

VINOVEST QUARTERLY REPORT

Q1 - 2024





If you’re like most people, you plan on growing your wealth in 2024. In fact, 67% of Americans make finance-related resolutions for the new year. If your resolution was to invest in whiskey, it might interest you more.

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By the Numbers

-1.8%

The return of the average wine in Vinovest portfolios in Q1

-3.5%

The return of the Liv-ex Fine Wine 1000 in Q1

4 of the last 6

Fiscal quarters where the average Vinovest wine has outperformed the Liv-ex 1000

106.3%

The return of 2020 Egon Muller 'Le Gallais' Wiltinger Braune Kupp Riesling Spatlese recently sold by one Vinovest client

\$2.8 million

The auction price for “rarest triple-distilled single malt in existence,” breaking the record of \$2.7 million set by The Macallan in November 2023.

\$1.4 billion

The value of American whiskey exports last year, a 9% increase year-over-year

Fine Wine Performance in Q1

Italy and Champagne Bright Spots in First Quarter

The bear market that has defined fine wine in recent months might be going into hibernation.

The Italy 100 notched a 0.1% increase last month, its second positive month out of the last three. Back vintages of Super Tuscans led the charge with an uptick in interest following the recent releases of 2021 Sassicaia, Ornellaia, and Tignanello.

Champagne also sparkled. The Champagne 50 jumped 1%, its first positive month since October 2022. Liv-ex deputy chairman and exchange director Justin Gibbs called the upturn “cheery news,” though time will tell if it’s an indication of “a turn in the Champagne market.” \

Perhaps surprisingly, Italy and Champagne only accounted for two of the top 10 performing wines in the first quarter.



Do these reversals of fortune signal an opportunity to buy? Perhaps so.

Vinovest winery relations manager Olivier Bouchard touted Champagne as the “place to invest” this year. When asked about the region’s upside, he said, “Grower Champagne seems like the obvious place to invest in 2024. They deliver comparable quality to blue-chip houses like Krug and Louis Roederer but at a fraction of the price. It should be a good year to diversify into these less famous houses.”

Champagne is also in a stronger place investing-wise coming out of the Covid-19 pandemic than it was a few years ago. As Patrick Schmitt of [Drinks Business](#) wrote:

“2023 is a better year than 2019 – marginally higher in volume, but significantly greater in value (€6.2 billion vs €5.05bn), with the post-Covid Champagne business repositioned as a more premium one: a result of significant price increases on the product, as well as a shift to higher-end cuvées, and a greater proportion of sales in countries beyond France.”

Taken together these factors could mean a return to form for what has historically been one of the best-performing wine regions.

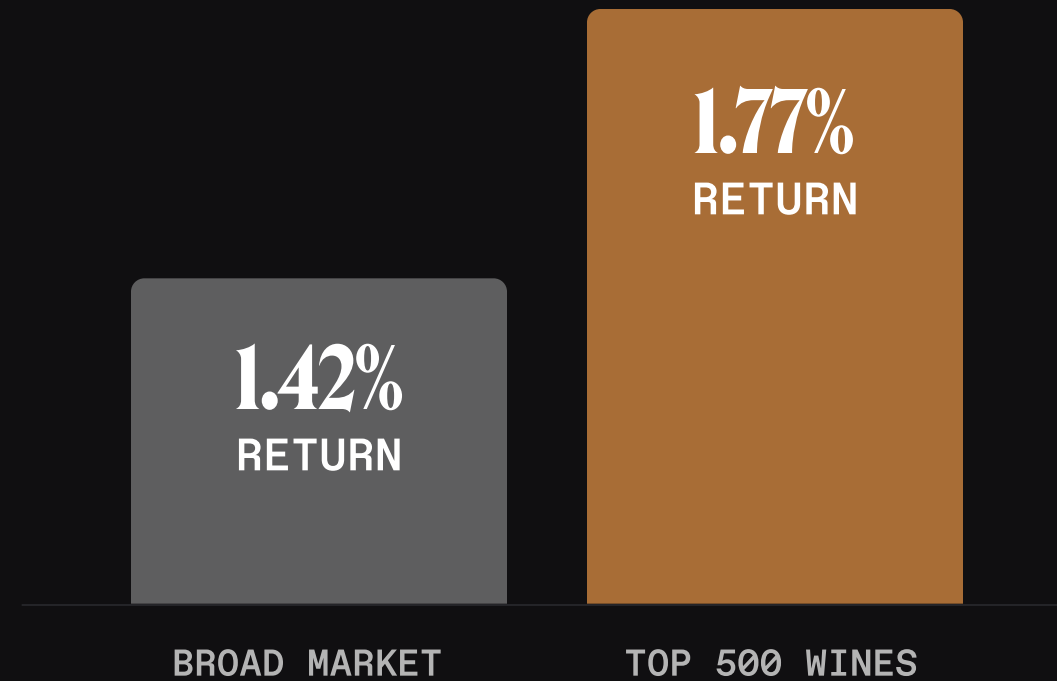
Burgundy and the Rhône Among Biggest Fallers

While Italy and Champagne showed signs of life in the first quarter, Burgundy and the Rhône continued to see prices fall. According to Liv-ex, top labels in both regions have experienced a -19.3% decrease over the last year, the most significant decline of any indices. This year, Burgundy has seen a -5.5% average dip in prices while the Rhône fared slightly better at -4.8%.

This trend shouldn’t come as a surprise. Our team predicted a continued price correction in these markets in the [Q4 2023 quarterly report](#). Speculation among high-end Burgundies such as Bizot, Ente, and Arnoux Lachaux ran rampant in previous years. As a result, the market correction has been necessary and healthy albeit longer than anticipated.

Wine Auction Prices Rebound in Q1

The fine wine market has been characterized by a near year-long slide. But movement in the auction market has given reason for optimism.



Source: Liv-ex, data from January 1, 2024 to March 1, 2024

According to [Wine Market Journal](#), top auction houses in the United States have seen positive price growth in recent months. The publication uses 14 indices to track the wine auction market, 12 of which have risen since January 1. Most notably, that includes:

The best-performing index was first-growth Bordeaux, which features the region's top wines. It appreciated nearly 3.5%, with the second-growth Bordeaux index not far behind at 2.3%. More heartening is the fact that 12 of the 14 indices that Wine Market Journal uses have increased in value year-to-date.

As Charles Antin, global head of auction sales at Zachys Wine Auctions, put it, "The market is in a place where it's steady and not as volatile as we've seen in the past."

Fine Whiskey Performance in Q1

Bourbon Casks Exited for 23.3% Return

If you're like most people, you plan on growing your wealth in 2024. In fact, 67% of Americans make finance-related resolutions for the new year. If your resolution was to invest in whiskey, it might be paying off.

Vinovest sold four pallets of bourbon (70% white corn, 20% rye, 10% barley) to a private buyer in January. These casks were held for one year before being sold. This sale marked Vinovest's third whiskey exit and the first for this mashbill.

The defining feature was the use of white corn in the mashbill. The casks contained 70% white corn instead of the usual yellow variety. White corn adds an earthy flavor that results in a premium sale price as seen here.

Bourbon Exit






Average Vinovest Whiskey Cask Jumps 20%+ Post-Valuation

Whiskey gets better with age, almost by magic. However, when it comes to valuing whiskey casks, the process isn’t magic — it’s science.

In January, third-party specialists examined all the American whiskey casks in our holdings. The goal was to determine the current volume and alcoholic strength in a process known as re-gauging. These figures allow the specialists to calculate the re-gauged liters of alcohol (RLA) compared to the original liters of alcohol (OLA). RLA also provides a clue to a whiskey’s maturity and the total losses due to the angel’s share.

Here are the results of the recent valuation for our one-year-old American whiskey casks. It’s hard not to be excited about this performance. Being able to source quality American single malt at affordable prices has been a huge undertaking considering the tight supply chain and booming demand. (More on that in a bit.)

If you want to own your own whiskey cask or diversify your existing portfolio, check out our whiskey offerings [here](#).

		
Standard Bourbon Mashbills	American Single Malt	Straight Rye/Wheat
AVG. PURCHASE PRICE \$1,500	AVG. PURCHASE PRICE \$1,350	AVG. PURCHASE PRICE \$1,575
NEW 1-YEAR VALUE \$1,850	NEW 1-YEAR VALUE \$1,700	NEW 1-YEAR VALUE \$1,900
TOTAL RETURN 23.33%	TOTAL RETURN 25.93%	TOTAL RETURN 20.63%

Investing Outlook for Q2 and Beyond

It's no secret that 2023 was a challenging year for the fine wine market. High interest rates, rising prices, and supply chain issues put a damper on growth. This year, we asked our experts what they see in their crystal balls for the second quarter and beyond.



Olivier Bouchard

WINERY RELATIONS MANAGER

Fabrice Georges

WINERY RELATIONS MANAGER

Robbie Taylor

HEAD OF TRADING, APAC
AND GLOBAL

Market Sentiment



“Let’s be realistic. 2024 won’t be miraculous for the wine market like 2021 and 2022, but it will be the necessary period of stabilization after a harsh 2023 correction. I think 2024 will be the Year of the Collector with the lowest wine prices in years and more stability.”



“2023 proved to be a challenging year for the fine wine market, and 2024 will have its own unique challenges. However, there’s reason for optimism with potential economic growth in China, Bordeaux’s increased trade volume, and burgeoning demand for fine wine among Southeast Asia’s middle class.”

A survey of Liv-ex wine traders backs up this sentiment. The global marketplace polled more than 600 members and found that more than 60% of respondents were optimistic or neutral about the wine trade this year. Fewer than 5% of people reported being “very pessimistic.”

Best Performing Wine Region












“2024 should be Bordeaux's big return to the forefront. After all, it is often the first region to re-emerge when the wine market itself goes through difficult periods. Right Bank châteaux especially have been on the rise of late.”



“My prediction is Tuscany. Demand for 2019 Brunellos is quite high. This should translate into increasing values and more scarcity over the coming year. Plus, Brunellos offer outstanding value when there is fatigue over Burgundy’s overpricing.”

Liv-ex wine traders were also bullish on Bordeaux and Tuscany. In the survey, Bordeaux was the most popular choice for the best-performing wine region at 37.5%. Tuscany claimed second place with 19.3% of people ranking it first and another 21.5% slotting it into second.

2023 Bordeaux with Most Perfect Scores

 Leoville Las Cases	 Cheval Blanc	 Latour
 Mouton Rothschild	 Carmes Haut-Brion	 Lafite Rothschild
 Margaux	 Petrus	 Fourway tie

Source: Liv-ex

Don't Overlook the Rhône



“The Rhone Valley gets wrongly neglected for two reasons. First, Château Rayas has too much weight in the Liv-ex Rhône 100 Index. With Rayas’ wines in a price free fall, the region appears to have performed worse than it actually has. Second, the Rhône has many overlooked producers making high-quality wines in small batches. Names like Jean-Louis Chave and Alain Voge have retained high interest even in the last year.”



“I agree. Rhône hasn’t seen much love overall, even though it’s an excellent entry point into the highest-quality wines in the world. Names like Domaine du Pégau and Isabel Ferrando are ideal additions for anyone with a long-term investing approach.”

Global Wine Trends to Watch



“Burgundy is the place to watch right now. The region’s fall in prices makes this the perfect time to own timeless names like Domaine de la Romanée-Conti, Rousseau, Rouget, and Coche Dury. Prices are low. Volumes are healthy. Prices will eventually rise again.”

“I’m also keeping an [eye on tariffs](#). How will the recent abolition of China’s trade tariffs impact Australian wines? How will it change Chinese wine imports? Meanwhile, will the US presidential election mean the return of American tariffs on European wines?”



“This year should be the end of the market correction. Most wineries and regulatory bodies have heard the cry from consumers to stop overpriced releases, which have squeezed the value chain. With middlemen re-evaluating their participation in distribution, wineries might have no choice but to bring back reasonable prices.”



The 5 Biggest Stories of Q1 2024

1. Vinovest Announces Two New Whiskey Partnerships

Here's how whiskey investing usually works. A top distillery makes whiskey. Vinovest buys, stores, and matures that whiskey. Then, it's sold on behalf of clients to brands like Angel's Envy and Bulleit.

Two new whiskey partnerships have elevated the investing experience for Vinovestors, thanks to two words - naming rights. Naming rights mean that select whiskey casks have the potential to be sold back to the distillery for bottling and distribution while retaining the flexibility to sell externally to other craft brands.

In February, Vinovest clients got casks and naming rights for Smooth Ambler whiskey, an iconic West Virginia distillery. In March, it was Staghorn, a distillery creating waves in the Indian bourbon market. And we're not done yet.

You can secure casks and naming rights to new brands soon. Over the next few months, we'll make those casks available exclusively to Vinovest clients. If you haven't signed up already, [get started](#) for free today.

2. Scotch and American Whiskey Exports Soar

The whiskey business is booming, both in the United States and abroad. Multiple reports found that Scotch and American whiskey exports hit record numbers in 2023, reflecting a growing demand for brown spirits amongst global consumers.

In the US, American whiskey accounted for \$1.4 billion in exports last year, a 9% jump from 2022. That figure represented 63% of all US spirits exported. The most in-demand styles of whiskey included:



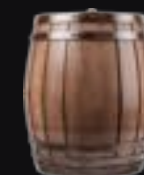
**American rye
whiskey**



**American
single malt**



Bourbon



**Tennessee
whiskey**

American whiskey has seen considerable growth in the European market following restrictive tariffs imposed by the United Kingdom and European Union from 2018 to 2021. In the wake of eased tariffs, exports to Europe have climbed steadily. Volume jumped 24% last year and made Europe the largest export market for US spirits. In December 2023, the EU announced it would continue to suspend tariffs on American whiskeys for 15 months, though a permanent resolution has not yet been reached.

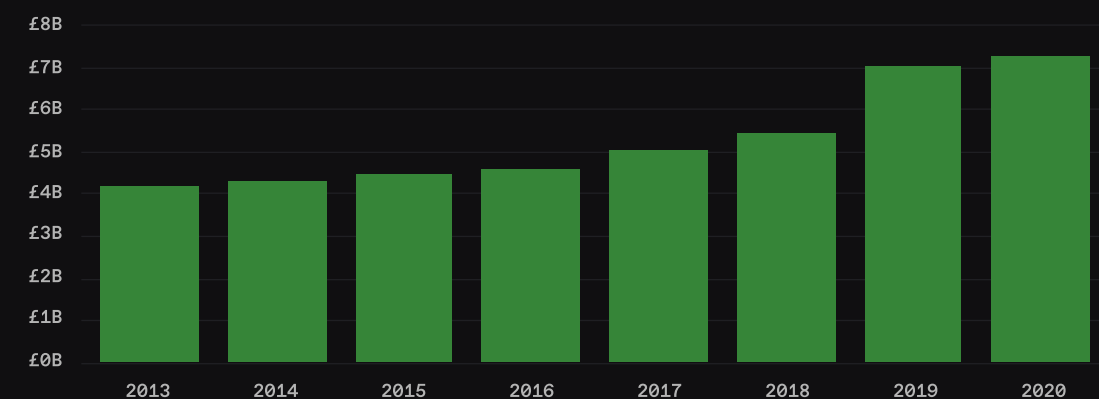
LVMH Moët Hennessy Louis Vuitton SE



By comparison, high-tariff countries like India, Vietnam, and Brazil only made up a fraction of the US spirits export market. The United States only sent \$69.2 million worth of spirits to those three countries in 2023, accounting for 3% of total exports.

What about other whiskey-producing countries? The Scotch industry might be faring even better. A new report by the [Scotch Whisky Association](#) found the Scotch whisky industry contributed £7.1 billion to the UK economy in 2022. That's a £1.1 billion increase from 2019 and an almost two-fold increase from 2013.

Scotch Whisky Gross Valued Added (GVA) in UK



Source: Scotch Whisky Association, no data for 2020 and 2021

Markets such as the United States, France, Singapore, China, and India serve as driving forces behind Scotch's success. Singapore alone accounted for 50.4% of spirits buyers in Asia last year. As a point of reference, Asia accounted for less than 5% of the spirits-buying market in 2021 and 2022.

But wait, there's more. Growth in the single malt category has been particularly impressive. According to [Forbes](#), "single malt scotch grew 2% and 2023 became the first year that single malt scotch exports exceeded £2 billion (\$2.536 billion)." The article cites single malts' volume to value combined with a strong foothold in the premium and luxury market as the keys behind its strong performance.

3. Liv-ex Reveals 6th Annual Power 100 Rankings

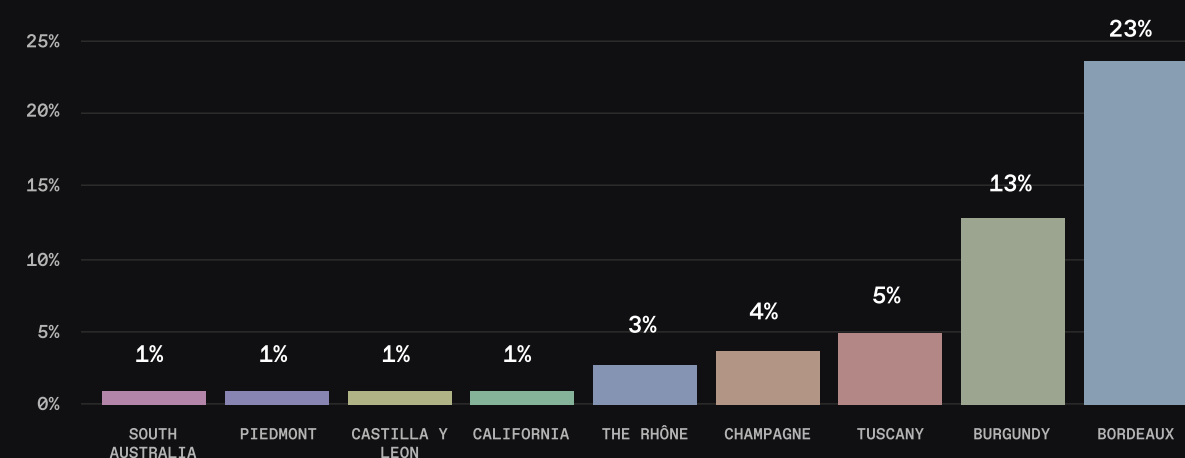
Which wines consistently perform on the secondary market? It's the million-dollar question for anyone with a wine portfolio. Now, we have answers.

In January, the global wine marketplace Liv-ex released its Power 100 highlighting the most powerful brands in the world of fine wine.

While many factors influence how much a wine increases in value over time, one of the most important is brand strength. Since its debut, only 174 wineries have made the Power 100. These are the wineries that demonstrate exceptional price performance, a high average trade price, and strong demand in terms of value and volume.

Only 51 wineries have made the Power 100 in all six years. Broken down by region, French wines have shown the most consistency, accounting for 42 of the 51 labels:

Liv-ex Power 100 Wineries from 2018 - 2023



A mere 13 brands have managed to stay ranked in the top 50 over that span. To no surprise, France dominates the list again. Bordeaux alone had more than half the entries with all but one first-growth estate making the cut. Brands included:

CHAMPAGNE
BOLLINGER
MAISON FONDÉE EN 1829

Château d'Yquem

CHATEAU CHEVAL BLANC
1^{er} GRAND CRU CLASSE 'N'


CHATEAU HAUT-BRION

GRAND VIN
DE
LAFITE
ROTHSCHILD


CHATEAU LATOUR
PREMIER GRAND CRU CLASSE

CHATEAU MARGAUX

Dom Pérignon


DOMAINE LEFLAIVE
PULIGNY-MONTRACHET
DEPUIS 1917

GAJA.


MAISON FONDÉE EN 1776
LOUIS ROEDERER
CHAMPAGNE

Domaine Leroy and Château Mouton Rothschild were the only places ranked in the top 20 each of the last six years. Leroy also holds the distinction of being the number-one brand four times in that span. This staying power suggests immense brand resilience during market fluctuations paired with the long-lasting appeal and success of each vintage release.

Put another way: these are the wineries you want in your portfolio.

4. Recapping the Good and Bad of 2022 Burgundy En Primeur

Burgundy en primeur is a once-per-year opportunity for collectors and connoisseurs to buy the latest vintage of wine before it's bottled. Only the most prestigious estates participate, making the campaign a golden opportunity to invest in top wines while having the maximum runway to watch them grow in value.

So, were 2022 Burgundy wines worth investing in? Yes and no. Here's what our winery relations managers learned during the campaign.










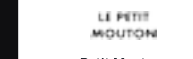

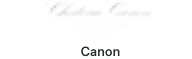

The Good of 2022 Burgundy En Primeur

Excellent vintage and volume.

Burgundy experienced a smooth growing season. The weather was hospitable without the devastating frost or extreme moisture that had hampered previous vintages. As a result, producers saw a minimal loss of fruit with grapes reaching full phenolic ripeness. The positive developments bode well for the longevity of the 2022 vintage. Vinovest winery relations manager Fabrice Georges observed that “these wines should exhibit increased richness and maturity without compromising their structure as they age.”

Notable 2023 En Primeur Price Cuts

Price Change from 2022 to 2023 Release

 Léoville Las Cases -40%	 Mouton Rothschild -37%	 Pichon Comtesse Lalande -35%	 Lafite Rothschild -32%	 L'Evangile -31%
 Margaux -30%	 Les Carmes Haut-Brion -29%	 Pavie Macquin -29%	 Pontet-Canet -27%	 Petit Mouton -27%
 Canon -25%	 Angélus -25%	 Carruades de Lafite -20%		

Both pinot noir and chardonnay benefited from the growing conditions, though the reds were a notch or two more investment-worthy than the whites. Decanter’s Charles Curtis MW agreed, noting the “overall quality is very high for red wines and good to very good for white wines.”

That’s not all. Yields were higher in 2022 than in 2021. Higher yields translated to improved availability, providing a better-than-usual chance to secure super-premium wines like Domaine J.F. Mugnier and Domaine Sylvain Cathiard.

Glowing reviews from critics.

Critic reviews can make or break a vintage. Fortunately, the 2022 Burgundy reviews were near-universally positive. The lush texture and granular tannins of the red Burgundies earned comparisons to the acclaimed 2015 and 2016 vintages. Meanwhile, whites drew parallels to the silkiness of 2015 and the sweetness and citrusy acidity of 2017.

In her piece for [The World of Fine Wine](#), Sarah Marsh wrote, “2022 Burgundy growing season delivered red and white wines that, for all their ripeness of fruit and ample texture, are nonetheless balanced by a surprising freshness and energy.”

She also noted that “if you define quality, at least in part, by the purity of terroir expression, then 2022 is an excellent vintage in both red and white. If you consider aging potential a measure of quality, I don’t think 2022 will disappoint.” Marsh wasn’t the only one with good things to say. Jasper Morris of Inside Burgundy wrote, “2022 is an amazingly consistent vintage. I tasted almost no poor wines. Everything was good to very good, with occasional touches of greatness.” William Kelley of The Wine Advocate underscored the positive sentiment, saying, “2022 is another very strong Burgundy vintage, offering excellence in both colours.”

The Bad of 2022 Burgundy En Primeur

Unjustified price hikes.

En primeur is always tricky. The goal is to invest in top wines that will appreciate over time. However, the starting price has to be right. If the price is too high, it will eat into potential gains.

British journalist Tim Atkin noted this balancing act, saying, “Consumers everywhere are beginning to show resistance toward Burgundy’s escalation of prices...While some producers indicate they may hold or even lower prices for the 2022 vintage, we will have to see what the importers, distributors and agents do.”

Normally, increased yields put downward pressure on prices. After all, more supply typically lowers prices. However, our team found that many producers raised prices this year instead of lowering or keeping them the same.

The solution? Targeting wines by value over brand recognition. Some of the wines that delivered the best value included:

- Bouchard Père et fils
- Domaine Alain Hudelot-Nöellat
- Domaine Michel Magnien
- Domaine Ramonet
- Domaine Robert Groffier
- Etienne Sauzet
- Olivier Bernstein



Interested in adding 2022 Burgundies to your portfolio? [Fill out this form](#) to register your interest today.

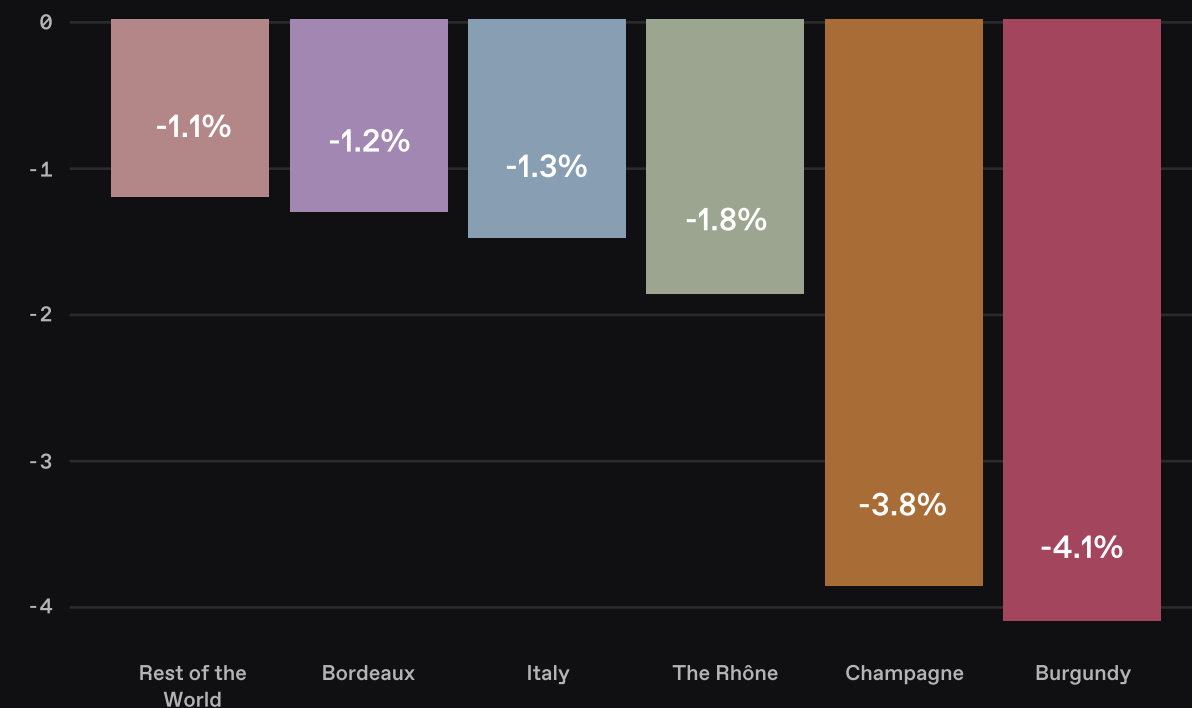
5. Vinovest Launches YouTube Channel

YouTube has more than 113 million active channels. But none cover the basics of wine and whiskey investing. (At least, not up to our standards.) So, Vinovest decided to do something about it.

In February, Vinovest [launched its own YouTube channel](#) covering the fundamentals of wine and whiskey investing. Head of Content and Community, Karl Roskamp, takes you inside the industry as he distills complex topics into simple, digestible portions. That way, you can understand what's happening with your portfolio from your first deposit through to the successful sale of your wine and whiskey.

Be the first to know when new videos drop by [subscribing](#) today.

Q2 - 2024 Performance by Wine Region



Source: Liv-ex 1000

Photo of the Quarter

Bonjour from Paris.

Our team made the trip to France for the 5th annual Wine Paris & Vinexpo in February. It's the largest annual meeting for wine and spirits professionals, with more than 35,000 visitors from 149 countries and more than 3,000 exhibitors.

Here's some of what our winery relations managers saw and tasted while there.



In Case You Missed It

The Vinovest team was everywhere in the first quarter. We made press appearances. We attended conventions.

We even hopped on a few podcasts. Here are some of the highlights.

The Entrepreneur Managing \$100M in Fine Wine Assets - Capital Letter, January 16

Chances are you're familiar with our investing services. What you might not know is how Vinovest became the largest wine and whiskey investing platform in the United States. Capital Letter covered the remarkable rise of our co-founder and CEO Anthony Zhang and the founding of Vinovest.

[Read here](#)

#52: How Ordinary People Can Invest In This Alternative Asset Like The Elite 1% - Benzinga, January 19

Wine and whiskey investing has long been reserved for the 1%. Vinovest is changing that. Zhang joined Benzinga founder Jason Raznick on his podcast to discuss trends in wine and whiskey investing, market expansion, and how ordinary people can access these lucrative assets.

[Watch here](#)

Vinovest Introduces Vinovest Capital Whiskey Fund LP - Yahoo! Finance, January 23

In January, Vinovest launched the Vinovest Capital Whiskey Fund LP, a first-of-its-kind whiskey fund. The \$30 million closed-end vehicle offers new-fill Scotch and American whiskey casks, designed to deliver attractive returns and portfolio diversification. Yahoo! Finance covered how this innovative opportunity gives accredited investors a new way to invest in fine whiskey without the usual headaches or hurdles.

[Read here](#)

Liquid Assets: Vinovest Seeks Thirsty Investors - Los Angeles Business Journal, February 12

At Vinovest, we believe that investing in whiskey should be just as easy as drinking it. This year, we're rolling out some new offerings to make that possible. Zhang talked with the Los Angeles Business Journal about those changes and his goal of democratization the asset class.

[Read more](#)