

BUILDING A WINE PORTFOLIO

SPECULATING ON THE VALUE OF WINE BEFORE IT HITS THE MARKET CAN PROVE TO BE A SAVY INVESTMENT, UNLESS YOU ONLY PLAN ON DRINKING IT, DISCOVERS ALAN MCGINTY



SINCE THE VALUE ADDED TO FINE WINE COMES WITH AGING, BUYING EARLY IS CLEARLY THE WAY TO GO. But it can be cheaper still if you buy before the wine is even in the bottle. “Cheaper” is a relative term, as only the top vintners of Bordeaux sell wine futures, or *vin en primeur*.

Each spring, wine experts descend on Bordeaux to evaluate the previous year's vintage. The leading châteaux then release some cases at a discount for delivery two years later. Following an opening offer in June, Vintages launches its main offer of 2002 futures in September.

The LCBO started selling Bordeaux futures in 1993 and buyers to date have

been connoisseurs stocking their cellars. Following last year's fine wine auction by Ritchie's in Toronto, however, there is now a legal way to re-sell such wines here and this may herald the emergence of a new type of buyer: *the speculator*.

In Britain, the so-called secondary market in fine wines is both big and well developed, and some people invest in cases for the sole purpose of re-selling later at a profit. But whether you wish to stock your cellar or profit in years to come, it's worth taking a look at the futures market. Like any other investment, returns can vary considerably.

The “great” millennium vintage coincided with the end of the '90s boom and pushed prices to stratospheric levels.

Vintages charged \$585 per bottle for 2000 Lafite-Rothschild en primeur, but offers the 2002 for \$215, a 63 per cent decline from 2000 and a 21 per cent decline from 2001, when it was \$275. However, Vintages' Old World Wines Manager, Claudius Fehr, notes that only the very top end wines have seen substantial price drops while some wines, like Château Pichon Longueville-Baron 2e Cru, at \$79, actually rose in price because of the strong Euro.

If you're prepared to research market trends, store your wine in a climate-controlled cellar, and wait five to ten years, a well-chosen portfolio will yield some very nice returns.

Alternatively, you can impress dinner guests ten years hence by serving a wine they'll think cost you two or three times what you paid. One thing is sure, however: once the vintage is bottled, it will become more rare with each bottle drunk.

Alan McGinty is a Toronto-based writer who also happens to like wine. This is his first piece for Vines.

WINE & VINTAGE

Château Pichon-Longueville-Comtesse-de-la-Lalande 1998
Château La Mission Haut Brion 1999
Château Haut Brion 1999
Château Margaux 1995
Château Lafite-Rothschild 1998

EN PRIMEUR PRICE

\$96
\$130
\$199
\$168
\$225

RECENT RETAIL PRICE

Fall 2002 \$99
Spring/Summer 2003 \$199
Fall 2002 \$339
Ritchie's Auction \$368
Spring/Summer 2003 \$495

PERCENT CHANGE

+4%
+53%
+70%
+119%
+120%

Prices as published in LCBO catalogues with the en primeur price from the autumn following the vintage year. The Ritchie's Auction price was calculated by subtracting the seller's commission on a half case lot of Chateau Margaux 1995 and dividing by 6.