



LE CLARENCE DE HAUT-BRION 2015 – Undervalued versus other 2015 First Growth Second Wines

Current Price (6x75cl)	HK\$6,030
Wine Advocate	93+
Price per Point	HK\$64.8
Drinking Window	2020-2039
Price Target in 2039	HK\$18,800

- **Le Clarence de Haut-Brion 2015** is the 2nd wine of Haut-Brion. It is the highest ever scoring Clarence (93+).
- We are recommending it because it is undervalued versus the other 2015 First Growth second wines, and because we believe it will appreciate with the 100-point Haut-Brion 2015 over time.
- Le Clarence 2015 is **50% cheaper than the other First Growth second wines from 2015**, despite having a higher score and a much better scored first wine.
- **Drinking window** for Le Clarence de Haut-Brion 2015 is to **2039**, making it a long-dated investment wine.
- We believe it can appreciate for 20 years at almost 6%, to reach HK\$18,800 at the end of its drinking window in 2039.

Le Clarence de Haut-Brion is the 'second wine' of Bordeaux First Growth estate Château Haut-Brion. The grapes for this wine come from the same vineyard, harvested at the same time, and the wine is vinified in the same way as the 100-point **Haut-Brion 2015**.

Why are you recommending Le Clarence de Haut-Brion 2015?

1. 2015 was an **investment grade vintage** in Bordeaux. It should provide excellent long-term investment potential.
2. Le Clarence de Haut-Brion 2015 is the **highest scoring** 2015 First Growth second wine – beating Carruades de Lafite, Pavillon Rouge and Petit Mouton with 93+ points from Robert Parker.
3. Le Clarence de Haut-Brion 2015 has the **highest scoring first wine** of all the released second wines¹ from 2015 (100 points for Haut-Brion 2015 from Robert Parker).
4. Le Clarence de Haut-Brion is **by far the cheapest** of the First Growth second wines from this vintage.
5. In its own right, Le Clarence de Haut-Brion is a **20-year investment wine**, with a drinking window to 2039 (Wine Advocate).
6. We expect it to trade around 16% of the value of the Haut-Brion 2015 first wine in 20 years' time, which implies a value of HK\$18,800 (6x75cl), or a compound annual growth rate of 5.9%.

¹ Chateau Latour has not yet released its 2015 first wine.

What will make Le Clarence de Haut-Brion 2015 go up in price?

Two things:

1. *Collectors Spotting the Relative Undervaluation of Le Clarence 2015* - It makes no sense for Le Clarence de Haut-Brion 2015 to have the best score, the highest scored first wine and by far the lowest price of the First Growth second wines from 2015:

	2015 First Growth Second Wine Analysis			
	Carruades de Lafite	Pavillon Rouge	Petit Mouton	Clarence de Haut-Brion
Second Wine Score	91	92	93	93+
Price	HK\$14,418	HK\$9,720	HK\$11,340	HK\$6,030
First Wine Score	96+	99	98	100

The average price of **Carruades**, **Pavillon Rouge** and **Petit Mouton** 2015 is HK\$11,850. Le Clarence de Haut-Brion trades at a 50% discount to this average price, despite it being a better wine with a 'legend in the making' 100-point first wine. This looks like a market anomaly.

2. *Le Clarence 2015 will appreciate with Haut-Brion 2015.* We have written elsewhere that we expect Haut-Brion 2015 to appreciate at inflation + 5.0% for at least 30 years (7.2% in total based on current inflation expectations). Even if we assume that Le Clarence falls from 20.4% of the price of Haut-Brion to 15.7% (the ratios of the 1989 wines' relative prices today), that still implies a price of HK\$18,800 for Le Clarence 2015 in 20 years, or a CAGR of 5.9%.

Vintage	Haut-Brion	Haut-Brion Score	Le Clarence de Haut-Brion	Le Clarence Score	% of Haut-Brion
2015	HK\$29,625	100	HK\$6,030	93+	20.4%
2010	HK\$36,180	100	HK\$6,696	93	18.5%
1989	HK\$99,900	100	HK\$15,660	90	15.7%

Verified stock only. Le Clarence 1989 price interpolated from single bottle pricing in market.

We therefore recommend Le Clarence de Haut-Brion 2015 as both a short-term play on its relative undervaluation versus the other First Growth second wines, and as a cheap way in to a 100-point First Growth wine.

But we also believe that this wine will produce steady long-term returns on the back of the anticipated appreciation in the First Wine.

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