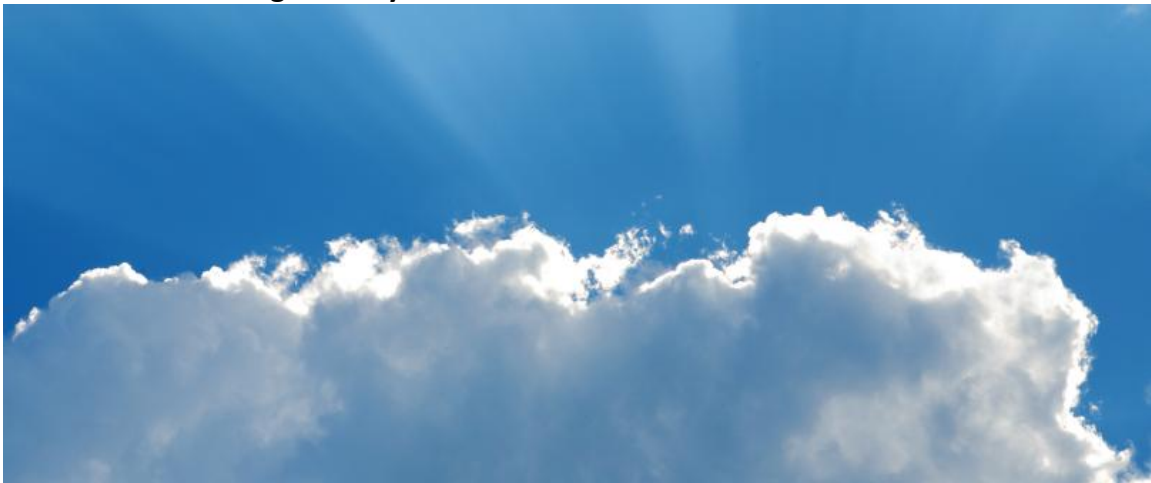


Premier Cru

FINE WINE INVESTMENTS LIMITED

Autumn 2011

There is a silver lining to every cloud



The continued turmoil in Europe has finally had an effect on Fine Wine prices with post millennium wines being affected more heavily than pre-millennium. The softening of prices in August is not unusual given the summer season however the usual increase in trade at the beginning of September has not been as robust as in previous years. September has seen the sharpest fall in prices since October 2008 but the market is showing much more resilience this time round and we are seeing encouraging signs for the last trading quarter of the year.

Following the crash in 2008 and the subsequent recession we at Premier Cru Fine Wine Investments saw a marked shift in investor attitude towards tangible asset classes. The Fine Wine market didn't hit bottom for 6 months before starting its rise back to previous levels and above. The current crisis should once more drive disillusioned investors to seek alternative ways to invest their money. Economists are openly promoting alternative asset classes for disillusioned investors.

"Everyone needs some SWAG"

Against the current backdrop of underperforming equities and bonds, Joe Roseman, former economist at Moore Capital Management, argues that investors should diversify their portfolios with a new style of asset class: SWAG. This latest financial acronym stands for silver, wine, art and gold - assets which have all outshone equities over the last decade.

According to Roseman, the SWAGs' success can be attributed to several common characteristics. These have been listed below:

- 1) *They are all physical assets.*
- 2) *They all have longevity*
- 3) *There is no incumbent debt associated with the asset.*

- 4) *They are transportable and relatively easy to store/hold.*
- 5) *There is scarcity – a finite supply.*
- 6) *There is no income stream – so no income tax liability.*
- 7) *Asset performance seems relatively uncorrelated to equity markets.*
- 8) *A sovereign default would not alter any of the above traits.*

An ideal investment is one that combines low risk with high return. Fine Wine and Gold are on par on the risk and reward scale, Silver has outperformed both but is arguably in a far higher risk category. Art does not perform quite as well as the others and does not have a comparable entry level to Fine Wine; it is also considered to be in a higher risk category than Fine Wine and Gold but not as high as Silver.

Capital Gains Tax – Not on Wine!!

Of all the asset classes encompassed by SWAG only wine is free of CGT, increasing its net performance ahead of the rest.

Current Opportunities

There are some great opportunities to buy, especially at each end of the scale. The millennium vintage wines offer security while the 2009 and 2010s are higher risk but are just right for the bullish investor. If you would like to take advantage of the current market conditions please contact your Premier Cru Fine Wine Investments Ltd registered consultant/financial adviser or Head office directly on +44 208 9054495; email enquiry@premiercru.com

