Lynch-Bages 2011, reached all-time trading highs in Q1. Meanwhile, the mood around the Burgundy En Primeur campaign was mixed, as the vintage proved challenging due to low volumes and high

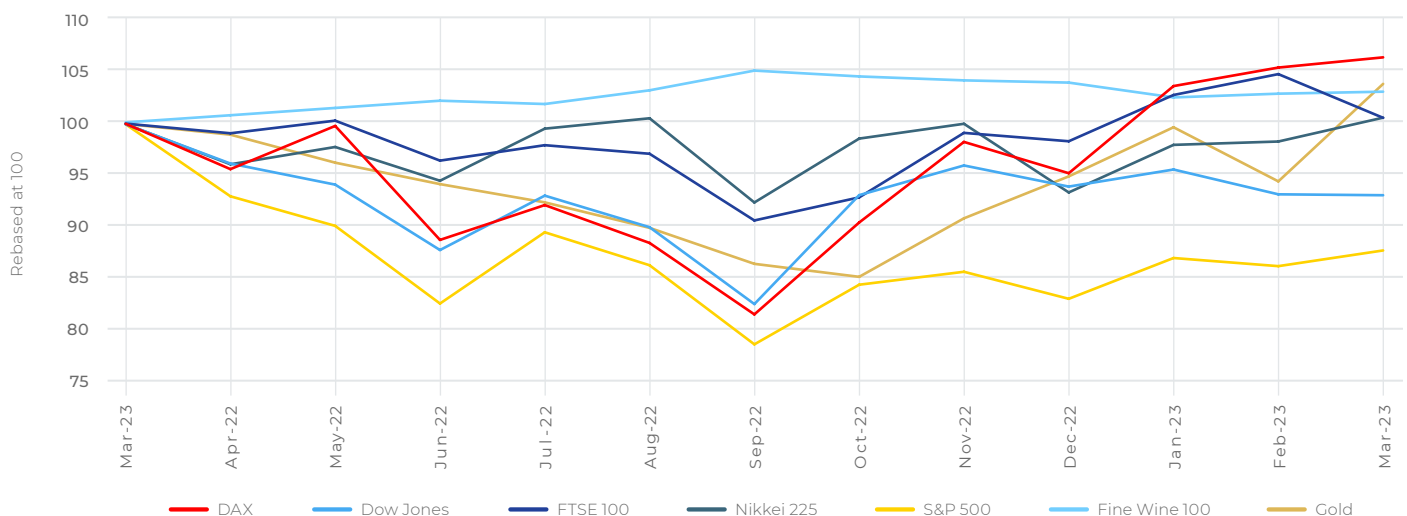
prices. The lack of allocations for many of the top names, average production volumes down 50%, and 25% increase in release prices stimulated demand for other recent vintages, such as 2018 and 2020. As a result, the Burgundy 150 was the only Liv-ex 1000 sub-index to rise in January, up 0.5%. While fine wine prices closed Q1 in the negative territory, most regions enjoyed positive price performance in March. However, the recent gains were not able to correct the losses at the start of the year.

Focus on Bordeaux

Bordeaux has been a quieter market player in recent years, owing to a more subdued price performance compared to Burgundy and Champagne. But this quarter, two of its most discussed vintages fell in the critic spotlight. Major critics released their 2020 in-bottle scores, which led to price appreciation for some wines including Montrose (14%), Mouton Rothschild (15%), Pavie Macquin (22%) and Carruades de Lafite (40%). Meanwhile, reports from the annual Southwold tasting suggested that 2019 might be one of the greatest vintages ever. Released when most of Europe was in lockdown, the vintage offered high quality wines at attractive prices – and still represents good value for money today. In Q2, the focus will move to the En Primeur release of the 2022 vintage – a year marked by heat and drought that produced yields below the ten-year average. While the quality is expected to be high, according to the official CIVB vintage report, it remains to be seen how the new releases will be pitched to look attractive in the context of the critically lauded and physically available 2019s.

Off the rollercoaster

Liv-ex 100 Index vs mainstream equities over one year

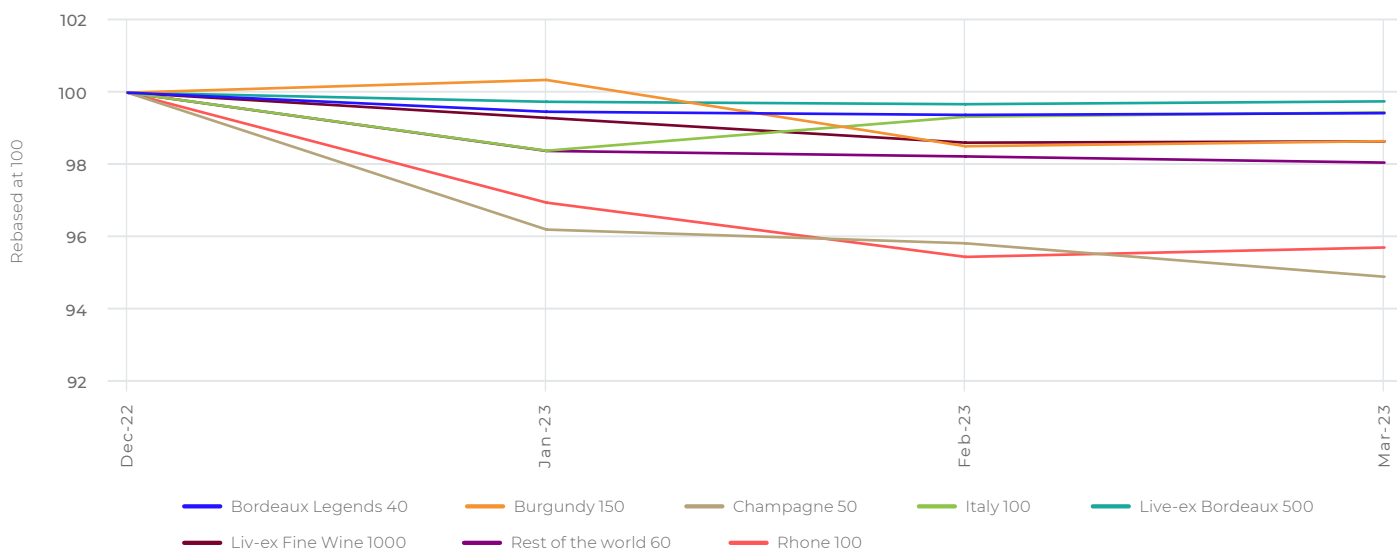


Compared to the rollercoaster performance of mainstream assets in Q1, fine wine looked like a relaxing investment alternative. Fine wine prices remained steady where stocks and bonds fluctuated. As we pointed out in a [recent article](#), even 'safe havens' like gold have started to show greater volatility and stronger correlation to stock markets. The chart above clearly demonstrate how gold, long considered a portfolio diversifier, has followed a similar performance pattern to

DAX and Nikkei 225. Meanwhile, the macro-economic picture affected fine wine but to a lesser extent. The market started the year on a weak note, with the Liv-ex 100 index falling 1.4%. However, the index showed signs of recovery in February, rising 0.4%, thanks to strong performances from California, Burgundy, Italy and Australia. In March, the index extended its gains, rising 0.2%. Some of the best performers came from the 2019 vintage, including Masseto and Dominus.

Signs of improvement

Liv-ex regional indices' performance year-to-date



While fine wine prices generally fell, they showed signs of improvement towards the end of the quarter, with most regions making small gains in March. Champagne, which had risen an impressive 68% between 2021 and 2022, has seen the most substantial declines so far in 2023, down 5.8%. Some of the wines that have become more affordable include Jacques Selosse Millesime 2008 and Louis Roederer Cristal 2013. On the opposite end, Philipponnat Clos des Goisses 2012 and Bollinger La Grande Année 2014 have continued to appreciate in value. The Bordeaux 500 experienced the smallest decline (-0.3%) in Q1; it was driven by strong performances from wines from 'off' vintages – 2017, 2014, 2013 and 2011.

The best performing wines in Q1

Wine	Vintage	Change
1 Domaine Jean Louis Chave, Hermitage, Rouge	2019	58.0%
2 Chateau Gruaud Larose 2eme Cru Classe, Saint-Julien	2011	45.8%
3 Domaine Jean Louis Chave, Hermitage, Rouge	2014	33.8%
4 Domaine Comte Georges de Vogue, Musigny Grand Cru, Cuvee Vieilles Vignes	2020	30.6%
5 Chateau Rieussec Premier Cru Classe, Sauternes	2013	29.1%
6 Chateau Palmer 3eme Cru Classe, Margaux	2013	26.9%
7 Opus One, Napa Valley	2011	18.8%
8 Gaja, Barbaresco	2015	16.2%
9 Chateau L'Evangile, Pomerol	2014	15.2%
10 Paul Jaboulet Aine, Hermitage, La Chapelle Rouge	2011	11.5%



The best performing wines this quarter revealed a trend towards the Rhône and Bordeaux, two of the most stable fine wine regions, perhaps pointing to investors' risk aversion in Q1. The biggest riser was **Domaine Jean Louis Chave Hermitage 2019**, up 58%, which Jeb Dunnuck described as 'a powerhouse of a wine that flirts with perfection'. The list of the twenty biggest risers also included three Opus One vintages, which rose in value between 3.3% and 18.8%: 2010, 2015 and 2011. No Champagnes made it into the top twenty – a major twist compared to the last two years.

Fine wine demand in Q1

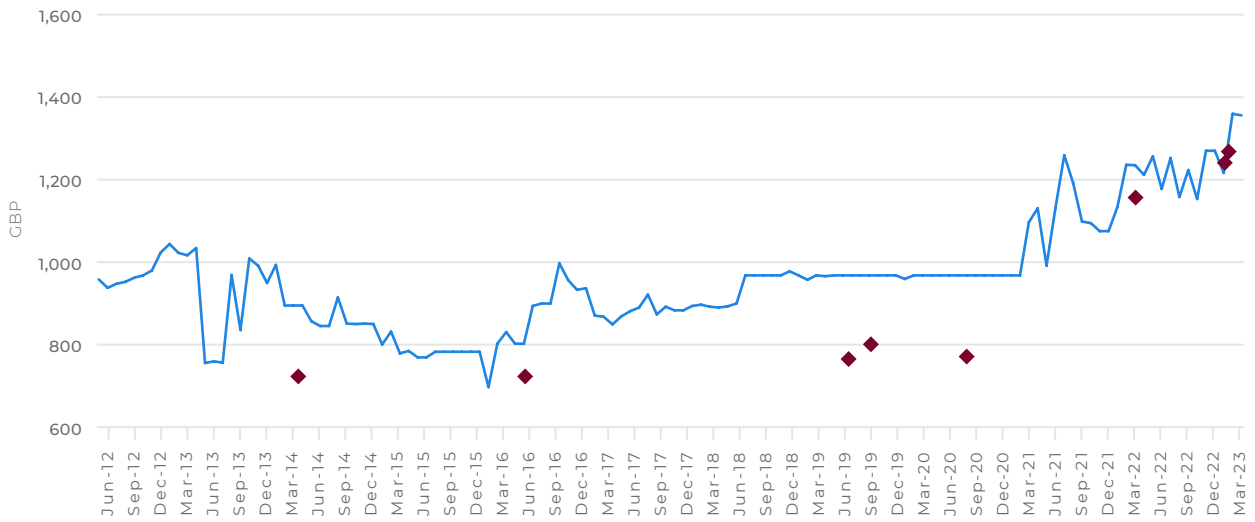
Demand for fine wine in Q1 was influenced by three main events: Chinese New Year holidays, the launch of Burgundy's 2021 vintage and new fine wine releases.

Chinese New Year puts Bordeaux 2011 in the spotlight

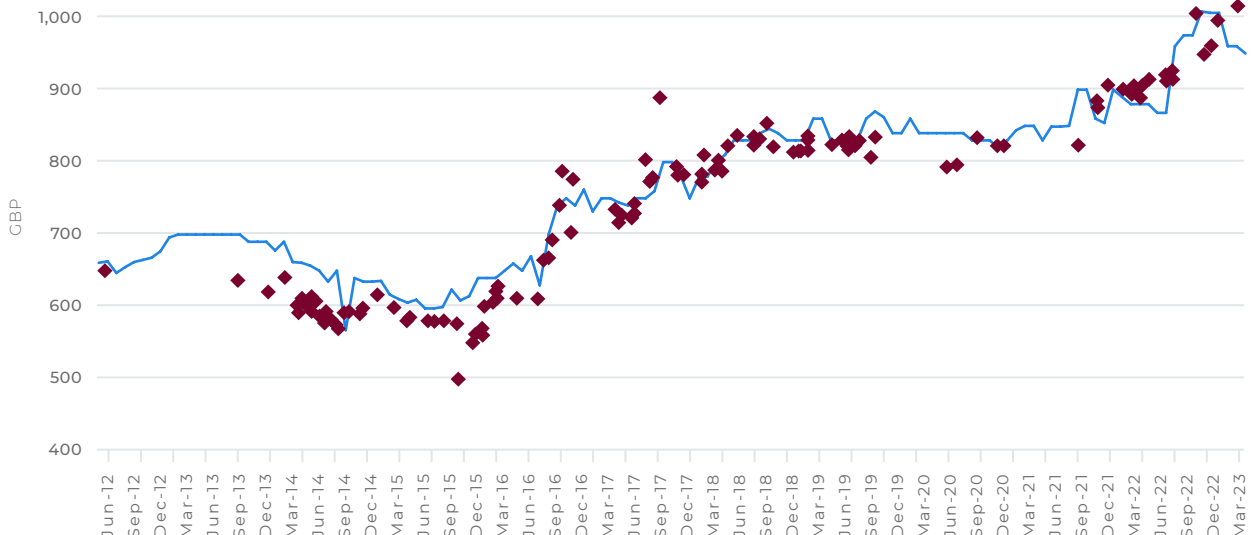
The 2011 vintage, which followed on from the two all-time 'great' vintages, has been generally underrated. This masks the fact that it was the best performing Bordeaux vintage in 2022 (comparing vintages 2010-2016), when it also turned ten years in bottle, and that several wines have set new trading records on Liv-ex this year. These include L'Évangile, Lynch-Bages and Vieux Château Certan. Offering an attractive entry-point into the market for mature Bordeaux, the 2011s are currently on the move.

Château L'Évangile 2011 trades at a record high

◆ Liv-ex trades



Château Lynch-Bages 2011 trades at a record high



Seeking value in Burgundy

The recent 2021 En Primeur campaign once again demonstrated that Burgundy plays in a league of its own. The limited release of the 2021s, coupled with ever-rising prices, have restricted the region's top names to a number of collectors. However, wines from Chablis, Corton and Clos de Vougeot generally provide a lower point of entry into the Grand Crus. On a vintage level, the 2012, 2014 and 2017 also offer relative value in Burgundy.

The latest fine wine releases

March saw a flurry of fine wine releases, including the 2020 vintage from the Super Tuscans Ornellaia and Tignanello, Château d'Yquem 2020, Bollinger R.D 2008, and the 2023 portfolio of wines from [Château Latour](#) – the 2015 Grand Vin, the 2017 Les Forts de Latour and the 2018 Pauillac de Latour.

The newly released Super Tuscans presented attractive offerings for buyers. The 2020 Tignanello is among the lowest priced vintages on the market today. Antonio Galloni ([Vinous](#)) rated it 96-point and complimented its 'sublime balance'. The similarly scored Ornellaia ([WA 95-97](#)) also presented fair value.



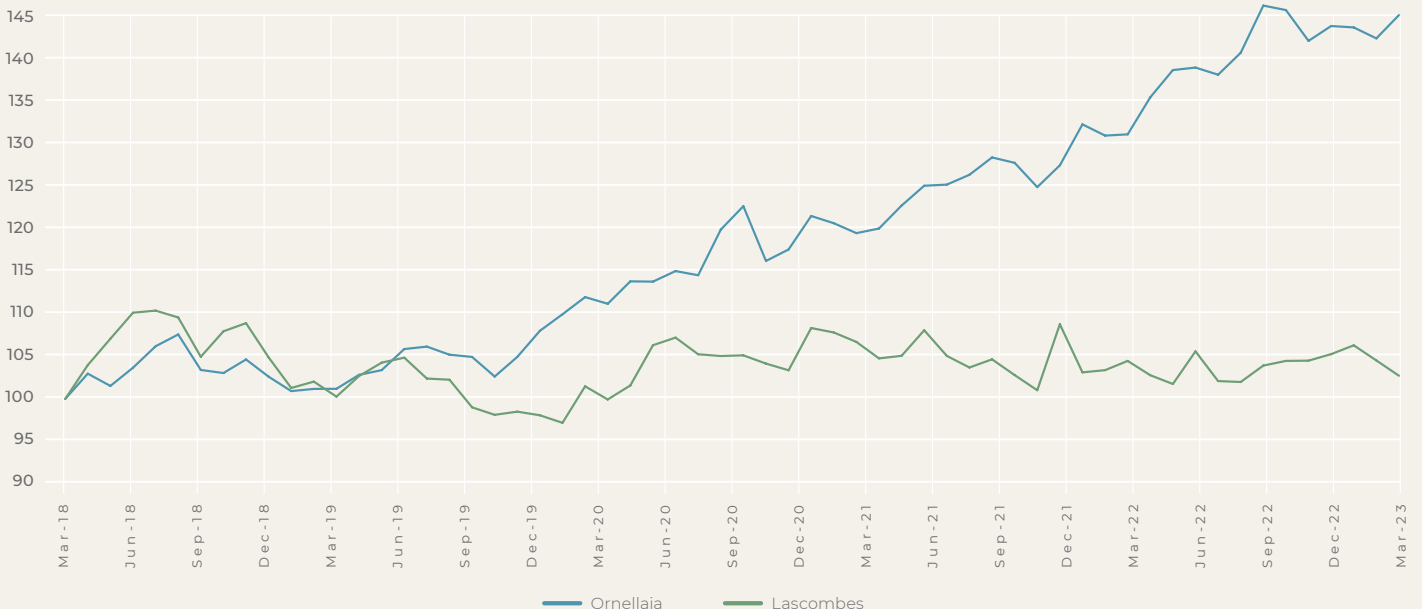
Q1 NEWSFLASH

Longtime director and winemaker at Ornellaia, Axel Heinz, is leaving Tuscany to join the Second Growth Château Lascombes as CEO and bring the estate 'to its full potential,' reported [The drinks business](#). The appointment is intended to bring fresh life into the Margaux estate, which has seen much slower growth than the Super Tuscan.

Over the past five years, **Lascombes** prices have risen 2.5%, compared to a move of 45% for **Ornellaia**. Carlton McCoy, managing partner at Lawrence Family Wine, who own the Bordeaux property, said that the work Heinz 'has done while overseeing Ornellaia and Masseto have taken this already heralded estate to new heights'.



Ornellaia & Lascombes price performance over five years





A look ahead to Q2

This past quarter highlighted the value of alternative investments like fine wine in the context of global political and financial turbulence. Despite a slow start to the year, the fine wine market is showing tentative signs of improvement. Fine wine prices were on the rise in March and the market continued to broaden.

Much of its growth was fuelled by wines from the Rhône, Bordeaux, Piedmont and California. New fine wine releases also stirred demand, especially when they presented a more affordable point of entry into the brand.

In Q2, Bordeaux will dominate the headlines, with the release of its 2022 vintage. The success of the campaign will depend on the correct pricing, which would consider the quality of the vintage

and the current market conditions. Our report, [Insights from leading Bordeaux producers](#), summarises the views of many leading Bordeaux figures on production, En Primeur pricing, established and emerging markets, and the changing customer taste. Stay tuned for our campaign coverage.

“Bordeaux is already dominating the headlines, with the release of its 2022 vintage.”

About us



www.winecap.com/about-us

Our mission is to democratise wine investment, making it more affordable, more transparent and easier to access. With decades of experience navigating the international fine wine market, we offer propositions that translate into maximised profits for our customers. Put simply, we facilitate easy access to wine: a proven, highly desirable asset that has historically delivered stable and substantial returns.

We've built an organisation over the years that elicits trust, partnership and profitability.

We've developed our own, bespoke technology that analyses over 400,000 wine prices a day to identify the right, undervalued wines to buy and sell across the global market at the right time and price. By automating this process, we can pass substantial cost savings on to our customers and don't charge any management fees.

Assuming the role of agent, we analyse our customers' goals and circumstances and then work to source the optimal wines to create a sound, diversified and profitable portfolio. With our longstanding UK alliances, our customers also benefit from the most developed secondary fine wine market in existence. We're excellently positioned to buy well and sell high due to our sister companies in Bordeaux and the US. We have an unparalleled global reach as we are strategically positioned in London: the fine wine market hub.

Whether you're new to the world of wine or a seasoned investor, we work hard to establish a personal relationship with you. Our priority is designing a customised portfolio that meets your objectives, all while ensuring that you retain full and unconditional ownership of your assets. This strategy means we've built an organisation over the years that elicits trust, partnership and profitability. We're proud of the accolades our investors have provided to us regarding the quality and reach of services and we welcome an opportunity to share them with you.



WINECAP

T: UK +44 (0)207 060 7500 & US +1 310 310 7610
hello@winecap.com | www.winecap.com

Registered Office: WineCap Limited, 14 Austin Friars, London EC2N 2HE
Company No. 08480079 | VAT No. GB174 8533 80
AWRS No. XCAW00000119418 | WOWGR: GBOG174853300

© 2023 WineCap Limited

