
FINE WINE:
Investment Guide



WINECAP FINE WINE INVESTMENT GUIDE

A renaissance in the market over the last two decades has let the secret of fine wine out, and the mainstream investment community has responded in kind. The word on fine wine is that it's not just for the privileged few: it is an ideal choice for everyday investors looking to diversify their portfolios. By choosing fine wine, you benefit from a proven market that is stable, relatively detached from the mainstream, and consistent in its double-digit returns. What's more, fine wine offers you a great hedge against inflation.

WineCap facilitates easy access to this desirable asset that can deliver substantial, proven gains. Acting as agents, we take care of sourcing your wine and organising its storage and insurance while you remain in complete control over your investment. Thanks to our links to the UK, you'll benefit from the most developed secondary fine wine market there is. You'll also enjoy access to the worldwide wholesale market via the London International Vintners Exchange known as Liv-ex, allowing you to secure a fast and fruitful sale once you've reached your investment goals. Last, we feature an unparalleled global reach while being tactically positioned in London, the fine wine market's premier hub.

WineCap brings you the advantage of 50+ years of experience in UK wine investment as well as extensive knowledge of how diversified luxury investments can enhance your financial portfolio. Utilising our refined, proprietary in-house technology, we continually monitor the global marketplace while also tapping into many other third-party fine wine authorities, securing only the most current and reliable market data, trends and fluctuations.

At WineCap, we place great value on building a personal relationship with you. Our priority is to understand your investment objectives and then create a bespoke portfolio to meet them. Through this winning strategy, we have had the honour of fulfilling the dreams of many investors. We look forward to learning how we can do the same for you.

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THE RIGHT ROADMAP TO WINE INVESTMENT SUCCESS



To invest successfully in fine wine, three factors are paramount: expert knowledge, access to wines of distinction, and the security and infrastructure of the UK market.

EXPERT KNOWLEDGE

Up-to-date knowledge of the market's intricacies is crucial to achieving great returns. For many years, this knowledge was unavailable outside certain circles. Conversely, today's technology-driven landscape offers tremendous access to endless information, but that same information can be hard to verify.

By opting for our brokerage service, you can be confident that your investments will be guided by our leading-edge technology, maximising your profit-making opportunities. Tapping into over 300 globally based resources, our sophisticated research delivers algorithms and statistics that elevate your investment potential. This model of information gathering is only one of the ways WineCap exceeds expectations and beats its competitors.

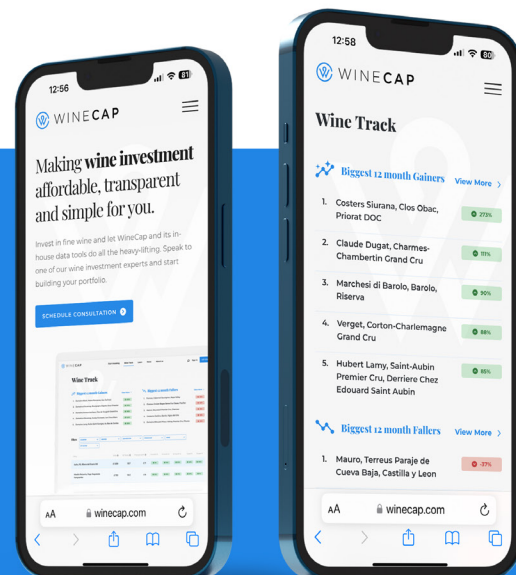
Complementing our own unique system, we also keep a close eye on Liv-ex, the global online trading platform founded in 1999. As one of its 620+ trading members, we have continuous access to pricing information and fine wine market insights so our clients can benefit from dependable and highly informed investment counsel.

ACCESS TO THE FINEST WINES AND THE LARGEST SECONDARY MARKET

Alexander Westgarth, founder of WineCap, has earned an impressive reputation for his global reach and outstanding network of alliances within the fine wine world. The contacts he has established have opened up access to vast quantities of the most prized wines – including those controlled by négociants, wholesalers and private collectors. As a WineCap client, you'll be able to reap the rewards of an exclusive selection of wines with a strong potential for capital gain.

You will also enjoy an unrivaled access to a consumer network – an advantage that will be invaluable when the time comes for you to liquidate your investments. WineCap's globally placed team's unique blend of experience and acumen means that we are not only in a perfect position to lend you smart advice, but we will also see your investment through to fruition in the future.

Your investments guided by our leading-edge technology

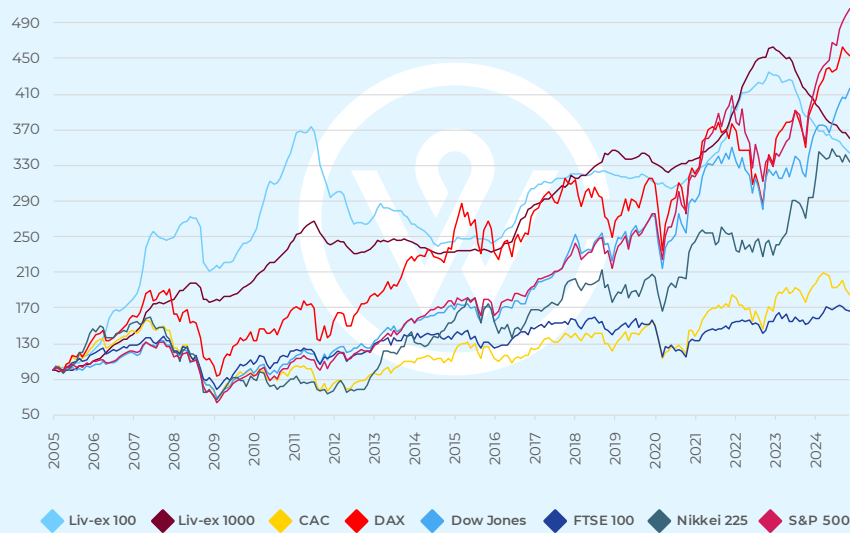


THE RIGHT ROADMAP TO WINE INVESTMENT SUCCESS



Fine wine (Liv-ex 100 & Liv-ex 1000) vs mainstream markets

January 2005 onwards



WineCap's globally placed team's unique blend of experience and acumen means that we are not only in a perfect position to lend you smart advice, but we will also see your investment through to fruition in the future.

WHAT WINECAP WILL DO FOR YOU

You will find WineCap's client-driven approach to investment straightforward yet effective. We will act as your agents to source and secure your wine for you. Once purchased, we will facilitate its transfer to your personal account at various UK warehouses.

AS A WINECAP CLIENT, YOU WILL RECEIVE:



Accurate, unbiased and expert investment counseling

We work with you to address and ultimately realise your desired portfolio, keeping your goals our top priority.



Full ownership

Once your wine is held in your account, it will be owned solely by you and you will have access to it on a 24/7 basis. For bottled purchases, all wine cases will be clearly labeled with rotation numbers to ensure your wines are unquestionably identifiable from any others.



This will set the course for its immediate visibility on our dedicated online portal. World-class care ensures that when you come to sell, your wine's provenance will quickly secure maximum prices.



Unrivaled, up-to-date information

Keeping you informed of market trends and opportunities on a regular basis, we will act as your personal liaison to the market. You will also get direct access to our unsurpassed, technology-driven information system as well as highly reliable Liv-ex data.



Pristine condition

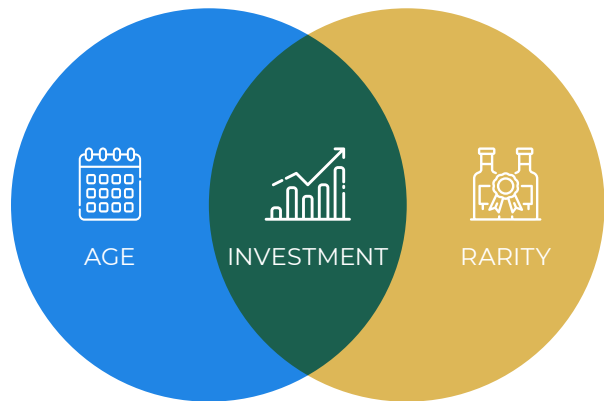
'Pristine condition' ensures that the wine you've purchased is in good condition and fit to sell. We examine the packaging and fill levels, confirm the vintage and quantity of wine in the case, and ensure that the bottles do not have strip labels.

THE BEAUTY OF FINE WINE AS AN INVESTMENT



Though fine wine delivers pleasure, it actually offers much more. It is a reputable, common-sense investment with unique benefits.

These benefits are based on two powerful but simple concepts that work synergistically to drive wine prices; wine is an improving asset in diminishing supply. Wine improves as it ages, and due to consumption, becomes rarer, creating an ideal scenario for an investor.



ADDITIONALLY, THE FOLLOWING SPEAK TO THE BEAUTY OF FINE WINE INVESTMENT:

- Wine has a proven history of high capital growth; over the last 10 years, it has been one of the best performing asset classes.
- The fine wine market is very stable and consistent, with considerably less downside risk than other mainstream investments.
- Wine offers the reassurance of a medium to long-term investment.
- Wine is a physical asset and therefore offers excellent inflation protection.
- Fine wines tend to improve over the course of their drinking window.
- The consumption of fine wine will continue across the global among the wealthiest populations, regardless of the economic climate; this adds to wine's stability as an asset.
- Wine investment is sustained by a relatively small and dedicated network of collectors. This isolation from mainstream markets is a large part of its low volatility.

The combination of these factors make wine an investment with a return potential that eclipses any other.



THE LONG-TERM RETURNS OF FINE WINE

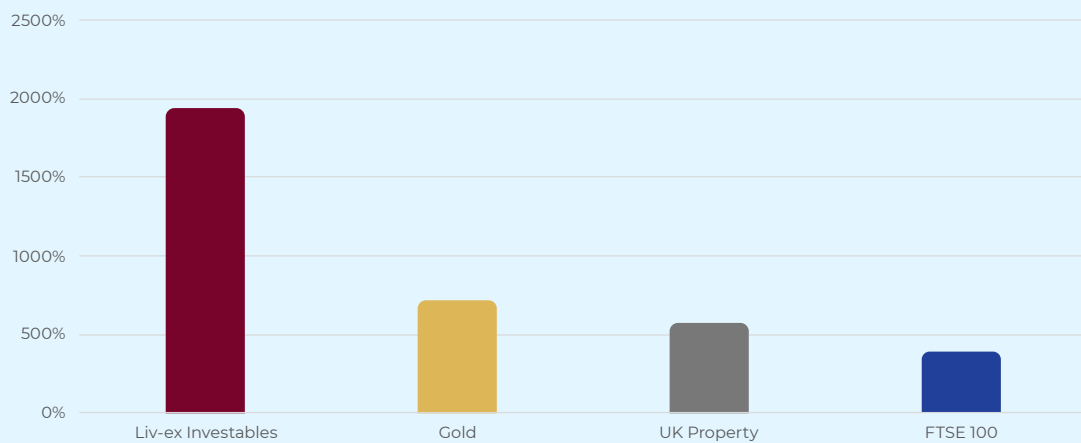


WHAT TO EXPECT FROM FINE WINE IN THE LONG RUN

Fine wine has a proven track record of impressive returns. Operating with its dynamics, fine wine has been relatively resilient to economic downturns that have affected other assets. Since 1988, fine wine has outperformed gold, UK property and financial markets.

The Liv-ex Investables index, which tracks the performance of the wines most commonly found in an investment portfolio – high-scoring Bordeaux, has risen over 1940% in value. The numbers clearly demonstrate the collectible appeal of fine wine, and what it offers as an investment.

Total performance since 1988



CREATING THE PERFECT PORTFOLIO

To maximise returns on investment, secure liquidity and ensure minimal risk, WineCap generally advises that the five Bordeaux First Growths – Lafite Rothschild, Latour, Margaux, Mouton Rothschild and Haut-Brion – be at the core of most portfolios. We source and sell these five along with Pétrus, Ausone and Cheval Blanc, which are collectively known as the ‘Big Eight’. We also recommend selected investments in other regions such as Burgundy and Champagne, and in wines from other countries so as to achieve maximised portfolio diversification.

SELECTING YOUR WINE

WineCap remains open to all categories of Bordeaux as well as fine wines from Burgundy, Champagne, the Rhône, Italy, California and others. We only select the top-tier, award-winning wines with established investment performance records, competitive pricing and a proven secondary market. In doing so, we ensure for you a portfolio based on prudent decision-making, with strong indicators of profit potential. Though there are many top-quality vineyards – some renowned, others almost unknown – we believe there is little substitute for the consistency, reputation and tradition that the top châteaux maintain. For example, a twelve-bottle case of 1982 Lafite Rothschild was originally available for £275 and now, over 30 years later, trades above £36,000, seeing a compound annual growth rate of 18%.

BUYING EN PRIMEUR

Sometimes referred to as a ‘wine futures’, purchasing En Primeur means buying unbottled wine which is still in the oak barrel and has not yet left the château. The premise of En Primeur is that it is often the cheapest time to buy and can be particularly lucrative. For example, by purchasing a single case of each of 2008’s ‘Big Eight’ vintage in spring 2009 and selling in spring 2011, we achieved an annualised return of 40% for our clients.



However, recent En Primeur campaigns have failed to offer the best value at release across all wine brands. While the premise remains true for some châteaux, for many, older vintages have been available in the market for less. This is why we use our data to analyse historic pricing and critic scores and to ultimately determine if an En Primeur release is a profitable investment.

Our goal is to create a balanced fine wine portfolio – one that is spread across regions and between physical stock (in bottle) and En Primeur. Depending on a client’s risk tolerance, the spread will be a structured mix of:

- The finest examples of the very best châteaux
- Value examples of the leading châteaux
- Trend purchases

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PROVEN STRATEGY FOR INVESTMENT SUCCESS

When the demand for a particular wine outstrips its limited supply, the value of that wine rises. As with all investments, the key to success is being able to judge the right time to buy the right wine for the right price – to buy relatively cheaply and accurately predict a value increase.

WineCap's expert knowledge and experience of the global wine market can help you make this scenario a reality. We work to design investment portfolios which represent not only the proven greats but also up-and-coming regions, wines being first released on the market, and wine approaching or coming into their optimal drinking windows.

WINE TRACK – CLEAR OVERVIEW OF A WINE'S HISTORIC PERFORMANCE

To help investors identify investment-grade wines, spot trends and discover opportunities, we have created Wine Track – our comprehensive fine wine index.



Wine Track indexes multiple vintages of a fine wine to give its historic performance and aggregated wine critics' score, providing a clearer overview of its record. We track investment-grade wines from the most important fine wine regions across the globe, including Bordeaux, Burgundy, Champagne, Italy and the New World. Essentially, some of the most sought-after wines any fine wine investor might consider adding to their wine collection.

HOW LONG SHOULD YOU HOLD YOUR WINE

WineCap recommends that you hold your wine for a minimum of five years, after which time, depending on the strategy, some can be sold. It is worth considering an even longer-term strategy and holding wines until their drinking windows for optimum returns; however, this is by no means required to see profits.

We track investment-grade wines from the most important fine wine regions across the globe, including Bordeaux, Burgundy, Champagne, Italy and the New World.



THE INFLUENCE OF WINE CRITICS



Achieving success in wine investment depends on the demand for the wines in your portfolio, making it crucial to pay close attention to the world's leading wine critics. These individuals hold real power in influencing global buying trends and, by extension, wine prices.

WineCap will only source high-scoring wines by major critics. Wines are generally tasted twice while young, once in barrel and once in bottle and then usually only again a number of years later.

PARKER'S LEGACY AND THE IMPORTANCE OF CRITICS

Prior to 2012, the only critic that held undeniable influence on the market was Robert Parker Jr. His impact, such as popularising the 100-point grading system, was impressive. While Parker's legacy still carries considerable weight on a wine's return on investment, since his retirement a larger number

of critics have gained importance. We have also seen the emergence of aggregate scores such as the Wine Track score which aim to diminish bias and subjectivity. To judge a wine's overall quality performance, we have also created our Wine Track score, which aggregates multiple wine vintages of a brand to create a score out of 100. It unifies more than 100 wine critics' scores from 12 global publications that use different methodologies. Today's most influential wine critics are a diverse set of professionals with unique proclivities and opinions among them:



Neal Martin



Antonio Galloni



James Suckling



Lisa Perrotti-Brown MW



Jancis Robinson MW



Jeb Dunnuck



William Kelley



Allen Meadows

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