



WINECAP
WEALTH REPORT
2024

UK REPORT

 WINECAP

CONTENTS

Message from the founder & CEO	Page 3
Methodology and demographic	Page 4
Chapter 1: The changing demographics of fine wine investors	
Fine wine goes mainstream	Page 6
Shifting risk tolerances in fine wine investment	Page 7
Fine wine allocations in investment portfolios	Page 8
A buyer's market ripe with opportunities	Page 9
Chapter 2: Reasons to invest in fine wine	
Fine wine is becoming more liquid	Page 10
Advanced technology's role in fine wine trading	Page 11
Fine wine benefits from global demand for sustainable investing	Page 11
Overlap between sustainable and fine wine investors	Page 12
Economic volatility highlights the stability of fine wine	Page 13
Cuts to Capital Gains Tax (CGT) increase fine wine demand	Page 14
Chapter 3: Fine wine - the king of collectibles	
Fine wine vs other collectibles	Page 15
Whisky investment in the spotlight	Page 16
A note on the future: how fine wine can attract more investment interest	Page 18
Summary & conclusion	Page 19
About us	Page 20

MESSAGE FROM THE FOUNDER & CEO

Alexander Westgarth

The global fine wine market is growing and diversifying at an unprecedented rate. Over the last decade, wines from new regions have attracted demand, new markets have emerged, and new generations have entered the investment landscape. Due to fine wine's intrinsic appeal, momentum is expected to continue.

The driving forces behind this include investors and wealth managers. As they seek to build enhanced diversification, performance stability and inflation resistance into portfolios, fine wine stands out as a compelling asset.

Identifying how wealth managers position fine wine will be key to understanding this evolving market. [Last year](#), we began the process of collecting these valuable insights. Our research showed that perceptions about fine wine have evolved from a passion asset into a mainstream alternative asset. It emerged as the most popular option in the collectibles market, used predominantly for capital preservation.

The driving forces behind this include investors and wealth managers. As they seek to build enhanced diversification, performance stability and inflation resistance into portfolios, fine wine stands out as a compelling asset.

In 2024, we are continuing to develop this research. Earlier this year, we surveyed 50 UK-based wealth managers and financial advisors, about how they use fine wine to generate wealth for their clients. The results show a gentle shift in attitudes. After the record-breaking returns of 2021-2022, fine wine seems to have become a much more established member of the asset family. Certainly, within the

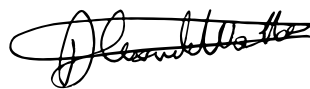
luxury investment options, fine wine is king. It is also gaining recognition as a sustainable asset, which is the number one motivation for most wealth managers to include it.

The faces of fine wine investors are changing too. This year, the asset is appearing in more balanced portfolios and across a wider range of investors, including younger generations

and those with less investment experience.

In the following pages, we uncover how the industry has shifted over the past twelve months, the direction of trends, and outlooks for the future.

Many thanks to all involved in the creation of this report.



ALEXANDER WESTGARTH
Founder and CEO of WineCap



Methodology & Demographic

In April 2024, we surveyed 50 UK-based full-time wealth and investment managers on their views and sentiments towards fine wine. 35 of the respondents classed themselves as wealth managers, eight as financial intermediaries/advisers and seven as independent financial advisers. The research was conducted via online questionnaire.¹ For any annual comparisons in this paper, we have taken into account wealth managers' responses from the [same survey](#) conducted in April 2023.



THE CHANGING DEMOGRAPHICS OF FINE WINE INVESTORS

Fine wine, historically a passion-driven investment, has predominantly attracted older, seasoned investors interested in both enjoying and preserving their wealth. However, recent trends indicate a shift as younger, less experienced investors in the UK are increasingly drawn to fine wine for different reasons – not least because the fine wine market has become more accessible.

The fine wine industry has continued to reinvent itself by leveraging cutting-edge technology, simplifying trading processes, and enhancing pricing transparency to appeal to a younger, more diverse demographic. A new wave of fine wine investment start-ups has emerged in recent years with ambitions to seize these opportunities.

This begs the question: are these start-ups creating new demand, or merely responding to an evolving trend? Evidently, today's fine wine investors differ significantly from those a decade ago, and even from last year.

According to our latest survey, the allure of fine wine is growing among younger generations who are less experienced and more open to risk. These investors are particularly attracted to fine wine for its sustainability and the increased liquidity it offers compared to other alternative investments.



THE CHANGING DEMOGRAPHICS OF FINE WINE INVESTORS

CONTINUED

FINE WINE GOES MAINSTREAM

Fine wine has long been perceived as an exclusive, somewhat intimidating investment, traditionally reserved for a privileged few.

However, attitudes are slowly changing. Over the past year, fine wine has begun to attract not just the 'very experienced' investors but also those with moderate or even limited experience, indicating its shift towards becoming a mainstream asset.

In 2024, only 52% of respondents described their clients as 'very experienced' investors, a decrease from 62% in 2023.

Meanwhile, 6% of fine wine investors have limited experience or are new to the field.

OVERALL INVESTMENT EXPERIENCE OF FINE WINE INVESTORS

52%
Very experienced
↓ 62% in 2023



42%
Experienced
↑ 36% in 2023



6%
Limited experience
↑ 2% in 2023



THE CHANGING DEMOGRAPHICS OF FINE WINE INVESTORS

CONTINUED

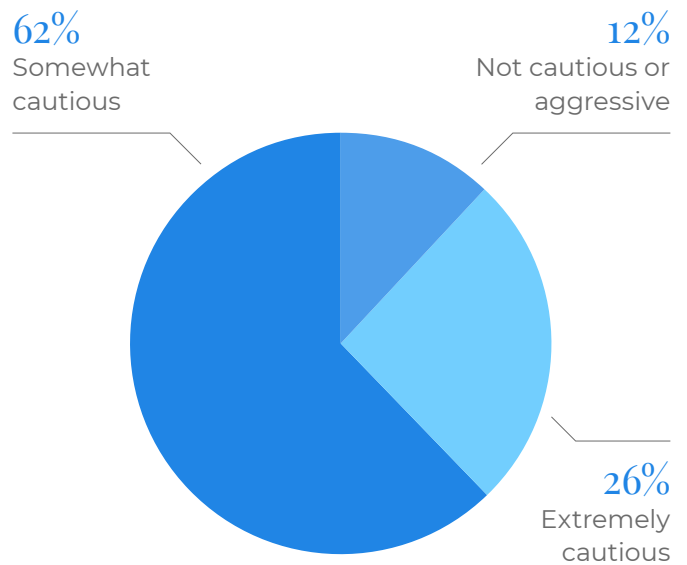
SHIFTING RISK TOLERANCES IN FINE WINE INVESTMENT

Fine wine is renowned for its low-risk investment profile, yet investors are increasingly demonstrating a higher tolerance for risk.

Although 88% of fine wine is still held in 'cautious' portfolios, there has been a notable 2% shift towards inclusion in balanced portfolios this year.

The percentage of investors with an 'extremely cautious' profile has halved from 50% to 26% since last year, suggesting that fine wine is recognised for its potential to stabilise and buffer investment portfolios against long-term inflation risks.

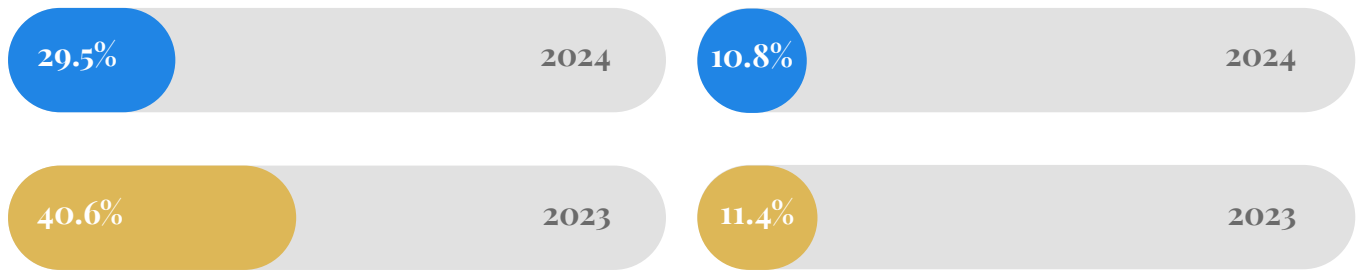
Fine wine investors' risk profiles



THE CHANGING DEMOGRAPHICS OF FINE WINE INVESTORS

CONTINUED

FINE WINE ALLOCATIONS IN INVESTMENT PORTFOLIOS



Average proportion of HNW portfolios containing fine wine

Average allocation to fine wine

Currently, nearly 30% of the UK's high-net-worth (HNW) investors incorporate fine wine into their portfolios.

After fine wine prices peaked at the end of 2022, the secondary market saw more sellers than buyers. Falling prices led some wealth managers to sell some of the fine wine in their clients' portfolios, impacting allocations.

Another important factor is that the value of fine wine allocations has dropped slightly. Over the last year, fine wine prices are down 14% on average.

During the same period, the average asset allocation to fine wine in investors' portfolios has declined from 11.4% to 10.8%.

More clients (66%) are allocating up to 10% of their portfolio to fine wine, and a smaller number (34%) allocate over 11% of their portfolio. In 2024, 2% are allocating over a third of their portfolio to fine wine, revealing a more polarising wealth distribution.

Last year, just half of wealth managers kept fine wine allocations under 10%, but none invested over 30% in fine wine.

Size of fine wine allocations in investors' portfolios

56%
Up to 10% of portfolio

32%
Between 11% and 30% of portfolio

2%
Over 31% of portfolio

*Average asset allocation to fine wine

THE CHANGING DEMOGRAPHICS OF FINE WINE INVESTORS

CONTINUED

A BUYER'S MARKET RIPE WITH OPPORTUNITIES

The current downturn in the market has ushered in a buyer's market, abundant with opportunities for new investors.

Less experienced buyers now have the chance to access premium brands at significantly lower prices.

This accessibility is not limited to the secondary market. In a nod to the economic stress, most Bordeaux châteaux released their 2023 wines at a 20-30% discount on last year during the annual En Primeur campaign.

This strategy has been deemed somewhat successful but whether it will influence future allocations remains to be seen.

“With the right analysis tools and expert advice, prospective investors can find great value opportunities with significant potential for future price appreciation.”

*Martin Pruszynski, Wine Investment Expert,
WineCap*



REASONS TO INVEST IN FINE WINE

Despite a bearish mood in the past year, the fine wine market is gaining traction due to its increased liquidity and mainstream acceptance. This shift is supported by technological advancements that have made trading more accessible and efficient.

FINE WINE IS BECOMING MORE LIQUID

Recent survey results go some way towards challenging the old perception of fine wine as an 'illiquid liquid'. In investment terms, liquidity measures how swiftly and easily an asset can be bought or sold in the secondary market.

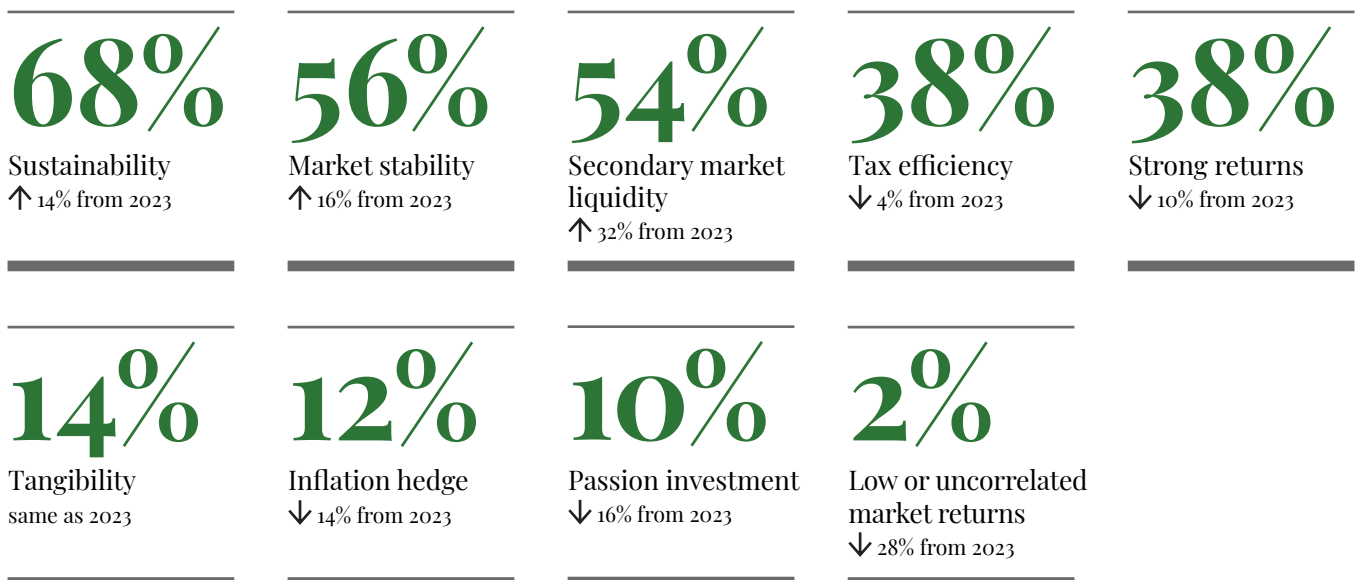
More investors are leveraging data and technology to inform their strategies, with online and mobile platforms streamlining the buying and selling processes. Investors today can track the value of their portfolios at the click of a button.

While fine wine remains less liquid than stocks and bonds due to its tangible nature, trading it today is easier than ever before.

Indeed, the most notable shift observed this year is the 32% increase in investor confidence in the market's liquidity. This leap underscores why an increasing number of UK investors are turning to fine wine, viewing it as a more accessible and manageable investment than ever before.

The fine wine market has expanded, becoming larger and more diverse.

Top motivations for UK investors choosing fine wine as an investment in 2024



*Respondents could select up to three answers.

REASONS TO INVEST IN FINE WINE

CONTINUED

ADVANCED TECHNOLOGY'S ROLE IN FINE WINE TRADING

More wine investment companies are incorporating advanced technology to enhance the trading experience by improving liquidity and traceability – and investors and wealth managers are increasingly receptive to these new developments.

80% of them believe that technology like blockchain will create more security and confidence in the sector, up from 56% last year.

Meanwhile, 52% of the survey respondents think that blockchain will make reputable releases, such as En Primeur offers, more accessible for investors without using a third party.

Still, 6% of the survey respondents remain sceptical about how this would work in practice.

80%

of survey respondents
believe that advanced
technology will create more
security and confidence in
fine wine trading

FINE WINE BENEFITS FROM GLOBAL DEMAND FOR SUSTAINABLE INVESTING

Global demand for sustainable and impactful investing is mounting, and fine wine is keenly poised to benefit.

According to [Morgan Stanley](#), more than half of individual investors plan to increase their allocations to sustainable investments in 2024, while more than 70% believe strong ESG practices can lead to higher returns.

These findings correlate with our survey, which positioned sustainability as the main reason why UK investors would choose fine wine for the second year in a row.

Awareness has grown 14% in a year, with 68% of the respondents citing the low-carbon benefits of fine wine as a compelling selling point.



REASONS TO INVEST IN FINE WINE

CONTINUED

OVERLAP BETWEEN SUSTAINABLE AND FINE WINE INVESTORS

There is already some cross-over between sustainable and fine wine investors, and the demographics are only getting closer.

The most active sustainable investors today are [millennials](#) (the group currently aged between 28 and 43), with the majority of them being [entrepreneurs and legacy builders](#). Likewise, research from Sotheby's in 2022 found that [35% of the new fine wine buyers](#) are under the age of forty. This is the second consecutive year of millennials betting on fine wine as the figure hit [37% in 2021](#).

Like sustainable investors, fine wine investors share a long-term vision. Fine wine investments can take around ten years to mature, but often take longer to achieve returns out of scarcity.

Moreover, the wine industry is directly impacted by the effects of climate change, with floods, forest fires and droughts grappling vineyards. Many fine wine producers are leading the charge in sustainable viticulture, with biodiversity, old vine preservation, climate adaption and mitigation taking centre stage.

Finally, according to the independent think tank [Areni Global](#), sustainability is a defining element in what makes a 'fine wine'.

“ A fine wine is complex, balance, with a potential to age – though highly drinkable at every state of its development. It has the capacity to provoke emotions and wonder in the one drinking it, while reflecting the expression of truth intended by its maker. It is widely recognized, while being environmentally, socially and financially sustainable. ”

[Areni Global](#)



REASONS TO INVEST IN FINE WINE

CONTINUED

ECONOMIC VOLATILITY HIGHLIGHTS THE STABILITY OF FINE WINE

Fine wine is the perfect asset in times of volatility, according to 56% of the survey respondents, who see market stability as the second most popular reason to invest in fine wine. Confidence has increased by 16% since last year.

The overall outlook in the UK has been weak by historical standards, as the economy has faced structural headwinds, high inflation and slow growth.

“*In times of hardship, people want something solid. Literally. Tangible assets like property, gold or fine wine tend to feel more precious during market downturns.*”

Alexander Westgarth,
CEO, WineCap

But besides its stability, what factors play the biggest role in helping fine wine perform during periods of market volatility?

The majority of the respondents (82%) felt that an increase in wine consumption would stimulate performance, but not necessarily a decrease in wine availability (2%). Greater appreciation of fine wine could naturally lead to improved secondary market performance, as more people start to enjoy and potentially invest in the asset.

Interestingly, the second most important factor had to do with the broader economy. 68% of the respondents felt that rising interest rates (68%) would be beneficial for fine wine's performance. High interest rates usually lead to a buyer's market, in which one can purchase fine wine for lower-than-average prices, making it a great time to invest.

Key factors that help fine wine performance during market volatility



REASONS TO INVEST IN FINE WINE

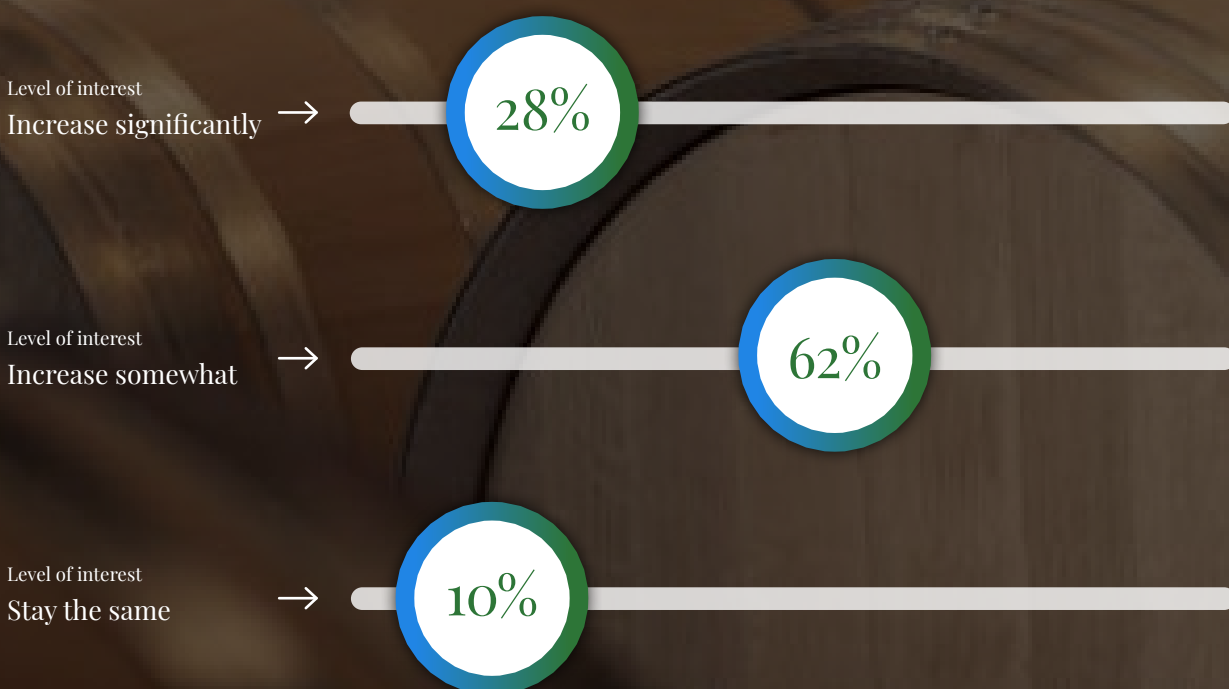
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CUTS TO CAPITAL GAINS TAX (CGT) INCREASE FINE WINE DEMAND

As of April 2024, UK investors pay up to 28% tax on profits over £3,000. Pre-2022, investors paid tax on anything above £12,300, but the past few years have seen the threshold slashed in a bid to plug the 'fiscal black hole'.

As a '[wasting asset](#)', the HMRC does not consider fine wine an investment where the profit should be taxed. Investors recognise this benefit, with 90% of our survey respondents noting that the CGT changes will increase the attractiveness of fine wine, and for 28% – 'significantly'.

CGT changes boosting client interest in fine wine investment



FINE WINE: THE KING OF COLLECTIBLES

The impending handover of wealth from one generation to the next – the largest in history – is driving demand for collectibles. Young investors are increasingly looking to earn uncorrelated market returns from investments such as fine wine, art, luxury handbags and watches.

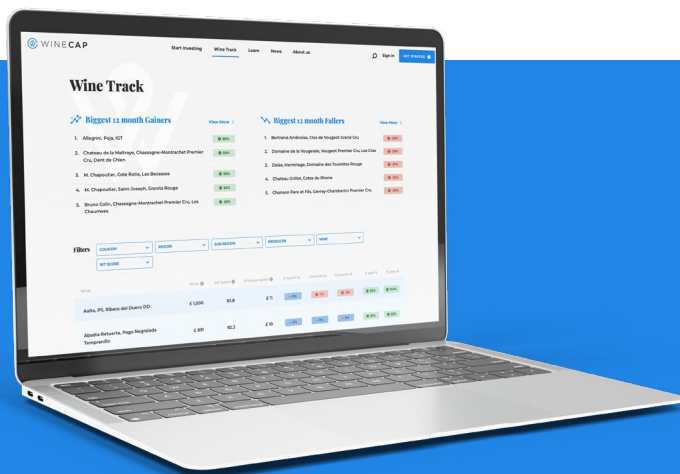
FINE WINE VS OTHER COLLECTIBLES

According to [Art Basel](#), there has been renewed interest in collectibles following the pandemic. Investment bank [Nomura](#) estimates that the art and collectibles category is larger than private assets (\$1.6tn) and more than twice the size of private debt markets (\$0.8tn).

In the collectibles space, fine wine is king. 92% of UK wealth managers anticipate demand for fine wine to increase in the next year.

Compared to other luxury assets, the fine wine market is more established and less volatile, offering increased liquidity and price transparency.

Fine wine indices like the [Liv-ex](#) regional indices and the free-to-all [Wine Track](#) brand indices, which provide investors with a perspective on the historic performance of over 3,000 wines, make it easier than ever to identify market trends.



92%

92% of UK wealth managers anticipate demand for fine wine to increase in the next year.

FINE WINE: THE KING OF COLLECTIBLES

CONTINUED

Demand for other collectibles is also expected to increase. Luxury handbags came out as the second most popular investment avenue, following [reports about skyrocketing prices](#) in the primary and secondary markets. For fashion investors, the term 'investment piece' has taken a much more literal meaning and no longer serves to simply describe the timelessness of an item.

Similarly, jewellery also saw an increase in interest, up 10% since last year.

WHISKY INVESTMENT IN THE SPOTLIGHT

With 78% of wealth managers expecting demand for rare whisky to increase, an increasing number of fine wine investment companies are branching out

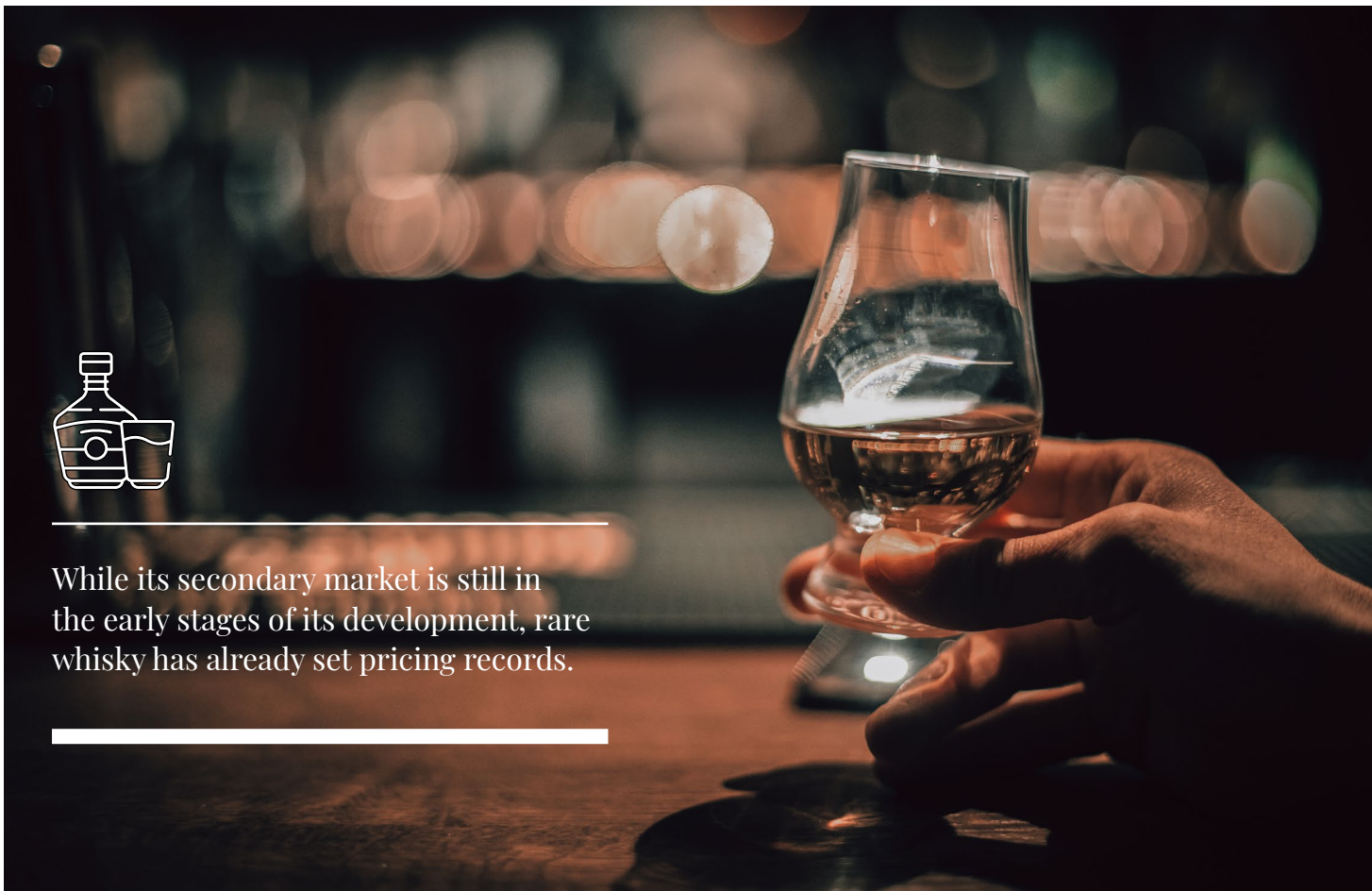
into spirits. And while its secondary market remains in the early stages of its development, this highly sought-after collectible is already breaking pricing records.

[Earlier this year](#), a 30-year-old bottle of The Emerald Isle by The Craft Irish Whiskey Co. was auctioned for \$2.8 million, breaking the world record for the most expensive bottle ever sold. Previously, this record was held by a bottle of 1926 Macallan which sold for \$2.7 million.

These eye-watering figures considerably surpass the world record for the most expensive fine wine ever auctioned – the 1995 Domaine de la Romanée-Conti Grand Cru for \$558,000.



While its secondary market is still in the early stages of its development, rare whisky has already set pricing records.



FINE WINE: THE KING OF COLLECTIBLES

CONTINUED

Expected increase in demand for collectible assets
among UK wealth managers in 2024



92%

Fine Wine



86%

Luxury
handbags



84%

Jewellery



82%

Coins



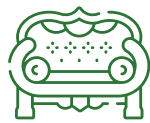
78%

Rare whisky



78%

Watches



72%

Furniture



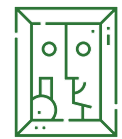
70%

Classic cars



60%

Stamps



44%

Art

FINE WINE: THE KING OF COLLECTIBLES

CONTINUED

A NOTE ON THE FUTURE: HOW FINE WINE CAN ATTRACT MORE INVESTMENT INTEREST

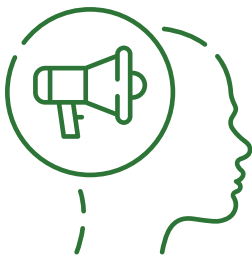
Although fine wine is a well-established investment, continuous improvement is essential for maintaining its appeal.

Greater awareness of fine wine's role in diversifying traditional portfolios could attract more investors, as suggested by 44% of survey respondents.

The fine wine industry can also benefit if it manages to instil even greater confidence in the liquidity of the secondary market.

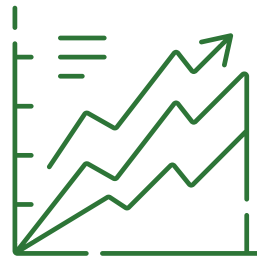
16% of the respondents also found educational content on fine wine investment to be effective. More research about the benefits that fine wine brings to a portfolio will only increase awareness and its attractiveness, helping the asset to become more mainstream.

Factors encouraging client investment in fine wine



44%

Greater awareness of the role fine wine can play as a diversifier from equity and bond portfolios



24%

Greater confidence in the liquidity of the secondary market



16%

More guidance and education

Summary & Conclusion

The fine wine market continues to evolve with remarkable dynamism, playing a crucial role in the portfolios of discerning investors.

This year's findings underscore the increasing sophistication and accessibility of fine wine as an investment, buoyed by technological innovations and a shifting demographic of investors.

The integration of advanced technology, the expanding appeal of sustainable investing, and the strategic adjustments in response to economic conditions highlight fine wine's unique position in the investment landscape.

As new generations of investors seek diversification away from traditional financial markets, fine wine emerges not only as a stable asset but also as a leader in the collectibles market, increasingly appreciated for its intrinsic and sustainable value.

Our research indicates sustained growth in the market's liquidity and a broadening investor base, embracing younger and less experienced individuals. This shift is crucial for the future of fine wine investing as it aligns with broader financial trends and investor preferences towards assets that offer both stability and ethical investment opportunities.

The future of fine wine investment looks promising in the UK, with potential growth driven by increased market knowledge and transparency. As more investors recognise the benefits of including fine wine in their portfolios, we anticipate a continued rise in its popularity.

We extend our gratitude to everyone who contributed to the 2024 WineCap Wealth Report. Your insights and expertise continue to illuminate the path forward for fine wine investing. As we look to the future, WineCap remains committed to providing research and analysis to help our clients and the broader investment community navigate this fascinating market.



MAKING WINE INVESTMENT AFFORDABLE, TRANSPARENT AND SIMPLE FOR YOU.

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 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.

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

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.



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