



Cellar now, sell later

Investing in wine need not be a pastime that drives you to drink.

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THE MOST SIGNIFICANT problem with buying wine as an investment is getting adequate stocks. The newly released 2002 vintage of two of Australia's best-regarded wines, Penfolds Grange and Henschke Hill of Grace, at around \$500 a bottle each, are extremely collectable. But demand for both of these wines is so great that retailers have quite limited amounts for sale, with many loyal long-term customers demanding fair treatment.

Both are highly regarded red wines that have a proven history of ageing well and of appreciating in value. Both are from an outstanding vintage and are in very short (or relatively short) supply. Both have a significant international reputation and are among the most saleable of Australian wines, so demand will remain strong. Magnums are more scarce and therefore more collectable. Of the two, Hill of Grace, as a single-vineyard shiraz, is made in smaller quantities, while between 5000 and 10,000 cases of Grange are made each year, making it the largest volume premium wine in Australia.

What is true of locally produced wines also holds for the best wines from overseas. The most highly regarded, age-worthy reds (especially from France) will make the best investment: the first growths of Bordeaux (Lafite, Latour, Margaux, Mouton Rothschild, Haut-Brion, as well as the superstars Petrus, Cheval Blanc and Ausone); and the great Burgundies (the wines of the Domaine de la Romanée-Conti and the most prestigious grand crus). Again, it's the rarest and most expensive of these in the greatest vintages that make the best investment. Demand for these is phenomenal and it's well nigh impossible to get anything but a small allocation of any of these from Australian wine merchants.

Investing in wine, say as part of a superannuation package, through a London wine merchant gives access to greater volumes of the world's best investment wines, as a glance at the websites of merchants such as Elliston & Southwick, Peter Wylie, Berry Brothers & Rudd or Farr Vintners will show. They buy in unbroken cases and store in bond in the UK. A personal relationship with a wine >

LIQUID INVESTMENTS



Balnaves The Tally Cabernet Sauvignon \$80

Only released in great years, this age-worthy Coonawarra cabernet of the highest order is gathering accolades and a strong following.



Clonakilla Shiraz Viognier \$80

A relative newcomer from Canberra has become regarded as the benchmark of the style in Australia. Has potential to attract even higher prices.



Penfolds RWT Shiraz \$150

Made in a different style to Grange from ancient, low-yielding Barossa vines and priced alongside Bin 707. The RWT Shiraz has the pedigree to become an excellent investment.



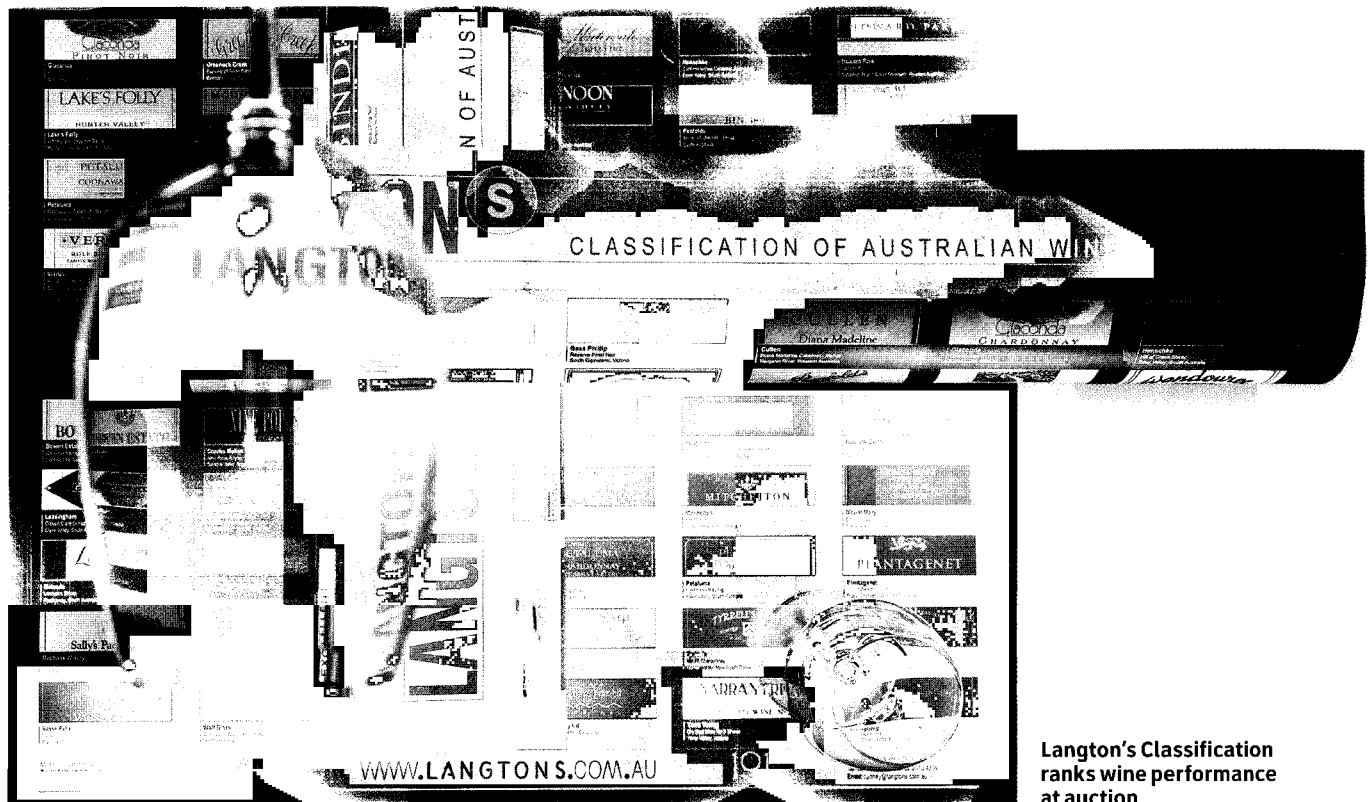
Moss Wood Cabernet Sauvignon \$90

This long-lived single-vineyard wine from Wilyabrup is regarded as one of the best cabernets in the country and has a proven history of appreciating in value.



Yering Station Reserve Shiraz Viognier \$64

This Yarra Valley superstar has an impeccable recent show record, is well priced and likely to become more attractive to investors over the next decade.



Langton's Classification ranks wine performance at auction

merchant will ensure the ultimate treatment: access to the rarest and best wines.

One of the few people to invest in significant quantities of premium Australian wine has been Anders Josephson. He bought wine to cellar and sell to restaurants when the wines were ready to be drunk. Because wineries saw this as providing a valuable service, he was able to access significant volumes of stock. Josephson is now selling his cellar. The Australian Wine Exchange (set up in 2001) attempted to trade wine in much the same way as shares are traded. It failed after three years, unable to get enough stock.

There are two prerequisites for wine investment: a sound (preferably encyclopaedic) knowledge of wine and access to ideal cellaring. There is no point in investing unless the wine purchased is stored in perfect conditions. This either means having a dark, airconditioned (16°C or less) cellar at home or storing it professionally (you will be up for a cellaring fee and insurance). Try Wine Ark (www.wine-ark.com.au).

The auction house Langton's is the major player on the local secondary market. Its web-



A personal relationship with a wine merchant will ensure access to the rarest and best wines

site (www.langtons.com.au) has information on investing in wine in Australia. The Langton's Classification (first published in 1991 and revised three times since) ranks Australian wines on the basis of their performance at auction and so is an indispensable guide to wine investment. This is a fluid list so that 22 wines that were rated in 2000 were dropped in 2005 and 34 new wines added to what is the current classification. Just because a wine is collectable at one stage doesn't mean that it will retain its popularity and investment value.

Of the 11 wines rated by Langton's at the highest level, Exceptional, two are chardonnays and five are made in miniscule amounts – Bass Phillip Reserve Pinot, Henschke Hill of Grace, Mount Mary Quintet, Rockford Basket Press Shiraz and Wendouree Shiraz. These will be extremely difficult to source. In spite of the high worldwide demand for Penfolds

Grange, Penfolds Bin 707, Moss Wood Cabernet and Cullen Cabernet Merlot, a canny collector could begin an investment portfolio based on the best vintages of these wines. Because of the prices at which they are sold and the reasonable volumes produced, these wines are likely to be available from specialist wine stores.

At the second level of the Langton's Classification, Outstanding, wines worth seeking out include Brokenwood Graveyard Shiraz, Grant Burge Meshach Shiraz, Hardy's Eileen Hardy Shiraz, Henschke Mt Edelstone, and Parker First Growth Cabernet Sauvignon. Majella's The Malleea Cabernet Shiraz is in this category, although varietal wines do better as investments than blends.

Read about cult and emerging wines on the Langton's website. But be aware there is more investment uncertainty in these areas of the market than in blue-chip stock. ☉