

En Primeur 2009 Campaign Launched!

Welcome to another bumper edition from your team here at Premier Cru. In this newsletter we address:

- What is En Primeur?
- How does an En Primeur Campaign work?
- What is unique about investing with Premier Cru?
- How the new vintage will affect the existing vintages?
- What makes the 2009 a good or great vintage?



Premier Cru strives to provide clients with information, especially when there is a great investment opportunity on the horizon. As expected and highlighted in our last newsletter we have some great news, and it comes in the ripened and juicy form of the 2009 harvest.

What is En Primeur?

En Primeur is the term used to describe the new harvest which is still in the cask and in the early stages of development. It stays at its respective Chateau for up to 2.5 years before being delivered into the market and into the hands of the buyers. En Primeur wines are released for sale in the Spring following the harvest.

A good En Primeur vintage is fiercely competitive as the world's fine wine trade each strive to secure allocations of the best wines from the vintage and it is at this 'first point of sale' that the demand first outstrips supply. Our unique position of being Europe's leader will place you as our client in good stead. We expect to be able to capitalise once again on our strong contacts both here in the UK and in Bordeaux and our knowledge of this compelling time in a vintage's life.

How does an En Primeur Campaign work?

The Chateaux and *negotiantes* have developed a clever and simple system of gaining as much profit from their wines as possible. They do this by releasing their stocks in three main tranches. The first is very small and almost certainly the cheapest. This tests the market reaction to the pricing level. If the wines are snapped up by the buyers and allocations are unfulfilled by low stock levels, the second tranche is released at a higher price, and again the third tranche is released higher again.



What is unique about investing with Premier Cru?

Premier Cru has developed a queuing system which was first employed in the 2000 vintage campaign. The question we had to answer was one of fairness. This became an issue with the prolonged campaign as the best Chateau held back their releases until the very end. This means that there could be as long as two months between the first and last Chateaux to give their first tranche prices and allocations. We addressed the question of how to manage this and still be able to provide a balanced and diversified selection of investment wines. If we purchased for the first investors of the vintage at the beginning, they would receive the best prices for the wines that were available. Inevitably however, buyers miss out on those which are released late –

and these are always the biggest houses (Lafite, Latour etc.) If we wait until the last Chateaux have released, how do we manage the different purchase prices for the same wine? It therefore seemed unfair to pound cost average the whole vintage for those investors who got in early and were patient enough to wait.

The next question is which to buy – established vintages which should show extra short term gains post release of the En Primeur or the En Primeur itself? Again we have addressed this question as investment in this market is very three dimensional and there is a great need to think outside the box.

Our suggested two-pronged approach

We see a good opportunity to invest your money in a diversified manner that will see 50% invested in the 2009 – to get you at the front of the queuing system in advance of the release prices -and at the same time invest 50% towards traditional stocks of high quality undervalued wines which should react to the En Primeur prices as they are released. Clever? Never before done? Not at all, attacking the investment on all fronts can maximise profits whilst keeps risk levels low. After 15 years in the industry, we have experience that has adapted and moved with the times. **We always seek on your behalf as safe a return as the market allows.** We believe this two pronged approach will benefit and protect our clients. It is now, therefore, the time to sit up and take notice of this exceptional investment opportunity and speak to one of our advisers today about taking part.

How will the existing vintages be affected by the 2009?

There has been a significant change in both the En Primeur market and established existing vintages over the last decade as the investment market and the increasing level of global wealth make their mark. The prices have increased across the board significantly and most importantly the release prices of the new vintages have increased at an exceptional rate. The price the Chateau decides to release at, and the date of that release, is a very emotive and strategic decision. No one wants to be first, no-one wants to be too cheap and no-one wants to be too expensive. Included in this game of strategy and nerve is the humble buyer looking for good value for money, great wine and a return to make it all worthwhile whether it be to drink these great wines with little or no cost (thorough profit and trading) or simply the profit through laying down and holding these wines for just the right amount of time.

There has been a significant trend in the market in previous great vintages, especially in the 2000 and 2005 vintages. Both of these vintages broke previous price barriers and opened at levels never seen before. Each time the question was asked – **“can this continue?”** and each time the market has answered the question with **“yes”!!**



The opening prices of these great vintages reflected on the wines that were already in free circulation and readily traded, making them seem exceptionally good value for money compared to the new and undrinkable young wines. Instead of bringing the price of the new wine down in line with the established market, the prices of the established wines are brought up in line with the new vintage. This was most pronounced in the 2005 vintage with the top two Premier Cru (1st growth) wines coming into the secondary retail market (*that means you*) at just under £5,000 per case. Not only were these prices accepted, they continued to increase throughout the campaign and continued right up to the global financial crisis that crippled the world. Even though the 2005 vintage was hit especially hard as it had shown the most growth over the shortest period of time those of you who were lucky enough to purchase En Primeur are still showing healthy profits even after the fall in the market.

What makes 2009 a good or great vintage?

As you would have seen from last month's newsletter, the

2009 vintage is looking similar to the 2000 and the 2005 vintages; which were spectacular both in their quality and the returns they have produced for our investors who purchased them En Primeur. As you may be aware, each stage of the growing process will have its own effect on the eventual wine that is produced from the crop. The weather in Spring was quite wet, but this became vital and



welcome as the summer drew on and the rains were few and far between. August and September were hot during the day and cool at night, and this great weather

continued throughout the harvest, another crucial stage in the life of the wine which many Chateaux described as

'perfect harvesting conditions'. The only real difficulty the chateaux will have to overcome is the very high levels of alcohol. This can be very difficult to work with and the physical winemaking process will be absolutely vital for the individual Chateau to produce excellent

wines. It will take a skilled hand and only after the tastings in the spring will Premier Cru decide which to buy.

The hard facts, and what you need to know about this vintage:

- **Great En Primeur Vintages have traditionally returned exceptional returns for investors**
- **Perfect weather has created what we believe a near to perfect and limited vintage;**
- **Yields are expected to be small.**
- **2009 En Primeur is expected to be the most expensive release prices of all time; and**
- **We expect the '09 to have the same effect on the market as the classic 2005 - bringing older vintages in line with the new vintage's prices.**

Call us today for more information: 020 8905 4495





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