

VINOVEST QUARTERLY REPORT

Q3 2020



vino
vest

Simple, modern wine investing for everyone

Vinovest's mission is to make wine investing friendly and approachable through world-class wine experts and technology. Welcome to a world where you can have your profits and drink them too



The TLDR

Quarterly reports are long, and people are busy. In case you want the 30-second version, here are the key takeaways:

- 01 . The Vinovest 100 (3.5%) outperformed its Q2 mark (1.4%).
- 02 . Bordeaux, Emerging Markets, and Italy were the leading performers.
- 03 . Fine wine continues to grow steadily despite the coronavirus.
- 04 . Vinovest saw a threefold increase in its number of clients.
- 05 . Bordeaux got a boost with its 2019 en primeur, but the future may be fine wine from Italy.



+132%

The return on investment for 2013 Marchesi Antinori Solaia, the highest appreciating wine in Q3



+3.5%

Vinovev index

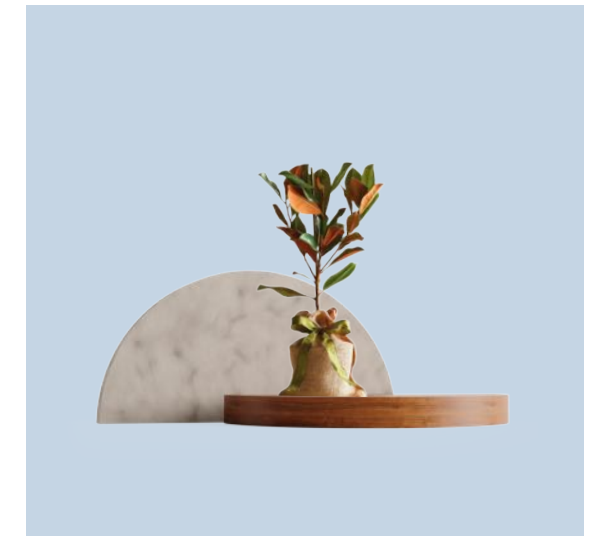
+300%

Vinovev clients



+4.6%

The growth for Bordeaux wines, which led all regions.



2,110

The number of trees Vinovev will plant based on Q3 wine purchases to **offset carbon emissions.**

Vinovest performance in Q3

The Vinovest 100 index

The Vinovest 100 is our index that tracks 12 of the most active fine wine markets around the world. This year has been unprecedented and unpredictable. Despite the ups and downs, the Vinovest 100 grew 3.5% in the third quarter, up from 1.4% in Q2.

During these very difficult times, any growth is promising. The excitement of La Place releases (an annual event where high-end wineries debut their new wines) boosted trade volume in September. Fine wine trading was up 15% by value and 85% by volume over the previous year.

The key:

Recession resistance

On the other hand, many mid level and bulk wineries are currently struggling. COVID-19 will also force many wineries to [adjust how they do business](#).

Wineries will need to figure out how to sell wine through new channels and attract young customers.

In the face of this turbulence, fine wine has flexed its [recession resistance](#). Unlike other assets, including lower and mid-range price wines, fine wine remains borderline impervious to economic distributions. Even when the markets fluctuate wildly, you can expect fine wine to remain stable.

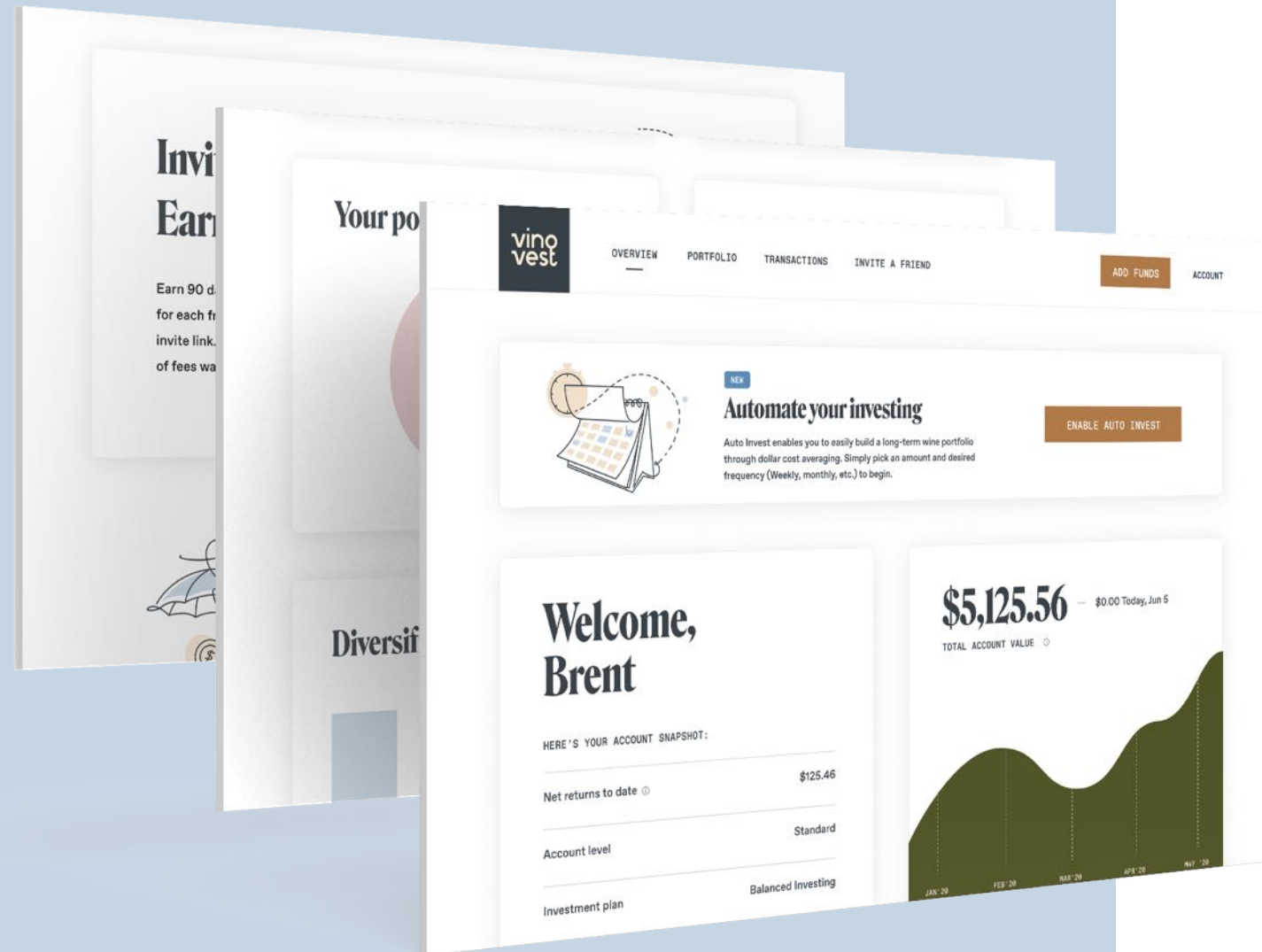
Vinovest 100 vs. stock markets

The Vinovest 100 beat out the S&P 500 for Q3 performance (3.50% vs 2.08%)

Take these stock market numbers with a grain of salt. It's easy to grow when you are coming up from one of the lowest drops ever in March. The unemployment rate is still at 7.9%, a far cry from the rates at the year's start. With the election coming up, The prospects for a positive fourth quarter in the stock market are very uncertain.

Vinovest News in Q3

Q3 was an incredible quarter with new company records for the number of clients and assets under management. However, our initiatives were heavily focused on internal optimizations to improve the client experience rather than on external projects or publicity. Here are some awesome new tidbits we wanted to share.



Improved Design

Great website design is like a fast internet connection. We only notice it when it stops working.

We spent the third quarter improving our interface. The redesigned portfolio dashboard allows you to easily see an overview of your wines and net returns. You also can check out breakdowns of your portfolio per region.

Good Things Come to Those Who Wait

Patience, patience, patience. It's our unofficial motto.

We understand that clients want to see profitable returns immediately. However, fine wine is a long-term investment. In order to maximize the value of your portfolio, all we ask is that you wait.

Just consider the different net returns on investment for our clients in Q3:

1.98%

The return for new clients that joined Vinovest at the end of Q3

2.69%

The return for existing clients that held their portfolio constant for at least one month

7.64%

The return for existing clients that held their portfolio constant for all three months

Be like the last clients.

Your bank account will thank you.

Best performing regions of Q3

In Q2, we said that the 2019 Bordeaux en primeur was
“a blue moon investment opportunity.”

**You listened. In Q3,
Bordeaux saw the most
substantial returns (4.6%)
of any fine wine region.**

The campaign grabbed the wine market's attention in this time of uncertainty. Price cuts contributed to a surge in demand and renewed faith in Bordeaux. Some of the best performing wines included:



2014

PICHON LALANDE

+126.51%



2015

BEYCHEVELLE

+122.50%



2012

COS D'ESTOURNEL

+118.18%

Our Emerging Markets subindex, which includes countries like Australia, Chile, South Africa, and parts of the United States, finished with a 2.8% return on investment.

South Africa is a particularly intriguing long-term prospect as the fine wine market there continues to see an uptick in critical praise and media coverage.

Italy rounds out the top three with a 1.9% return on investment. According to Decanter, the most coveted wines from Italy saw a 70% rise in value on Liv-ex during the first seven months of 2020. The country has benefited from several consecutive strong vintages, with Giacomo Conterno's 2013 Monfortino Barolo Riserva and Tenuta San Guido's Sassicaia 2017 being top movers.

Global Markets in Q3

Coronavirus Impact On Wine

If you're tired of hearing about the coronavirus pandemic, we understand. We're tired, too. The good news is that it had relatively little impact on fine wine in Q3.

Fine wine from July to September was relatively stable, and that's a good thing. The lack of volatility goes hand-in-hand with steady growth. During that time, the Vinovest 100 grew 3.5%.

The progress in the wake of the coronavirus pandemic has been promising. We have yet to see rampant price markdowns, and demand is creeping up due to more consumption. In August, we also saw a record number of wines traded and a 22% increase from last year. These things bode well for the future.



Seeing Green, White, and Red

Italian wine regions have strung together several strong vintages, culminating in the highly anticipated release of Barolo 2016 wines in Q3.

While Nebbiolo is a notoriously fickle grape, critical reviews were glowing. Bloomberg Media called the latest vintages possibly “[The best\[...\]](#)ever tasted.”



Barolo benefited from a near-perfect growing season. There was no hail, no heavy rains, and no blistering heat.

The results?

An average score of 99.3 out of 100 at the Nebbiolo Prima preview event.



Increased Globalization

Despite the success of the 2019 en primeur campaign, Bordeaux's market share continues to slide. In August, it reached a new all-time low of 35%, according to Liv-ex. A decade ago, that figure was 95%. While Bordeaux still has tremendous liquidity and recession-resistance, there are many new exciting regions that wine investors now have their eyes on.

Investment Outlook for Q4- 2020

The holiday season usually sees an increase in fine wine sales. People buy Nice wines to enjoy with loved ones or to give us holiday gifts--because who doesn't love a bottle of wine as a present. You know what's an even better gift than a bottle of wine? A Vinovest account full of incredible wines, with three months of no fee investing!

Here are some other things to look for in Q4.

California Wildfires

As of October 2, California wildfires have burned more than 4 million acres, making it the largest wildfire season in state history. The destruction includes **194 commercial structures**, such as wineries and restaurants.

Even if the fires don't reach the vines, the smoke will. Many wineries are doing small test fermentations to see if the grapes are viable. Smoke taint, which can give wines undesirable tastes and smells, may compromise the harvest size. If this happens, expect a surge in demand for earlier Napa Valley and Sonoma County vintages.



Other Opportunities to Watch

The international market continues to flourish in fine wine. The wines that we are tracking an hour emerging market sub-index have seen gradual improvements in its publicity, price transparency, and trading channels.

Wine quality is at an all-time high everywhere from Australia to the Americas.



We also love the value of the Champagne market. We know clients stay away from “bubbles,” but hear us out and you may change your mind. Champagne was the only region to have never dipped into negative prices during the 2008 recession.

Since then, the market has had a 9% annualized return over the past decade with minimal hiccups along the way. For an asset so bubbly, the returns are remarkably stable.

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Start investing today

Questions? Contact ir@vinovest.co

