

A strong start to 2010 with the market already up by over 5%

This is just a brief outline of the main news in the market since our previous update at the end of last year. We are off to Bordeaux at the end of the month and will be giving a full vintage report upon our return.

Premier Cru will have been featured on the CNBC-Europe business television network, following an invitation to forecast our views on where we, as Europe's leading investment house, see the market moving over the next twelve months. We have been invited back to give a report on the 2009 vintage and will let you know when the next interview is. If you want to see the interview please go to <http://www.cnbc.com/id/15840232?video=1432313695&play=1>

A good place to start this latest update is by looking back at the quarter just gone, which saw the fine wine market lift by 5.8%ⁱ - setting the scene for another exciting year.

The Asian love affair continues to blossom

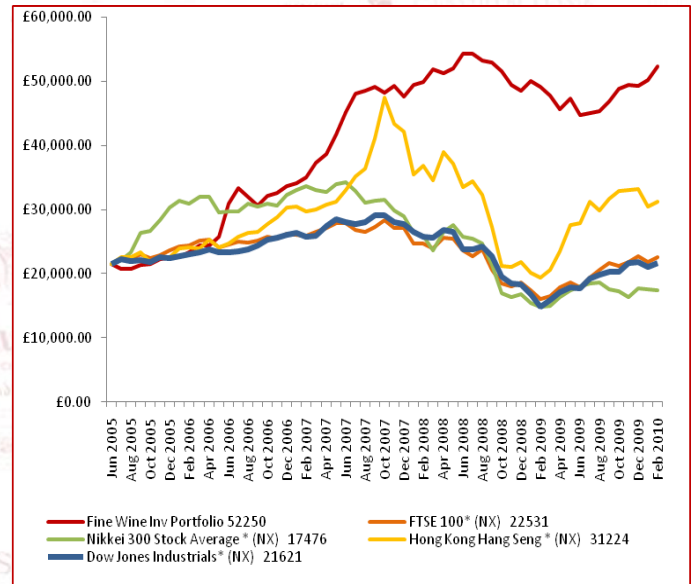
Continued interest from Asia resulted in a buoyant performance throughout the overall market in December, and a later than normal Chinese New Year provided for 'extra time' for those last minute orders to be shipped ahead of the celebrations. This calendar date alone helped push prices of Lafite Rothschild to heady levels; a rise that continues in line with the pace of exports even following the hangover period.

Throughout 2009 we reported on the continued rise of Lafite Rothschild and the mounting interest in Mouton Rothschild. The growth in these Chateaux continues to gallop, but there is a need to understand the wider market as the risk levels start to become more distinguished. As the Asian drinkers palates have started to mature, interest in other Chateaux has begun to form, and a wider selection of wines are being exported on a regular basis.

Opportunities in a recovering market

The opportunities that present themselves in this recovering market remain abundant. Certain vintages such as the 2005 are under-traded and therefore undervalued, following the market downturn, and although this means a slower recovery to previous levels versus older vintages, we are confident they offer greater investment potential.

The market will realise that these exceptional Clarets offer good value for money and the price adjustment to bring them in line with other exceptional vintages can be short and sharp. As the adage goes, 'you have to be in it to win it'.



Opportunities to take advantage of in 2010

There is a plethora of established vintages which present good value for money and are great investment opportunities across the price range from around £4,500 - £35,000 per case. In addition to this there will be the newest vintage which is expected to be of a standard appropriate for investors.

Premier Cru

FINE WINE INVESTMENTS LIMITED

You may have seen from the CityAM and FT articles in early March that we provided the market with a forecast for the period of 12 months to January 2011. We continue to lead the market in terms of opinion and performance and want to bring you in on our thinking. The Chateaux to watch in 2010 are Petrus and Mouton Rothschild and we expect the En Primeur 2009 to be an outstanding vintage.

From Delhi with love

It is widely believed that the next emerging market will be India and we are delighted to be the first investment specialist to be approached by, and quoted in, two prestigious publications in India. Premier Cru has been invited to speak with investors and wealth managers in Delhi in the coming weeks.

Asia to one side, Premier Cru has seen a significant recovery in the overall market, with many wines showing strong, sensible and sustainable gains since the Summer 2009. Given the steady momentum, we do not expect to experience the roller coaster ride demonstrated by other markets in the fine wine market - allowing for an opportune time to up your investment in this tax free commodity.

With all the opportunities that are presenting themselves in the market, we are actively trading more wines than ever for clients. There is a fine line between 'realising profits' to re-invest in new stock and keeping strong wines which continue to rise in price. Active trading of client cellars has increased with the market stabilisation and now is the time to get tough.



Sniffing out the prospects in Bordeaux

Premier Cru's experts are jetting off to Bordeaux shortly to taste the new wines before making the next investment decisions. We are expecting a protracted En Primeur Campaign this year where prices will be the deciding factor and securing allocations of the best wines will be challenging at best. That being said, the Bordelaise have a tendency to surprise us!

Although our expectations of the 2009 vintage are high there is always a selection process. It is extremely unlikely there has been great Claret made across the board, and our job as your adviser is to choose the right wines from the vintage.

Brown versus Cameron - the showdown

As the next UK General Election looms, the fears of a hung Parliament is leading to fears of a further weakening of the Pound. For the established vintages, past trends show the non UK buyers become more active and trade increases as the wines becomes cheaper for them and remains unchanged for those already trading in Sterling.

The demand for the great clarets will continue to increase as the world grows smaller and the number of individuals with independent wealth grows bigger.



Please call us if you need some advice and we look forward to another period of growth ahead.

ⁱ Source Liv-Ex