

## Fine wine best performer of major investments

Fine Wine has performed better than the Dow Jones and the FTSE 100, according to research published this week by wine investment company Vin-X.

The report underlines how fine wine investment has been the best overall performer when total growth across major asset classes since 1988 is considered.

In that time Fine Wine has appreciated 1474%, nearly twice as much as its nearest rival, the Dow Jones (up 783%). The S&P comes in third with 744% and Property fourth with 312%. The FTSE 100 is fifth with 306%, well ahead of Gold with 162%. Gold, despite its rampaging bull run from 2000 to 2011, suffered from a major bear run from 1980 to 2000.

Dividends have not been included in the stock indices' calculations.

While Fine Wine is coming out of a difficult time since 2011, it has experienced only three five-year negative holds in the period in question, with no negative ten-year holds.



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## HDH Holds Largest Bordeaux Auction in the World Over \$6.3 Million and 100% of Lots Sold

Hart Davis Hart Wine Co. saw record-breaking results at its annual Celebration of Bordeaux auction, achieving over \$6.3 million in sales against presale estimates of \$4.4 - \$6.7 million. Hundreds of bidders from around the globe participated and their aggressive bids drove more than 80% of the 1992 lots to sell above their midpoint estimates.

In addition to the breathtaking assortment of wines direct from the cellars of top Châteaux, the October auction included consignments from some of the finest private Bordeaux collections in the world. Hart Davis Hart offered the first installment of The Wine Collection of the Late Josue V. Harari totaling over \$751,000, was an introduction to Mr. Harari's impeccable collection which will continue to be sold in the coming years. There was also vigorous competition for rarities from other impressive private cellars including six bottles of 1982 Château Lafleur that sold for \$28,680 (est. \$18,000-28,000), three bottles of 1947 Château Cheval Blanc that sold for \$21,150 (est. \$13,000-19,000), and three magnums of 2000 Château Pétrus that sold for 23,900 (est. \$16,000-24,000). These strong hammer prices indicate that the Bordeaux market is on the rise in the U.S.

Other impressive highlights included:

- 141 lots from the 1982 vintages sold for \$868,167 (est. \$619,350-923,550)
- 221 lots from the 2000 vintages sold for \$1,009,105 (est. \$708,970-1,058,830)
- 324 lots from the 2005 vintages sold for \$811,500 (est. \$528,050-789,580)
- 480 lots of First Growth Red Bordeaux spanning 46 vintages sold for \$2.5 million (est. \$1,823,350-2,730,130)
- 61 lots of Pétrus sold for \$649,175 (est. \$517,350-776,200)
- 123 lots of Mouton Rothschild sold for \$674,936 (est. \$494,600-737,150)
- 102 lots of Lafite Rothschild sold for \$669,439 (est. \$487,200-731,200)
- 97 lots of Latour sold for \$474,654 (est. \$338,400-506,900)
- 90 lots of Margaux sold for \$448,184 (est. \$323,850-486,200)
- 131 lots of Léoville-Las-Cases sold for \$439,341 (est. \$310,010-461,050)

HDH had a number of Canadian collections included in the sale, all of which returned solid figures overall. Canadians of course also had the added bonus of a dollar trading at approximately 1.45 by the time settlement occurred which made for a healthy bonus.

## Italy Takes Top Spot

Italy has knocked France off top spot for wine production in the latest global figures from the International Organization of Vine and Wine.

Global wine production was up 2.0 percent on last year, to 275.7 million hectolitres (Mhl), according to the figures. Though China and Russia have yet to report in.

Italy regained first place, which it lost to France last year, with production of 48.9 Mhl, up 10 percent on 2014.

France grew by just 1.0 percent to 47.4 Mhl, way ahead of third-placed Spain on 36.6 Mhl.

The big wine-growers across the Atlantic: the United States (22.1 Mhl), Argentina (13.3 Mhl) and a record year for Chile, whose production was up 23 percent to 12.8 Mhl. Followed by wine growers from Australia (12 Mhl), South Africa (11.3 Mhl) and New Zealand (2.3 Mhl).

The report from International Organization of Vine and Wine, based in France, said the global market was in balance, with enough to cover global personal consumption and use by manufacturers which use wine to make vinegar, brandy and vermouth.

So much for the fear of a global wine shortage claimed at the beginning of 2015.

# Auction Returns to Ontario

## Q & A with Stephen Ranger of Waddington's

### **WC: So what's going on with the LCBO auctions that you will be holding?**

**SR:** I think it is important to note that Waddington's conducts wine auctions under a license granted by the LCBO, but is in no other way associated with the LCBO. In other words, we are conducting Waddington's Fine Auctions, not an LCBO auction. It's an important distinction, we've been given a license to do it for 5 years, and they have nothing to do with it aside from regulating it. Of course there are some restrictions on us that I can't get into – but they pay attention to what we're offering. It was a pretty rigorous process and the criteria we had to meet were very, very strict in order for them to even feel good about what is essentially the only private / public partnership that exists in the province for the sale of alcohol.

### **WC: What are the plans for auctions in Ontario?**

**SR:** We're going to do 3 or 4 online auctions a year, and one live auction per year. We're doing the on-line format because based on our research that's what most consumers want. There are some people who love to sit in the auction room all day and bid, but then there are many others who don't: don't have the time, don't have the desire, like being able to have the a few days to think about it, revisit the site a couple of times and then at the end it comes down to an auction process which can be just as exciting as being in a live room. That's really where things are headed and it's completely in-line with the rest of our business. 80% of our auctions are on-line, from Inuit art to Asian art and everything in-between; so it makes sense that wine should be that way.

We're probably also going to do some tasting and other promotional activities in-and-around the auctions.

### **WC: What were the results of your last auction?**

**SR:** We sold roughly 85% of the lots that were offered and I thought that was outstanding; sure when you're looking at some of the competition south of the border, who are selling 99 or 100% we're not there yet; but, for the first time out after there being no auction in this jurisdiction for almost two years I was pretty pleased in general and pleased about certain categories specifically: Burgundy did very well, because Burgundy used to be one of the harder sells here in Ontario, but now we seemed to have caught up with the international markets ... I was also pleased to see '08 and '09 Bordeaux do very well ... overall it was very positive.

### **WC: When are the auction dates?**

**SR:** Our next sale is an online auction of Fine Spirits (February 22-25). Live auction date is February 27, we originally had looked at the end of the year [2015] but the logistics were a little overwhelming, so we rolled it into February. Online we are looking at May, another in September and then one more in November.



FineWine.Waddingtons.ca

## Wine in Grocery Stores in 2016 Premier Says

Six-packs of beer finally saw supermarket shelves in December and Premier Kathleen Wynne wants to expand this to wine in the new year; but getting wine into grocery stores is proving to be trickier than breaking the foreign-owned Beer Store monopoly.

"It's more complex than beer," said Finance Minister Charles Sousa, who has been overseeing the file for Wynne. "There are a lot of trade issues that we have to be cognizant of. The more we get into it, the more complex (the) issues are. I'm not going to force [Ed] Clark to come to a decision. I'd rather us do the right thing at the right time," the treasurer said. "We have some grandfathered clauses in there that we must protect. It's also trying to protect our domestic growers and wineries," he said.

Indeed, Ontario's privately owned Wine Rack and Wine Shop kiosks now operating inside many supermarkets have licenses that predate the North American Free Trade Agreement (NAFTA) and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA).

Those 268 licensees are permitted to sell VQA wines made in Ontario as well as wines blended from Ontario and foreign wines which are then bottled in Ontario – once known as "cellared in Ontario" product. It's a valuable exemption that benefits very few domestic producers and one that could be at risk if wide-open sales are permitted.

Meanwhile the LCBO continues its stranglehold on Ontario's wine buyers. According to sources Clark is trying to come up with a compromise that does not hurt the LCBO or domestic wineries while still boosting choice for consumers.

"When you're dealing with a lot of small French producers or California producers who are quite prepared to use the trade weapons, you have to be very careful," Clark told the Star earlier this year.

## Rimowa Wine Case for the Travelling Oenophile

On a recent business trip to China and Hong Kong, I noticed a contact of mine using a beautiful wine carrier. I was particularly intrigued because we get frequent requests for shipping containers when clients are travelling and want to make sure they have at least a few prized bottles with them. The key of course is safe arrival and, to date, our only solution has been bulky Styrofoam filled cardboard boxes.

The Rimowa wine case weighs in at 4.25kg and totals 11.25kg when filled with 6 average wine bottles. It also has a removable compartment for 6 pieces of your best stemware and a few other accessories. Being Rimowa quality, these cases ensure safe transport without compromising aesthetics. Lastly, there are two included ice packs that recede into the side to keep your wine at a reasonable temperature for long trips.

We found 5 of these cases available in Toronto at a cost of about \$1,200 for the silver and \$1,400 for the titanium. According to store management there will be no more available until late 2017 after these are gone. At the moment we have purchased one exclusively for our client's use at a nominal cost to cover wear and tear. Based on response we may purchase a second but if you would like your own please contact the Rimowa store in Yorkdale in Toronto. Should you wish to use Iron Gate's for an upcoming trip simply call Warren or Heather to make arrangements on a first come, first served basis.



## On-Line Sales are Growing

The growth of online wine sales is outpacing retail sales growth in most major markets as more consumers take advantage of the many web platforms that sell wine. "It appears almost unquestionable that e-commerce will continue to gain share of retail sales, as it is clearly driven by consumer demand," Stephen Rannekleiv writes in a new report from Rabobank that explores the growth of online wine sales.

Shares of online sales has grown by more than 20% per year in recent years and is expected to maintain a growth rate of nearly 12% during the next four years. This rate of growth varies across global wine markets, but it is generally outpacing retail wine sales growth.

As examples: In the United Kingdom, total wine sales grew by 3.5% in the first quarter of 2015, while online sales increased 11%, according to the report. Much of the growth in online sales comes is attributed to younger consumers. In China about 30% of all Chinese wine sales take place online and a majority are attributed to those aged 28-38.

Online sales are worth more than \$6 billion: the French online wine market totaled \$1.6 billion in 2015, which is about double what it was in 2013 and about 10% of all wines sales in France take place online.

In the United States that percentage is much smaller. Only about 2% of American wine sales took place online.

In 2015, Amazon took the top spot followed by the Chinese website jiuxian.com and the Spanish website lavinia.es. The other major American wine website, wine.com, came in ninth. Amazon launched its online wine store in 2012 with about 200 wineries and could ship to consumers in 15 states and Washington, D.C. Today the website can ship to consumers in D.C. and 30 states, and it offers more than 8,000 labels from 1,000 wineries or "wine sellers."

So much of the world is going online we their wine sales to consumers and Ontario is just putting beer in grocery stores ... any wonder we lag behind?

## Worldwide Collector Briefs

### Is it Au Revoir to En Primeur?

Next year's Bordeaux en primeur campaign could be the last, if chateaus refuse to accept market realities and drop prices. "After five vintages when the prices paid by customers en primeur have not, by and large, turned out to be cheaper than buying once the wines are bottled, the Bordeaux wine trade needs to give the en primeur customer a seriously good deal this year," said Stephen Browett, chairman of U.K.-based Farr Vintners.

The first growths – which are the main drivers of wine investment and speculation – are trading at their lowest levels for a decade. While Château Lafite prices were still relatively buoyant, châteaux like Haut-Brion and Margaux were trading at close to their 2009 levels.

The depressed price for the big names doesn't bode well for the smaller châteaux, however. James Miles, director of fine-wine exchange Liv-ex, said that with the Bordeaux market depressed, this was the ideal time for investors to dive back in. "After four years of falling prices, the Bordeaux market is at its lowest ebb since possibly the early 1970s. As then, now may prove to be a good time to enter the market – but a well-priced 2014 vintage is a vital precursor to any kind of sustained recovery.

"A successful en primeur campaign would certainly be very positive news for Bordeaux but that will only happen if prices are made very attractive. Furthermore if they over-price the wines again this year then I can see consumers losing interest completely in buying en primeur."

## Upcoming GTA Wine Events

### WTS Old Port and Sifton Tasting – North York Community Hall – Feb 10<sup>th</sup>

Wine Tasters is digging deep into the cellar for a classic vintage port tasting featuring Croft '66 and '77, Delaforce '77, Dow '70, Graham '63, Martinez '63, and Taylor '66 and 70. Cost is \$94 for non-members and tickets can be reserved online at [www.winetasters.ca](http://www.winetasters.ca)

### California Wine Fair – Fairmont Royal York – April 11<sup>th</sup>

The 37th California Wine Tour drops into Toronto again to showcase the very best California has to offer to the Ontario consumer. The consumer tasting runs from 7pm-9:30pm for consumers following the trade segment at a cost of \$75pp. Tickets can be ordered in advance at [www.calwine.ca](http://www.calwine.ca)

### TVC Barolo 2006 Tasting – Faculty Club – Feb 22<sup>nd</sup>

Toronto Vintners is featuring the '06 Nebbiolo from Barolo on the UofT grounds. Here's what they write: "What about 2006 as a vintage? They can be described as wines of good depth, sturdy structure and fine elegance, already more open than the '05s (which were rough-edged at this stage of their life) and which display appealing, snappy tannins and a nervy acidity.

Cost for this great tasting of 10 year olds including Conterno, Marcarini, Ascheri, and Scavino among others is \$104 for guests and includes appetizers. Tickets can be found at [www.torontovintners.org](http://www.torontovintners.org)



## Iron Gate - Private Wine Management

Warren Porter is President of Iron Gate – Private Wine Management, a storage and wine collector services provider based in Toronto, Canada. In addition, Iron Gate – Private Wine Management provides home cellar management and monitoring systems, professional buying and US and international selling services for collectors in Canada since 2004.

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## Featured Wine Quarterly Pick

Henri Giraud  
Hommage Francois  
Hemart Ax Grand  
Cru

Champagne, France

Here's a gorgeous bubbly to ring in the New Year ... even if it's a few days (weeks later ... a layered Champagne from nose to palate and through the finish. Fresh biscuits and baked Danish with mineral chalkiness toasty and even a touch salty; fruit leans lemon and apple cobbler with nice baking spice for seasoning. It's a fun punch in the mouth with flavour, but in a good delicate kind of way.

Price: \$79.95  
Rating: \*\*\*\* ½  
LCBO #436071

Review courtesy of  
Michael Pinkus Wine  
Review . com