

VINOVEST QUARTERLY REPORT

Q1 - 2021



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 place where you can have your profits and drink them too.



The TLDR

Quarterly reports are long, so let's keep this short. Here's the 30-second version of our quarterly report.

01. Vinovest 100 was off to a slow start in Q1, returning -0.2%—we look at what this can tell us about the broader market.
02. The Rest of the World crushed it in Q1, returning 5.1% on investment
03. Our two top-performing wines came from Champagne, while Bordeaux made up the remainder of the top ten
04. The reviews are in for Burgundy en primeur—and they're promising
05. Bordeaux en primeur is around the corner
06. Italian wines dominated Liv-ex's latest Power 100

Vinovest Performance in Q1

The Vinovest 100 index

The Vinovest 100 is our proprietary index that tracks 12 different fine wine markets around the world.

The Vinovest 100 returned -0.2% in the first quarter of 2021. Not a great start, but not the end of the world either. The question is: why?

Part of the answer lies in the broadening fine wine market. We've seen this trend evolve over the past few years. For instance, Bordeaux's share of trade dropped from 54.5% in 2019 to 42.4% in 2020. A similar dip happened to Burgundy, while Rhône and Champagne have remained stable.



Burgundy, France

Meanwhile, the Rest of the World sub index, which includes less prominent wine countries like the United States, Australia, and South Australia, is experiencing greater demand than ever.

It had the best return of any region in the first quarter, and it wasn't close. The Rest of the World appreciated 5.1%, with Burgundy taking second place at 0.9%.

Moving Forward

The Vinovest 100 works best when it captures the complete demand of the fine wine market.

Capturing the fine wine market's evolution isn't as easy as investing in more Argentinian or Australian wine. There's growing diversity within regions, too. Take Bordeaux, for example. The number of unique Bordeaux trades has nearly doubled over the last decade.

Investors are looking beyond the most prominent names in the industry as they search for undervalued investment opportunities.



First-Growth Bordeaux wines

Like the Dow Jones and S&P 500, the Vinovest 100 isn't static. We tweak and update the components to make sure that it reflects the diversity and demand in the fine wine market.

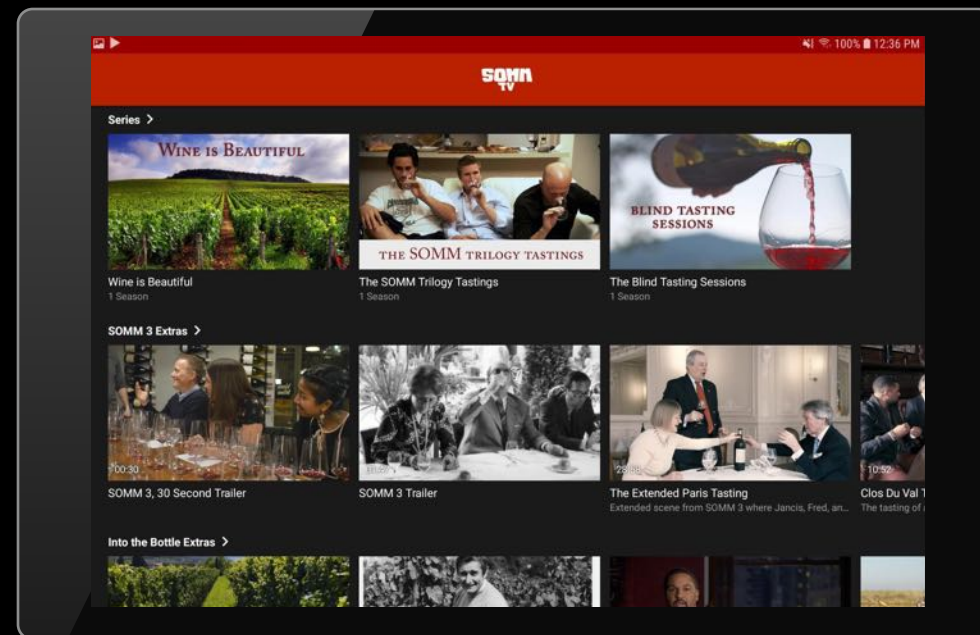
While a single three-month stretch is too small of a sample size to draw meaningful long-term conclusions, Q1 provides us a glimpse of what may be in store.

Vinovest News in Q1



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Tell Me What You See

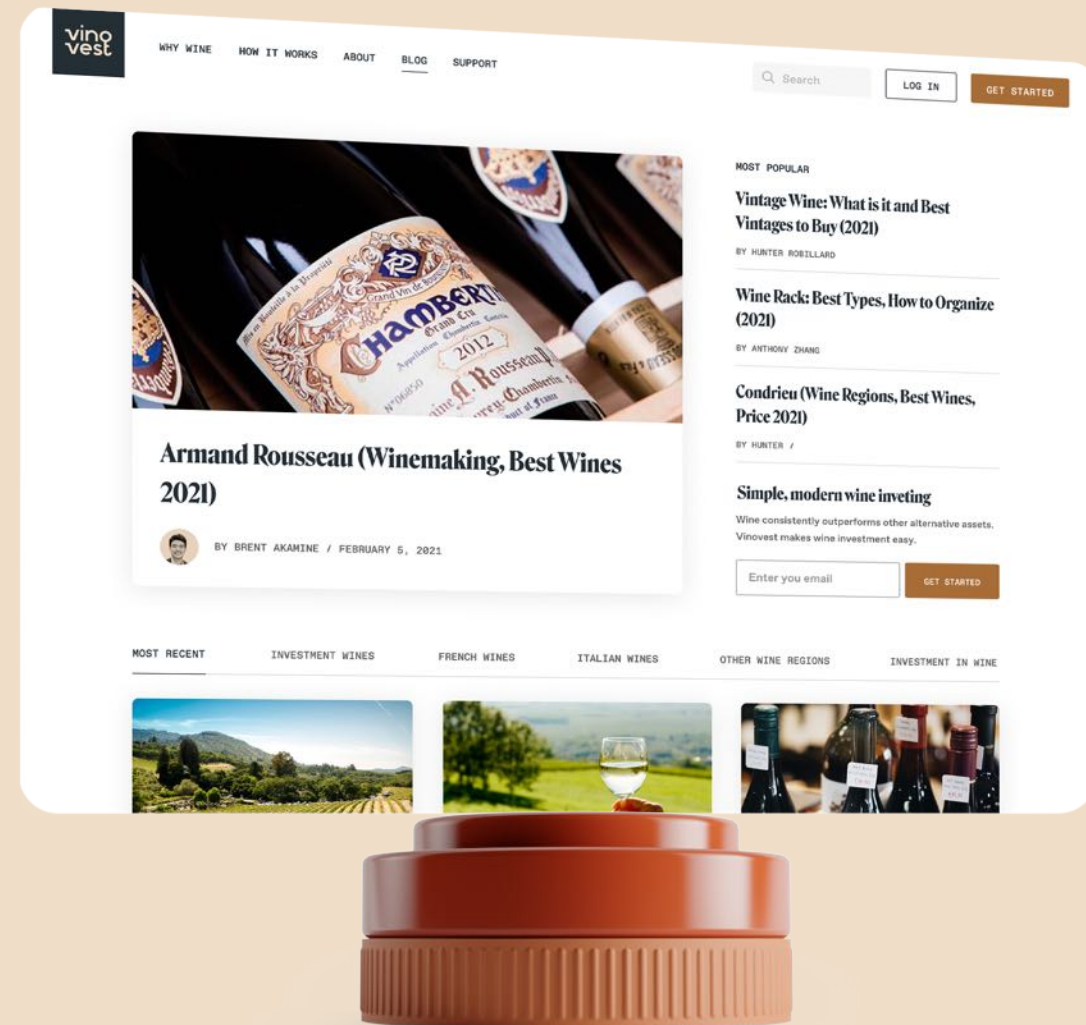
What's the difference between Domaine Armand Rousseau Chambertin Grand Cru and Domaine Leroy Chambertin Grand Cru? It might be harder to tell if you're not an expert on Burgundy wines. We're here to change that.



DOMAINE ARMAND ROUSSEAU
CHAMBERTIN GRAND CRU



DOMAINE LEROY
CHAMBERTIN GRAND CRU



We've added descriptions to every wine on our website, more than 1,200+ of them and counting. The write-ups provide key insights, like a wine's origin, flavor profile, critical reception, and pricing data.

That way, you know that Domaine Armand Rousseau Chambertin Grand Cru is a \$3,100 wine with a 143% return over the past four years, while Domaine Leroy Chambertin Grand Cru retails for \$9,800 per bottle and has appreciated 169% in that same time.

Best Performing Wines of Q1

The best-performing wine of Q1 was

2015 Taittinger Comtes Champagne Rosé.



The sparkling wine had maintained a stable price over the last five years. That was until January 2021, when the price hit an upward trajectory, eventually returning 207% on investment.

Wine critic Robert Parker praised the pinot noir-chardonnay blend as “rich, round and seductive.” At the same time, Connoisseurs' Guide said, “Inviting from first sniff to lasting finish, and hitting the expected marks at every stop along the way.”

2016 Roederer Cristal

Took the runner-up position,
appreciating 169% in Q1.



The Champagne has seen its availability dwindle over the last five years, contributing to the surge in demand. Other notable returns on investment included:

2006 Pichon Lalande	▲ 150%
2009 Cos d'Estournel	▲ 119%
2004 Duhart Million	▲ 115%
1982 Mouton Rothschild	▲ 62%
1997 Bollinger Rd	▲ 56%

Global Markets in Q1

2020 Power 100

Every year, Liv-ex releases its list of the 100 most powerful brands in wine. This year, **21 new entrants** made the list.

Nearly half of them were from Italy (10), giving the country 18 in total. Currently, Italy has the second most clout behind only Burgundy (24 entrants).

The results aren't surprising considering the remarkable returns on investment for Italian wines last year. Tuscan wines had the highest appreciation in 2020 among Vinovest offerings, increasing an average of 16.9% in value. Meanwhile, the Rest of Italy placed second in our rankings with a 15.3% return on investment.



2015 Tenuta dell'Ornellaia "Masseto" Toscana

As Drinks Business editor Rupert Millar put it:

“Italy’s rise is one of the most significant shifts in the fine wine secondary market, breaking the iron grip that French labels and regions have had on this sector for decades in measurable terms and, in real terms, since anyone can probably remember.”

Wait? Is Bordeaux Underrated?

France's shrinking market share and Italian's surging popularity have been well documented. It's led some people to reevaluate the investment worthiness of Bordeaux. Some analysts have concluded that it's underrated now.

Compelling opportunities are popping up as the region becomes more diverse. Some older vintages are seeing an increase in demand while investors look for undervalued first and second growths.



Matthew O'Connell, the Bordeaux Index's head of investment

Matthew O'Connell, the Bordeaux Index's head of investment, said:

"Bordeaux is very attractive at the moment and has a lot of momentum in the market, despite the fact that a lot of the noise last year was about other regions."

There's reason to think that Bordeaux might have a positive year in 2021. Which brings us to...

Investment Outlook for Q2

Bordeaux En Primeur

The 2020 Bordeaux en primeur is the hallmark event of Q2. Once again, it will look different than past events. The looming global pandemic means it will take place remotely this year.

Wineries have already begun mailing their samples to prominent wine critics (Vinovest included). Our team will assess the vintage's potential using a combination of proprietary data and qualitative assessment.

While there are still many questions surrounding the 2020 Bordeaux vintage, here's what we do know:

- 2020 prices should be 10+% higher than last year
- Critics have suggested that the vintage holds a lot of promise, though it's heterogeneous in nature. Translation: expect some disagreements
- A dry summer and late heatwave have led to dense concentration and high alcohol levels
- It is the smallest vintage since 2017



Expect a relatively short and swift campaign.

The en primeur is already later than usual and backs up against the summer holiday season. Strong critical scores and attractive pricing will be critical in helping this vintage make an impression.

Fire and Ice

French winemakers are seeing unseasonably low temperatures this spring.

In regions such as Burgundy and Bordeaux, temperatures have dipped below freezing overnight. These harsh conditions may hurt the vine's development and reduce output.

Winemakers are fighting back with fire. According to [ABC News](#), winemaker Laurent Pinson placed 600 large lit candles across his 14-hectare vineyards to combat the freezing temperatures. Others are smoldering straw bales and installing space heaters to protect the vines.



French wine harvest 2017 set for 'historic low' after frost

While the impact of the frost remains to be seen, frost has caused severe damage in the past. It damaged the French harvest in 2019, and a dramatic cold spell in April 2017 led to the lowest wine output in the country's recorded history.

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Questions? Contact ir@vinovent.co

