

CHRISTMAS OFFICE DATES

Capital Vintners will close its office for the festive period on the 21st of December 2018 and re-open on the 7th of January 2018.

If you have any urgent enquiries during this time, please email us on info@capitalvintners.com or leave a voicemail message by calling our office number on 0207 378 3500 / 0800 077 8007

STEADY GAINS FOR FINE WINE

After a summer of steady gains, the autumn looks set to bring yet more good news from the fine wine market. The Liv-ex 1000 index, the broadest measure of the market, gained 2.8% in September - another new record high for the index which has risen 9.1% year-to-date. All of the Liv-ex 1000 sub-indices also made steady gains, with the Burgundy 150 up by 7.2% and the Champagne 50 outperforming the Bordeaux Legends 50, becoming the second-best performing index in September. Bordeaux continues to experience a declining trade share - although still the largest player, the region now accounts for around 60% of total value traded, compared to 95% back in 2010. This is great news for the broader market, with Burgundy's share rising from 12.5% in 2017 to 14.7% in 2018 so far, and Champagne, the Rhone and Italy following suit.

A HEALTHY INVESTMENT

Back in 2012, a survey by Barclays Wealth and Investment Management found that 28% of high net worth individuals have a wine collection, and that 2% of their wealth is tied up in wine. This is no new phenomenon - in its various forms, wine trading and collecting has taken place for centuries. The ancient Greeks, Egyptians, Phoenicians and Romans were all keen wine traders, and Charles II of England reportedly had Haut Brion in his cellar. More recent data from the 2018 Knight Frank Wealth Report shows that fine wine is now the second most lucrative long-term luxury investment after fine art. The value of the Knight Frank Fine Wine Icons Index rose by 11% last year, confirming that fine wine can show significant returns provided the investor is committed to a medium-long term hold. Data from the London Business School also shows that since 1990, wine has performed better than most other luxury collectibles with an inflation-adjusted price appreciation of 3.7%, illustrating the market's unique ability to withstand economic downturn whilst continuing to show healthy returns for investors.

WINES ON THE MOVE

Recent market movers have been a mixed bag - Burgundy's DRC La Tache 2011 (up 14.7%) and Domaine Leflaive Puligny Montrachet Clavoillon 2009 (up 9.9%) helped fuel the Burgundy 150 index gains, while Pol Roger Sir Winston Churchill 2002 rose 13.7% ahead of the release of the 2008 vintage. Two off-vintage Second Wines,

Clarence Haut Brion 2013 and Petit Mouton 2007, also made good gains in September. Back in Bordeaux, First Growths have been on the move with older 100-point numbers pushing the prices up. Margaux 1996, Latour 1982 and Latour 2003 took the top three spots, with Margaux 1996 rising the most at 13.9%. In his tasting note for this 'perfect' wine, Neal Martin wrote: "this may well turn out to be the Left Bank Pinnacle of the 1990s".

BURGUNDY PUSHES AHEAD

While the broader fine wine market has experienced numerous ups and downs over the past decade, Burgundy has moved in only one direction: up. Prices have risen relentlessly in 2018 so far and it has vastly outperformed all other regions - the Burgundy 150 index, which tracks the top 15 wines of the region, is up 23.7% over 12 months and 10.7% year to date. This has more than made up for the blip at the end of last year, when price drops dragged the index down temporarily. Burgundy's success is in part explained by the simple supply/demand equation. The top Burgundy chateaux release only small amounts of wine each year, meaning supply is tight and more money competes for the rare vintages. Asian buyers account for most of the demand for Burgundy, with the region even more popular than Bordeaux in many places. All other fine wine regions are in positive territory over one year, but none come close to matching Burgundy's performance. The weakest performer, the Rhone 100, has gained 2.5%, whereas the Bordeaux 500 is up just 5.7%.



DON PÉRIGNON "BEST CHAMPAGNE OF 2018"

After days of blind-tasting hundreds of champagnes, FINE Champagne magazine has released its list of the top '100 Best Champagnes of 2018' - and the winner is Dom Pérignon Rosé 2006. The first vintage of Dom Pérignon Rosé was released in 1971, and today cellar master Richard Geoffroy aims to be increasingly adventurous in bringing out the aromas and structure of this truly Burgundian Pinot Noir champagne. "Technically my most challenging Vintage was 2006. I keep referring to risk at Dom Pérignon, to step outside one's comfort zone: to me it's the essence - an element of magic comes out of it," Geoffroy said.

PERFECT PAVIE

Chateau Pavie is the largest of all the Premier Cru Classe A vineyards, sprawling over 42 hectares. Unique in Saint Emilion, the merging of surrounding vineyards with Chateau Pavie in 2002 under Gerard Perse has meant that the expansive area boasts different terroirs. The vineyard is planted to 60% Merlot, 25% Cabernet Franc and 15% Cabernet Sauvignon, producing a deeply coloured, rich Bordeaux wine filled with minerality and a special purity of fruit that comes only from the world's best wines. The 2000, 2005, 2009 and 2010 vintages all have a 'perfect' Parker score of 100-points, and the upgrade to Premier Grand Cru Classe A in September 2012 has caused a steady rise in prices since then. The market for Pavie shows no sign of slowing down, and value for money can be found within the most esteemed vintages. The 2009 for example is priced slightly lower than its other 100-point equivalents, perhaps because Neal Martin accorded it only a 92+ when he blind tasted the wine back in July 2013. At the time he added in his notes: "I think it will merit a higher mark in future". At a non-blind tasting, perhaps?



ROMANÉE-CONTI SELLS FOR RECORD \$558,000

In October, two bottles of DRC Romanée-Conti 1945 broke the record for the most expensive wines ever sold at auction. The two bottles fetched an eye-watering \$496,000 (£377,000) and \$558,000 (£424,000) respectively, at Sotheby's in New York. The previous record for a standard bottle of wine was held by Lafite Rothschild 1989, which sold for \$233,000 in Hong Kong in 2010. The 1945s are two of just 600 bottles produced by Romanée-Conti that year. According to Sotheby's, the wine was made just before the vineyard was uprooted and, despite "heavily damp-stained, scuffed, torn, and partially missing" labels, the vintage is "rare and wonderful". They added, "the best bottles are so concentrated and exotic, with seemingly everlasting power - a wine at peace with itself."

MORE POINTS FOR PETRUS

If the Romanée-Conti 1945 doesn't take your fancy, you could always invest the same amount in 133 bottles of Petrus 2010 - a much revered Pomerol and the talk of the trade in October. Robert Parker awarded this wine a perfect 100 points back in 2013, saying it was a "monster-in-the-making". Neal Martin also released a report on Petrus to coincide with the announcement of the chateau's partial sale to Colombian-American investor Alejandro Santo Domingo in September. Martin awarded the 1989 another perfect 100 point score, commenting that the wine was "still youthful on the nose considering its age, almost broody at first, intense and focussed." He added: "If it were an actor, it would be the English actor Tom Hardy in the reboot of Mad Max." The 1949 vintage was awarded 99 points - "one of the greatest Pomerol wines I have ever tasted" - and the 2009 was given 98+ points and praised for "growing up"

CHAMPAGNE: AN INVESTMENT ASSET

The market for fine champagne has blossomed in recent years, with its trade share rising from 1% to 8% by value. A recent Liv-ex report comments on how the events that have unsettled Bordeaux appear to have had little effect on the Champagne 50 index, which has shown a compound annual growth of 9.52% since its creation. Vintages dominate the secondary market and age stands out as the most important price determinant, with critic scores hardly affecting prices. Data from the Liv-ex 1000 index now shows that Champagne is the second best performing region after Burgundy, transforming the famous sparkling wine from a frivolous icon of celebration to a stable and secure investment asset.

MESSAGE FROM THE CEO

2018 has seen the fine wine market improve overall despite Brexit and the pound dropping again this year. However, the key to a successful wine portfolio is patience and buyers this year will really see the benefit from the market after holding for 5-10 years and picking great stock from our team of dedicated staff.

Amidst all the tension with other markets we have attracted more customers from around the globe this year at an unprecedented level and have secured the future trade for Capital Vintners customers and with buyers and sellers for many years to come. Very exciting times for the company!

Vin Mondial was tried and tested and we are now going back to our roots and Capital Vintners will be full steam ahead in 2019. We managed to set up some good trade deals from Vin Mondial and they are continuing to evolve however as some business relationships don't always last, we have decided to revert all business back to Capital Vintners so please keep an eye out for a change in bank details as of the 1st January 2019 it will be the same account as we had pre, January 2018.

A successful year establishing more customers from Asia has been good news and a large number of younger collectors from the middle-age group sector too. With fine wine being the second most successful commodity market after classic cars it is proof that all you need is a wine portfolio if you are to beat the usual rate of inflation.

The Knight Frank Fine Wine Icons Index, recorded overall growth of 9% over 12 months, but the various sectors of the market are running at different speeds, the very top of the Burgundy market is on fire, with growth of between 20% and 70%, but Bordeaux is more of a mixed bag which would require more time.

It would be wise for customers holdings in 2019 to follow more from Burgundy region as a hot tip!

Please also see my private note amongst your pack sent out this year about security to safeguard your stock and the relationship between Capital Vintners and you the customer.

We will resume business after the 7th January 2019 after our break. Wishing the best to you and your families for Christmas and the New Year!

Christopher Burr Founder & CEO