

VINOVEST QUARTERLY REPORT

Q2 - 2021



vino
vest

Simple, Modern Wine Investing for Everyone

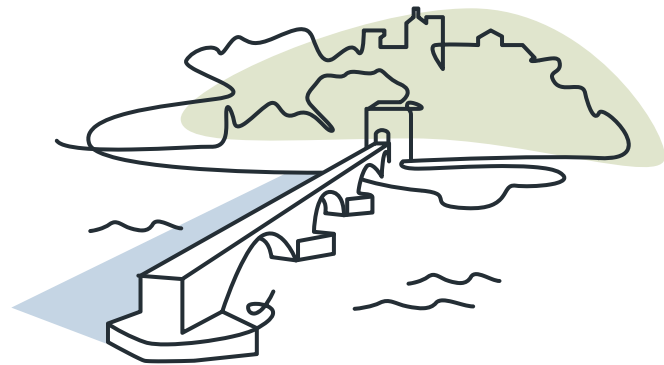
Vinovest's mission is to make wine investing friendly and approachable through world-class wine experts and technology. Welcome to a place where you can have your profits and drink them too.



The TLDR

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

- 01 . The Vinovest 100 returned 3.41% in Q2
- 02 . The Rhône and Champagne continue to thrive with each region returning more than 8% on investment
- 03 . Champagne had 17 of the 40 best performing wines of Q2, leading by Louis Roederer Cristal Rosé 1990.
- 04 . 2020 Bordeaux was a smashing success with its “highest scoring vintage ever.
- 05 . French wine producers suffered from frost, while South African and Australian producers had well above average harvests.
- 06 . Vinovest is hiring. Check out our [open positions](#).



8.75%

Rhône was the fastest-growing region in Q2, but only by a hair. Champagne returned 8.01% on investment, while Piedmont took third with a 5.48% return.



\$49,600,000

The winning bid in Hong Kong dollars for 700 lots of wine at a Zachys auction. The haul included nine rare bottles of DRC Romanée-Conti, 12 bottles of Corton Charlemagne Coche Dury, and a bottle of Latour 1961.



645

The number of trees planted as part of our sustainability program.

Vinovest Performance in Q2

The Vinovest 100 index

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

After a mixed start to the year, the Vinovest 100 came roaring back in Q2. Our proprietary index returned 3.41%, the highest mark since hitting 3.5% in Q3 of 2020. The Rhône paved the way with the best performance of any region.

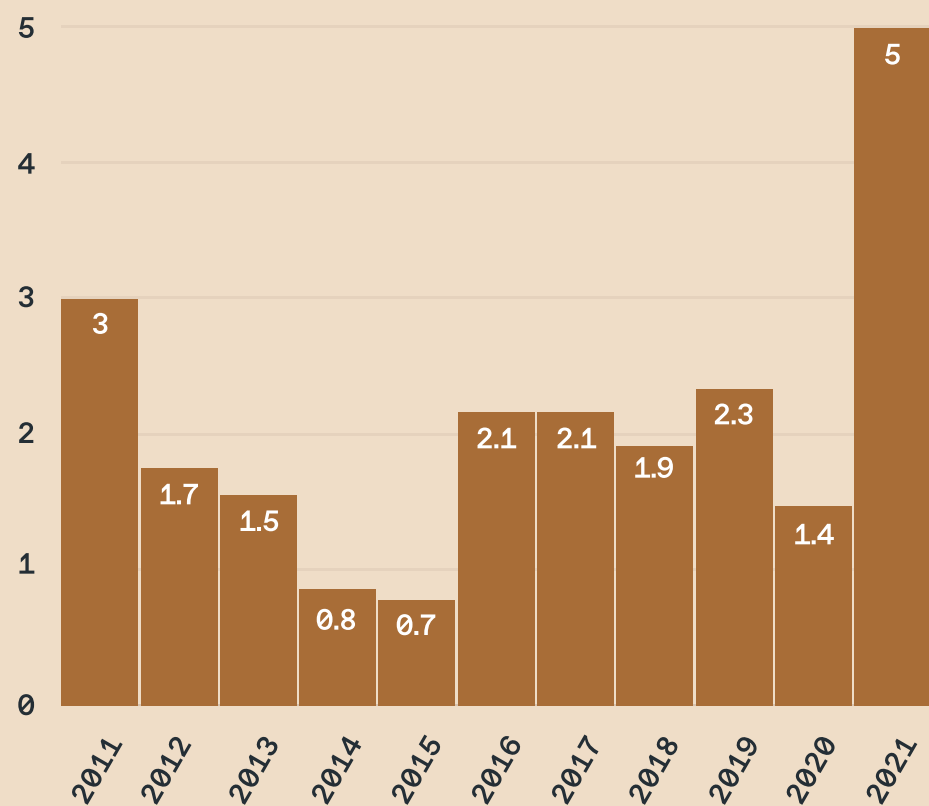
The top five performing regions included:

The Rhône	▲ 8.75%
Champagne	▲ 8.01%
Piedmont (Italy)	▲ 5.48%
Rest of the World	▲ 3.94%
California	▲ 3.33%

There's a couple of factors that lead to the surging interest in fine wine.

First, there's light at the end of the tunnel when it comes to Covid-19. Major economies are reopening as more and more people receive the vaccine. As of July 1, 2021, [55.2% of Americans](#) have had at least one shot, and 47.5% are fully vaccinated.

Second, the EU and US called a [truce on their tariff war](#). This quagmire began as a dispute over Airbus-Boeing, and fine wine got roped into the mess. Now, American consumers don't have to pay an extra 25% to import French, Spanish, and German wines. While the truce will only last for five years, it's a major win for investors.



United States Annual Inflation Rates (2011 to 2021)

Third, the Bordeaux En Primeur campaign was a success. (More on that in a moment.) Even though the event has lost some luster, it remains a tentpole event in fine wine. This year featured several special releases and record scores from critics.

Fourth, some investors may be hedging their investments amid rising inflation. April and May saw the **highest rates of inflation** since the Great Recession. Putting money into tangible assets, such as fine wine and fine art, offers a way to counter the risk. It's unclear how central banks will adjust their monetary policies to adjust for inflation.

Vinovest News in Q2

Let's Get Digital

Co-founders Brent Akamine & Anthony Zhang have had a long-running interest in cryptocurrency. Before founding Vinovest, they were executives at Blockfolio, the world's leading cryptocurrency tracking platform. Their passion for crypto has now made its way to Vinovest.



+

bitpay

In Q2, we expanded the number of ways you can fund your account. Vinovest partnered with BitPay to accept Bitcoin, Bitcoin Cash, Ethereum, Wrapped Bitcoin, and Dogecoin. You can also contribute to your Vinovest account with five different USD-pegged stablecoins.

Going Mobile



You guys asked for it. We have answered.
Well, we're in the process of answering.

Our software engineers are building a Vinovest mobile app as you read this. You'll have your portfolio, industry news, and customer support at your fingertips. It's our way of making wine investing more convenient and accessible.

Expect the app to debut by the end of 2021.

Help Wanted

Vinovest was founded in 2019. Two years later, we're hitting our growth spurt. We doubled in size in Q2 and have reached new highs in assets under management.

We're not done, though. We still have room to grow. In fact, we're still looking for talented people to join our team. If you're a talented person, check out [our careers page](#). Some of our open positions include:

- Portfolio Manager
- Portfolio Advisor
- Mobile Software Engineer
- Senior Backend Engineer
- Senior Frontend Engineer
- Senior Product Designer
- Senior Public Relations and Communications Manager

Best Performing Wines of Q2



Champagne has been on a roll. In 2020, Champagne returned 10.1% on investment. In the first quarter of 2021, when Burgundy and Bordeaux stumbled, Champagne remained stable. This quarter, it had the highest return on investment of any region (8.01%) save for the Rhône.

Champagne dominated our list of the best performing wines of Q2, too. It accounted for a whopping 17 of the top 40 spots. Bordeaux also turned in a strong performance on the heels of the en primeur campaign. The region accounted for 13 spots of our top 40.

Here are the top ten performing wines of Q2.

1. Pontet Canet 2014
2. Louis Roederer, Cristal Rosé 1990
3. Louis Roederer, Cristal 2008
4. Louis Roederer, Cristal 2004
5. Petrus 2015
6. Taittinger Comtes Champagne 2008
7. Domaine de la Romanée-Conti Romanée
Saint Vivant 2017
8. Louis Roederer, Cristal Rosé 2007
9. Sassicaia 2009
10. Taittinger Comes Champagne Rosé 2007

Champagne's continued rise is not a coincidence

Not only has it been a reliable investment for fine wine collectors, but it also offers a favorable price point to Burgundies and Bordeaux.

As Liv-ex co-founder put it, “Dom Pérignon, Cristal etc are like the first growths of Champagne, and their entry point is still relatively cheap compared to other fine wines.”

It also shouldn't come as a surprise that the Champagne trade has skyrocketed during the pandemic. Trading volume was up 60% in the first quarter of this year compared to the same time last year. [The most searched for Champagnes](#) in the world Dom Pérignon Brut, Louis Roederer Cristal Millésime Brut, and Krug Vintage Brut.

Global Markets in Q2

Bordeaux 2020 Secures ‘Highest Scoring Vintage Ever’

There’s no shortage of lofty praise for the 2020 Bordeaux vintage. According to Harpers, it is the [highest-scoring vintage](#) based on the 115 top wines.

However you classify the “best” vintage, it’s clear that Bordeaux producers have managed to string together three immaculate years.

So, what makes 2020 unique? The resilience. The clay and limestone soils retained ample water during the growing season, mitigating the effects of the summer drought. It’s also impossible to ignore the impact of the Covid-19 pandemic. Wine producers showed tremendous grit in the face of adversity. Despite lockdowns and restrictions, they managed to produce high-quality wine at scale.

Critics have noted a “greater focus and freshness” in Bordeaux 2020 than in previous years.

The First Growths lived up to expectations while the Right Bank regained its sheen. Jancis Robinson MW, who sampled [approximately 200 wines](#), gave seven wines a score of 18.5 or higher, including:

Château Margaux	19/20
Château Lafite Rothschild	19/20
Château Lafleur	19/20
Château Cos d'Estournel	18.5/20
Château Haut-Brion	18.5/20
Château Mouton Rothschild	18.5/20
Château Pétrus	18.5/20

French Vineyards Suffer ‘Worst Frost in Decades’

French wine producers are facing an “agricultural disaster.” Frost blanketed several thousand acres of vineyards in Bordeaux, Burgundy, Champagne, and the Rhône.

The sub-zero temperatures dried out and killed **approximately 50%** of the vines in Burgundy alone. Chablis may have been the hardest hit. Wine producers there have reported losses up to 95%. The French government is preparing a rescue package for individuals impacted by the weather.

‘Unicorns’ Found in Australia

While French wine producers make do, Australian wine producers are thriving.

The Aussie's industry experienced a near-perfect growing season, which some have deemed a "[unicorn harvest](#)."

According to Rachel Triggs, the Wine Australia General Manager of Corporate Affairs and Regulation, the country had a:

- Good fruit set
- Plenty of water at the right time
- Minimal heatwaves
- Low disease pressure
- Favorable conditions

The result? A high-yielding and high-quality vintage. This year's haul is 31% larger than the 2020 one and the largest, dating back to 2005. The favorable crush also helped balance out the modest harvests of the previous two years.

Argentina Has Its 'Best Ever' Vintage

Tim Atkin knows wine. The awarding-winning writer and Master of Wine has made a name for himself with more than 30 years of industry experience. For his 2021 Report, Atkin sampled 1,847 wines from 299 wineries. His conclusion? It was Argentina's best vintage ever.

Atkin gave 110 wines a rating of 95 points or higher, including a perfect score to 2019 Per Se Uni del Bonnesant Malbec, Gualtallary. He said, "It's fitting that my first-ever 100-point wine from South America should be a Malbec from a world-class terroir."

And The Top-Selling Wine Estate of 2020 Is...

Domaine de la Romanée-Conti.

For those in the know, this
shouldn't come as a surprise.

The legendary estate has topped Sotheby's list of [best-selling wine estates](#) for not one, not two, but eight years in a row. It's the modern equivalent of Bill Russell's Celtics or Michael Jordan's Bulls.

Last year, DRC took in an estimated \$92 million, a drop from its record-breaking \$118 million in 2019. However, the total marked the third-highest total in the last eight years. Some of the other prominent names in the top ten included Château Pétrus, Château Mouton Rothschild, Château Lafite Rothschild, and Domaine Leroy.

Space-Aged Petrus Goes Up for Auction

Last year, 12 bottles of Petrus took a trip to the International Space Station. They stayed there for 14 months so that researchers could answer one burning question; “Does wine age better in space or on Earth?”

According to Decanter’s Bordeaux correspondent Jane Anson, the space wine appeared to have developed two or three years despite only spending one year away from its home planet. Anson noted more floral aromas and softer tannins than usual.

Now, that wine is set to [go up for auction](#). Christie’s expects a single bottle to attract a \$1 million bid. We have several Vinovest clients interested in pooling together and making a bid, so keep a close eye out for further developments.

Investment Outlook for Q3

The Evolution of La Place de Bordeaux

Getting wine from Bordeaux isn't as simple as going to a producer and buying a bottle of your favorite red. Instead, the region uses an intricate three-tier system called La Place de Bordeaux.

The system involves châteaux selling wine to négociants, which function as wholesalers, via middlemen or brokers. Bordeaux introduced this system three centuries ago so aristocrats wouldn't have to interact with the merchant classes. The négociants then sell the wine to merchants worldwide who then sell to customers.

La Place de Bordeaux isn't limited to French wine. Almaviva and Opus One marked the first non-Bordeaux wines to make their way onto La Place. This year, Etna became the **first Sicilian** wine to share the honor.

While La Place de Bordeaux works, critics have called it cumbersome and old-fashioned.

It makes Bordeaux the only place without direct-to-consumer (DTC) sales. That may be changing. The Covid-19 pandemic hurt wine producers worldwide, with some leaning on online sales to stay afloat. This may be the start of greater access for collectors and investors.

As Wine-Searcher.com's Jame Lawrence put it, "Members of the Bordeaux establishment have finally got into bed with DTC platforms. I always suspected it would happen one day...I just never imagined that a devastating worldwide pandemic could be such a vital catalyst."

Barolo Releases

Italian law requires Barolo to spend at least 38 months aging with 18 months in oak or chestnut barrels. Barolo Riserva takes even longer, aging in the cellar for 62 months.

That means that 2017 Barolos are just now trickling into the market. So, what do the critics think? It's complicated. While the region has been buoyed by year after year of excellent vintages, 2017 was a challenge. Climate change led to abnormally warm temperatures. That heat caused wines to have ultra-ripe fruit and low acidity. According to [wine critic Tom Hyland](#), that makes them ideal for short-term consumption, not long-term cellaring.

Other critics have been more bullish on 2017 Barolos.

[Decanter's Aldo Fiordelli](#) said that "the wines are well balanced and display brilliant acidity and ripe tannins." Despite the high heat and low rainfall, he holds a favorable view of the vintage. Some of his top-rated Barolos include:

- Bartolo Mascarello Barolo DOCG
- Ester Canale Poderi dell'Antica Vigna Rionda
- G. B. Burlotto Barolo 'Acclivi'
- G. B. Burlotto Barolo Monvigliero
- Gaga Sperss

Expect more Barolo releases to come in Q3.

vino
vest

Start investing today

Questions? Contact ir@vinovent.co

