

IDEAL

WINE COMPANY

A COLLECTORS GUIDE



How to keep a safe and secure collection

WINE WORLD



Napa Valley

Located in the Bay Area in California, one of the most important wine regions in the United States of America. Hollywood's location of choice for wine related movies.

Douro

This region in Northern Portugal is famous for the sweet port wine.

Alsace

With a tumultuous history, the Alsace region based in North East France has been part of Germany on more than one occasion. It is famous for its outstanding white wines.

Tuscany

There are several reasons why Tuscany is a popular tourist destination. Great food, the beach at Viareggio and Renaissance Art. They also make some of the world's best wine.

Loire Valley

The garden of France and one of the world's prettiest regions. A popular visiting destination made even more so by its world famous chateaux.

Bordeaux

Many would say, Bordeaux is the world's greatest wine growing region. As the advert once said "People who know, choose Bordeaux".

Burgundy

Noted for its rich history, its vineyards are some of the most prestigious in the world.

Cape Vineyards

In the South of South Africa with a beautiful landscape of wine hills and mountains. It boasts a flourishing wine industry and colourful, multi-cultural nation.

Barossa Valley

Found in South Australia and one of the mainland's greatest wine growing regions with a fast growing reputation.

Marlborough Wine Region

New Zealand's largest wine growing region tucked between high mountains.



Gain a little knowledge

A little research goes a long way

Which wines are merchants talking about?

Many wine merchants will advise you on which wines they consider to be the best quality for collecting. Many of them will provide you with a similar looking list of wines. The famous wines from Bordeaux in France, a few Australian wines, maybe some Burgundy's, Californian wines or even some Tuscan wine would be advised.

Liv-Ex Fine Wine Investables Index

Source: liv-ex.com

Information showing how many brands from each region made the Liv-Ex power 100 in 2012. The drinks business and Liv-Ex published their 2012 edition of the Liv-Ex power 100 - their annual list of the most "powerful" brands in the fine wine marketplace.

Bordeaux 53%

Burgundy 20%

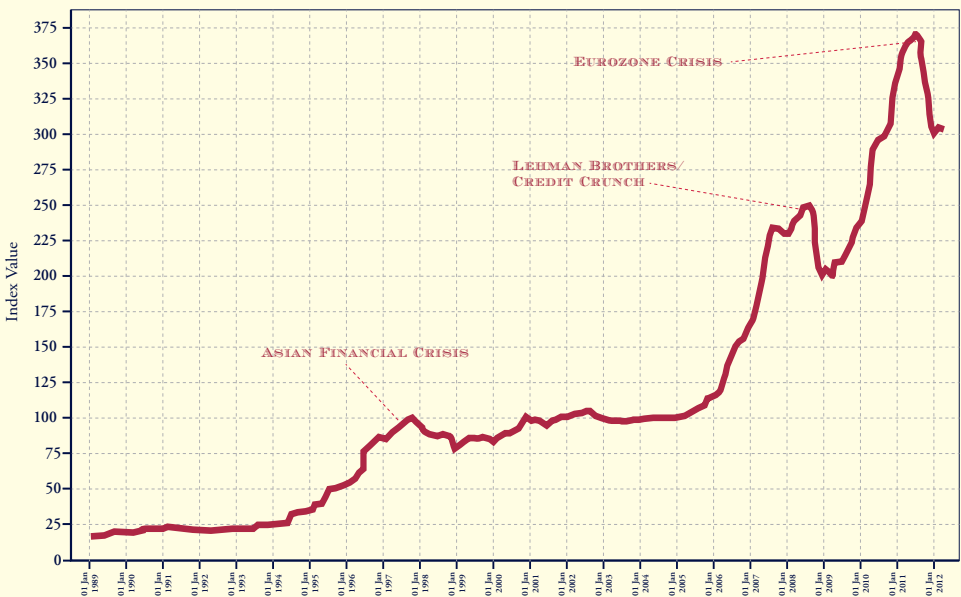
Italian 9%

Champagne 6%

The Rhone 5%

How has it performed in the past?

Let the past make you better, not bitter. There is no definitive way to predict the future, however the past can help guide us. Many fine wines have a track record and it is worth knowing a little about how it has performed. A wine merchant may be able to inform you of the trading price for a wine in the past or check how it has performed on liv-ex (tracks the performance of many of the world's finest wine and publishes graphs on-line).



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Is this wine fairly priced?

The cost of a wine will vary from merchant to merchant. There is not a set market price. Checking the price of available stock with a competitor takes little time and can save lots of money.

Will this wine improve?

Fine wine can last a long time and it can improve with time. If it gets better, should it be worth more? Or has this wine past its best? Wine critics and tasters can give a good indication as to which wine could be of interest. Experts such as Robert Parker and Jancis Robinson have introduced easy to follow scoring systems that can help us identify good wine.

Is there an interest in this wine?

Does a wine of interest to you have an interest to other buyers and merchants around the world? A good rule of thumb is to buy fine wine with a Robert Parker score of 90 points or more. Robert Parker is maybe the most powerful wine critic in the world today. He will score a wine out of 100 points. If the score is 90 points or more there is a strong likelihood that wine buyers will take note.



Open a bonded warehouse account

Before you buy wine you need a safe place to keep it. Having a private bonded warehouse account in your own name limits the waiting time for you to have ownership of the product that you have paid for. Once your wine is in your name you have the freedom to sell it to whoever you wish or even drink it. Your own account in bond allows you to independently check what you own and gives you the reassurance that you receive what you own.

Wine stored in a bonded warehouse ensures a better quality of storage and condition. Is there a cost for this? Yes, however this cost will include insurance, which is needed as fine wine is a luxury product. Wine stored and sold in bond does not include VAT. Once the wine is delivered to your account you then have peace of mind. This is why it is so important to have an account ready before you purchase.



*Image taken from the cellars of
Chateau Angelus, Bordeaux. Summer
2009. En-Primeur stored in barrel at
the Chateau.*



Make some decisions

Stick to a plan

How much are you comfortable to spend and over what time frame?

Maybe you want to test the market out for while or maybe you want to build a collection over a few years. Create a clear objective and stick to it.

How long are you prepared to be involved in this market?

Fine wines have had years that have seen its value rise, fall and remain stagnant. It is very difficult to say what will happen to prices from one year to the next. The safest option is to have some patience and allow your collection to increase in value over time.

Many collectors have a date to aim for. This could be a retirement or a specific birthday.

What do you hope to achieve?

Be realistic and have an achievable plan. The past can sometimes be an indication to how the future may look but there is no accurate estimate that is provable.

Have you assessed the risk?

What can go wrong? Maybe you have decided to buy en-primeur (young wine that is not yet bottled); companies can go bust and do go bust. What will become of your investment? Always check when you will receive your wine. Are you comfortable with this time frame?

Time to collect

Choose a wine to start your collection

So you may now have a wine in mind that you wish to own. With your bonded warehouse account at the ready it is now time to choose. Many collectors may have a special vintage year in mind or like the story of a particular Chateau. Whatever the reason for your choice it is helpful if there is some logic behind the decision. There are many different wines with a successful track record. These wines are worth considering.

Is your wine of interest within your budget?

Remember your plan in step 3. You have made a decision within your own personal comfort range. To increase this range can increase your chance of feeling uncomfortable.

Is the price of this wine fair?

The cost of wine is not set in stone. The price will change depending on where you shop. In many industries in a modern world the pricing of a product is paramount to gaining customers. The majority of wine collectors will buy and sell through more than just one wine merchant. Competition improves services.

Are you comfortable this wine is for you?

It is always worth remembering that fine wine is lovingly made by master wine makers. It is an interesting market and can be fun. It can be very helpful if this is a wine you are interested in, have knowledge of and have some pride in owning.

A condition report Château Lafite-Rothschild 1986



Check availability and condition

Now you have made a choice, there are some important questions to ask

Availability and condition of a product are important factors to consider when buying fine wine. Fine wine is sometimes quite old and may not have been kept in the correct conditions. This can have a drastic impact on its value.

As well as the condition of the wine, the availability is also important. As you already have your own private bonded warehouse account (see step 2) you do not wish for a delay in delivery once you have paid. So always ask with every purchase:

How soon can this wine be delivered to my bonded warehouse account?

You should know if your wine is available for immediate transfer or if your merchant is acting as a middle man. Any delay in the transfer process increases the risk for the wine collector and can increase stress levels. It makes sense that once you have received your wine and had that verified by the warehouse you are in a stronger, more comfortable position. En-primeur wine (young wine still in the barrel) is not delivered until it is bottled and you have little evidence that the wine exists until it is delivered. This increases the risk to the collector (you). For this reason many merchants do not trade in en-primeur. Those that do should be well established and have an unquestionable reputation. Under UK law a collector is entitled to a full refund until they have full ownership of the wine for a set period of time. A wine merchant

trading in en-primeur should have sufficient funds to cover all en-primeur orders.

What condition is this wine in and is it in its original wooden case (OWC)?

Ask your wine merchant about the condition of the wine. A wine in good condition is more desirable to the market place. A case of wine (12 bottles) in its OWC is generally speaking more valuable and is more likely to have a more consistent quality compared to 12 individual bottles.





Delivery and Report

You will be informed by your bonded warehouse when your wine reaches your account. You now own and possess your wine. Your warehouse may offer a service where you can independently check the condition of your wine. They will send you confirmation of original wooden cases, condition of wine and confirm that you have received exactly what you have purchased.

This service will normally cost a few extra pounds and sometimes a service is offered where they can send you a photograph of your wine. Visits to the warehouse to check your stock personally are usually available via appointment.

It can be a worthwhile investment to receive a stock report independently. Bonded warehouses within the United Kingdom adhere to strict protocol set by Her Majesty's Customs and Excise. Reports received from Bonded warehouses are independent and reliable.

Storing your wine in a bonded warehouse gives you peace of mind and freedom to buy and sell with who you wish.



*Image taken from
London City Bond.
Bonded warehouse
specialising in fine
wine storage.*



Grow your portfolio

Do you plan to make further purchases? Many first time collectors wish to make a single purchase to experiment with the fine wine market. Some prefer to make additions to their collections once they have researched the market in greater depth. Some consider that by making further additions to their portfolio they are increasing their chances of success, while others would argue that they are increasing their risk. It is always a matter of personal preference, finance and opinion.

Steps 5 and 6 apply to each and every purchase that you make. Always make sure that you receive your wine in your warehouse account and that you are satisfied with the condition. The minimum storage charges for many bonded warehouses are most cost effective if you store approximately five cases of wine.



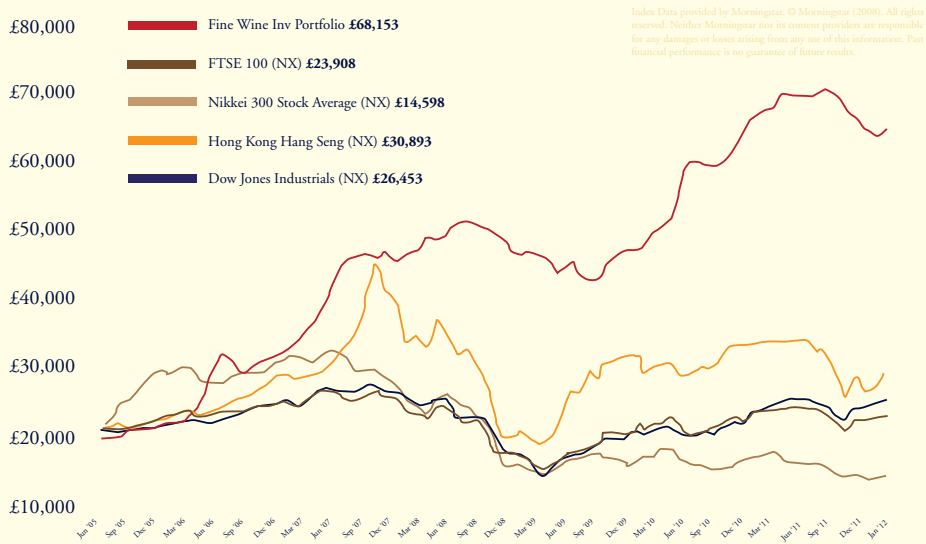


Have some patience

Many believe that fine wine gets better with age. This requires patience and many believe the same applies to its value. The longer you own many things in life, the more its value will increase. If you research the growth of the fine wine market, the results can seem impressive. This has not happened over night. The results have been achieved over many years. Some years will perform better than others.

The simple way to look at it would be to assume that a wine improves as it matures. Over time the amount of your wine available in the market could decrease. This could be due to much of it being consumed or locked away in private collections. This may help the wines' value to the market place increase.

Tax Free Returns
30th June 2005-30th January 2012
Source: Morningstar
19.72% Compound Average Annual Growth.



Keep up to date

It is important to keep check on how your collection is improving. This can help you manage and plan your future aims and expectations. Having the correct information to hand gives you the power to make the right decisions for you future and eliminates guess work. There are some important questions to ask yourself.

Is this wine improving? As we say, your wine may well improve. Maybe critics such as Robert Parker have given this wine glowing praise. Maybe this wine is not at its best anymore. These are important factors which will help you make the right decisions when managing your collection. Remember that some fine wine will last longer than others.

Are people drinking it? Again if people are drinking a fine wine, there will be less of it available. As a wine matures it may become more to some drinkers taste. Wine is made to be drunk and most of it will be drunk. Certain critics may say certain things about a fine wine and this can create hype. This can really improve the popularity of a fine wine you may own.

What price are wine merchants selling this wine for? Checking the price of a wine with wine merchants can help you to establish its current value. If the value has increased it is easier to check this with a variety of merchants. Remember that there is not a set price for a case of wine and the cost may vary from merchant to merchant.

What price are wine merchants selling this wine for? A wine merchant aims to buy a wine for less than they sell it for. It is worth remembering that these businesses's are looking to turn a profit. Many merchants will aim to buy a wine for around 90% of what they will sell it for. Others may look to make more. Finding out how much money you can receive from more than one wine merchant gives you more of a real indication of how successful the wine is performing. Likewise if you look to sell too quickly you could find yourself with a loss.



Drink or sell

The time has come and you no longer wish to own a particular wine.

Is it best to sell this wine? In this case, you are happy with the price being offered and you feel you have made an acceptable gain. Maybe you are selling direct to a wine merchant or you have made contact with a fellow wine collector. There are now some important points to consider.

Are you selling to a wine merchant? There are different methods to sell a wine to a merchant. You will need to know if you will be receiving a cash offer or if the merchant will be looking for a buyer. Many merchants will offer to advertise your wine and complete the transaction when your wine is sold. They will first ask you to transfer your wine to their bonded account. This can be an efficient way to trade however there can be delays in finding a suitable buyer.

If you receive a cash offer you need to ask if funds are available for a speedy conclusion. This is the safest and most efficient method for selling your wine. When transferring your wine to a different Bonded warehouse account the sale is not subject to VAT.

*“Wine has been with civilised man
from the very beginning.”*



Are you selling privately? Maybe you are in contact with someone you know and trust and they have offered you a good price for your wine. If you transfer your wine out of Bond then it will be subject to charges such as VAT and delivery charges.

Transfer the wine. Receive settlement. Transaction complete.

Will you drink this wine? Maybe you are planning to drink this wine at some point. If wine is stored in a Bonded warehouse and it is delivered to a residential address it will be subject to charges such as VAT and delivery costs at the time of delivery.



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