



IT'S RARE TO ACCESS SUCH A
POWERFUL FINE WINE PORTFOLIO

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Bordeaux's keeps blue-chip reputation remains despite increased competition

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Bordeaux is still the blue-chip of wine investing, despite the improvement in quality from competitors around the world, says Robin Kelley O'Connor, an international wine judge.

"Burgundy is coming on strong but Bordeaux is really second to none," O'Connor says.

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David Elswood, international head of wine Christie's, an auction house, says that during a period of changing prices, it remains the number one category of wine in all our salerooms globally and worldwide market.

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Miles Davis, a partner in UK-based Wine Asset Managers, says: "Bordeaux is really the only wine that you can consider for a fund of a decent size because of quantity... it will always make up the majority of the investment as it lends itself better to trading on the secondary market."

The Liv-ex Fine Wine 100, a benchmark index, is weighted toward Bordeaux, indicating fine wines from the region should make up the lion's share of a portfolio if the intention is to sell in the future.

Justin Gibbs, founding director of Liv-ex, says: "Bordeaux remains the main play. Wine funds must be in this space, where there is a tighter spread between bid and offer, and therefore a lower cost of trading."

But which wines to buy from the hundreds of châteaux? Should you buy from the left bank or right bank? And which vintages and appellations (legally protected names indicating the region in which they were produced) to consider?

Mary Gorman McAdams, a master of wine and North American market adviser for the Bordeaux Wine Council, says buyers should first "know your objectives and why you are investing".

McAdams also advises buying a whole case plus a few bottles to enjoy, as whole cases retain their value better.

Buyers must educate themselves, she says: "Brush up on what has traded over the last 10 years. Know the fine wine market and read lots of wine reviews." Renowned US critic Robert Parker's Wine Advocate website is one to watch, according to experts.

Investors should ensure they buy only pristine stock with a known and provable history, such as bonded warehouse records, says Elswood at Christie's.

As to which are the best vintages, Jeff Zaharia, president of Zachy's wine auctions in the US, says: "I'm looking at the 2009s and 2010s.

"These are two great vintages, both have come down in price over the last few years and seem to have bottomed out. I look for these wines to come up 5 per cent to 15 per cent over the next few years."

Others mark the 2005 vintage as a must for every cellar. Parker rescored the 2005 at the end of June and many expect prices could rise dramatically for some châteaux.

However, older vintages could also be worthwhile. Chris Smith, an investment manager with The Wine Investment Fund in the UK, says he is bullish on vintages that are 10-25 years old.

Max Lalondrelle, fine wine buying director at Berry Bros & Rudd, a London-based wine merchant, says: "One has a good chance of making money if investing in wines from the left bank with a maturing vintage and a middle-to-top brand as well."

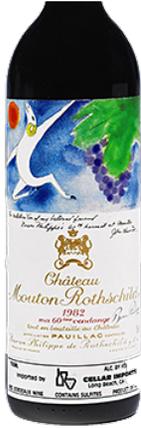
For new investors, first growths from the 1855 classification (which ranked wines from first to fifth growth) may seem the best option.



But wines produced by the Cru Bourgeois — a classification for red wine that lists some châteaux not included in the 1855 classification from the Médoc, on the left bank of the Gironde estuary — are less expensive, though are not always considered to be investment class wines.

Brinda Bourhis, director of Winevox, a specialist wine communications firm in Bordeaux, says that 267 Cru

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1982 Chateau Mouton Rothschild

Bourgeois wines were selected for the 2012 vintage and most cost \$25-\$50 per bottle.

Many experts have also noted that a few châteaux on the right bank were also showing well, such as Vieux Château Certan from Pomerol.

While some experts think that *en primeur*, also known as “wine futures” (investing in vintages before they have been bottled), has become passé, Lalondrelle says it can still be a good bet for certain wines.

Meanwhile Hortense Bernard, from Millésima, a New York and Bordeaux-based wine merchant, says that buying *en primeur* also provides a chance to invest in larger-format bottles, which are favoured by some collectors.

However, one thing the professionals agree on is that investing in wine should be something done for pleasure. Then, even if the monetary rewards are less than expected, drinking the wine will still provide pleasure for years to come.

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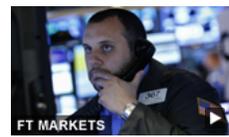
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