



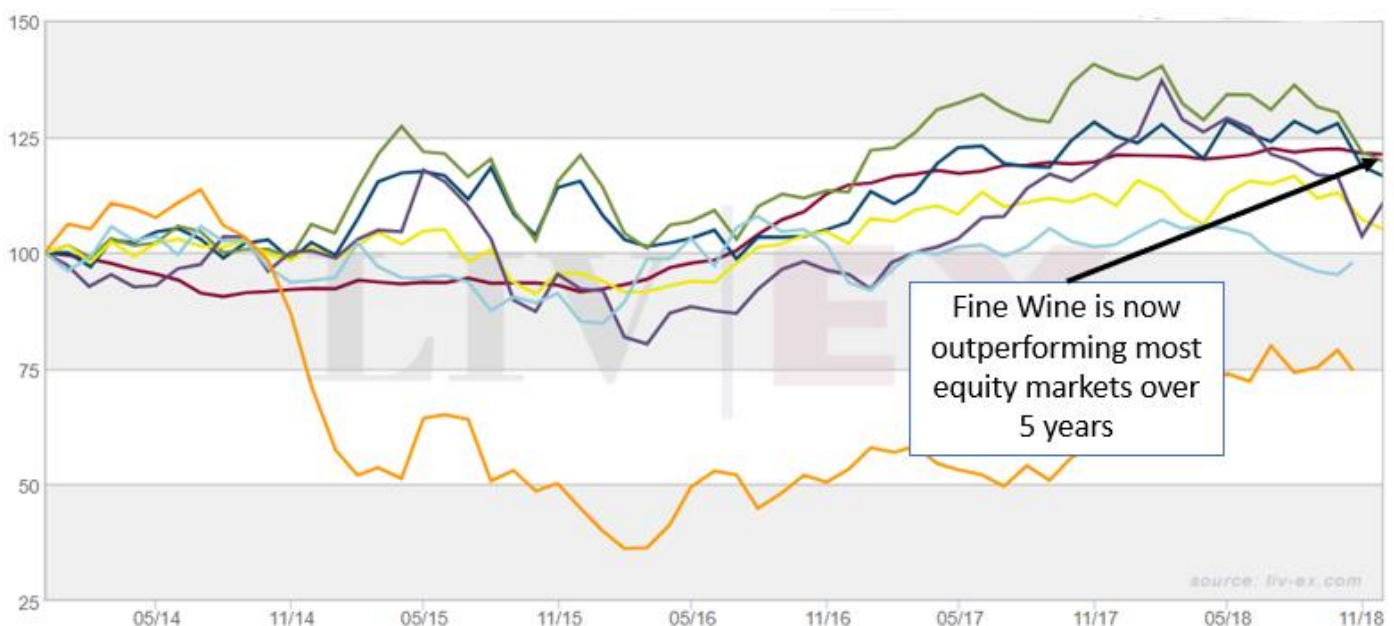
## Equities are Sinking ...

### ... but Fine Wine provides a Safe Haven








- Global equity markets are entering **bear market** territory. But Fine Wine continues to **rise in value**.
- Fine Wine has now **outperformed major European and Asian equity markets over the past 5 years** (+21%). And it has been far less volatile.
- The structural reasons for Fine Wine's excellent performance remain unchanged.
- As the long equity bull market comes to an end, we recommend that sophisticated investors **increase their weighting in Fine Wines**.
- We recommend that investors new to the asset class buy a replicating basket of the **Liv-ex 100 Index** of the highest quality wines.

### Fine Wine outperforms most equity markets over 5 years

Global equity markets are wobbling. Many are now in bear market territory. But as equities (and commodities such as oil) wilt under the pressure of stretched valuations and global monetary tightening, one asset class remains rock solid: **Fine Wine**.



Fine wine has now **outperformed** the following markets over the past 5 years: FTSE 100, DAX, CAC 40, Hang Seng, Crude Oil and Gold<sup>1</sup>.

Series	Current value	6m	12m	2y	5y
FTSE 100 	6,702	-12%	-9%	-2%	5%
DAX 	10,741	-15%	-17%	-5%	20%
CAC 40 	4,754	-12%	-9%	0%	17%
Hang Seng 	25,855	-13%	-10%	18%	11%
Crude Oil 	69	6%	21%	33%	-25%
Gold 	1,225	-4%	-2%	8%	-2%
Liv-ex Fine Wine 100 	313	0%	0%	6%	21%

We recommend that HNW and UHNW investors allocate a small (2-5%) amount of their portfolio to Fine Wine for the following reasons:

- Fine Wine is not levered (no unwinding as interest rates rise).
- Fine Wine is relatively uncorrelated with mainstream assets.
- Fine Wine is produced in strictly fixed quantities.
- Fine Wine improves physically with age.
- Demand for Fine Wine continues to rise as the world gets wealthier.
- Fine Wine is an extraordinarily long-lived asset (50-60 years or more for the best vintages).
- Cost of storing Fine Wine has fallen dramatically in percentage terms.

## Buy the Liv-ex 100 Index

We recommend that new investors buy the Liv-ex 100 index. This basket is chosen by the world's leading Fine Wine exchange (Liv-ex.com) for **quality, diversification** and **liquidity**.

Cru can provide all the wines in the Liv-ex 100 together with secure and insured storage, with a real time screen view of your portfolio. And there are no charges other than the low monthly storage cost.

<sup>1</sup> Source: Liv-ex.com.

## Liv-ex 100 Index Constituents

Region	Wine	Vintage	Pack Size	Market Price
Bordeaux (Red)	Angelus	2009	6x75cl	HK\$16,088
Bordeaux (Red)	Angelus	2010	6x75cl	HK\$16,533
Burgundy (Red)	Armand Rousseau, Chambertin	2015	1x75cl	HK\$31,353
Rhone	Beaucastel, Chateaneuf Du Pape	2015	12x75cl	HK\$4,653
Rhone	Beaucastel, Chateaneuf Du Pape Hommage J Perrin	2012	12x75cl	HK\$25,740
Bordeaux (Red)	Cheval Blanc	2000	6x75cl	HK\$36,878
Bordeaux (Red)	Cheval Blanc	2005	6x75cl	HK\$33,413
Bordeaux (Red)	Cheval Blanc	2006	6x75cl	HK\$20,543
Bordeaux (Red)	Cheval Blanc	2009	6x75cl	HK\$33,660
Bordeaux (Red)	Cheval Blanc	2014	6x75cl	HK\$18,068
Rhone	Clos Papes, Chateaneuf Du Pape	2015	12x75cl	HK\$6,633
Burgundy (Red)	Comte Vogue, Musigny Vv	2014	6x75cl	HK\$22,275
Bordeaux (Red)	Cos d'Estournel	2003	6x75cl	HK\$7,880
Bordeaux (Red)	Cos d'Estournel	2005	6x75cl	HK\$8,019
Bordeaux (Red)	Cos d'Estournel	2009	6x75cl	HK\$11,633
Rhone	Domaine Jean-Louis Chave, Hermitage	2015	6x75cl	HK\$19,305
Burgundy (White)	Domaine Leflaive, Chevalier Montrachet	2015	6x75cl	HK\$35,244
Burgundy (White)	Domaine Leflaive, Puligny Montrachet Clavoillon	2015	12x75cl	HK\$11,484
Burgundy (Red)	Domaine Ponsot, Clos Roche Vv	2015	6x75cl	HK\$26,512
United States	Domus	2014	12x75cl	HK\$17,820
Burgundy (Red)	DRC, Richebourg	2014	3x75cl	HK\$50,817
Burgundy (Red)	DRC, Romanee Conti	2014	1x75cl	HK\$136,472
Burgundy (Red)	DRC, Tache	2014	3x75cl	HK\$85,774
Bordeaux (Red)	Ducru Beaucaillou	2009	6x75cl	HK\$11,286
Italy	Giacomo Conterno, Barolo Riserva Monfortino	2010	3x75cl	HK\$29,205
Rhone	Guigal, Cote Rotie (av price, production combined)	2014	6x75cl	HK\$9,900
Bordeaux (Red)	Haut Bailly	2009	6x75cl	HK\$8,811
Bordeaux (Red)	Haut Brion	1998	6x75cl	HK\$22,523
Bordeaux (Red)	Haut Brion	2000	6x75cl	HK\$35,046
Bordeaux (Red)	Haut Brion	2005	6x75cl	HK\$32,670
Bordeaux (Red)	Haut Brion	2015	6x75cl	HK\$25,245
Bordeaux (Red)	Haut Brion	2009	6x75cl	HK\$31,680
Bordeaux (Red)	Haut Brion	2010	6x75cl	HK\$32,918
Bordeaux (Red)	Haut Brion	2012	6x75cl	HK\$16,583
Champagne	Krug, Vintage Brut	2004	6x75cl	HK\$9,504
Bordeaux (Red)	Lafite Rothschild	2015	6x75cl	HK\$27,007
Bordeaux (Red)	Lafite Rothschild	2000	12x75cl	HK\$132,660
Bordeaux (Red)	Lafite Rothschild	2003	6x75cl	HK\$44,550
Bordeaux (Red)	Lafite Rothschild	2005	6x75cl	HK\$37,620
Bordeaux (Red)	Lafite Rothschild	2006	12x75cl	HK\$62,370
Bordeaux (Red)	Lafite Rothschild	2009	6x75cl	HK\$35,640
Bordeaux (Red)	Lafite Rothschild	2010	6x75cl	HK\$34,898
Bordeaux (Red)	Latour	2000	6x75cl	HK\$41,976
Bordeaux (Red)	Latour	2003	6x75cl	HK\$37,620
Bordeaux (Red)	Latour	2005	6x75cl	HK\$33,413
Bordeaux (Red)	Latour	2009	6x75cl	HK\$48,510
Bordeaux (Red)	Latour	2010	6x75cl	HK\$55,202
Bordeaux (Red)	Leoville Las Cases	2005	6x75cl	HK\$10,643
Bordeaux (Red)	Leoville Poyferre	2009	6x75cl	HK\$8,544
Bordeaux (Red)	Leoville Poyferre	2010	6x75cl	HK\$5,198
Champagne	Louis Roederer, Cristal	2008	6x75cl	HK\$9,653
Champagne	Louis Roederer, Cristal	2007	6x75cl	HK\$6,881
Champagne	Louis Roederer, Cristal	2009	6x75cl	HK\$7,385
Bordeaux (Red)	Lynch Bages	2000	6x75cl	HK\$20,790
Bordeaux (Red)	Lynch Bages	2009	6x75cl	HK\$6,683
Bordeaux (Red)	Margaux	2000	6x75cl	HK\$39,828
Bordeaux (Red)	Margaux	2003	6x75cl	HK\$24,255
Bordeaux (Red)	Margaux	2005	6x75cl	HK\$30,195
Bordeaux (Red)	Margaux	2009	6x75cl	HK\$31,680
Bordeaux (Red)	Margaux	2010	6x75cl	HK\$32,175
Bordeaux (Red)	Margaux	2015	6x75cl	HK\$56,925
Italy	Maseto	2014	3x75cl	HK\$11,682
Bordeaux (Red)	Mission Haut Brion	2000	12x75cl	HK\$55,440
Bordeaux (Red)	Mission Haut Brion	2005	6x75cl	HK\$22,899
Bordeaux (Red)	Mission Haut Brion	2009	6x75cl	HK\$23,513
Champagne	Moet & Chandon, Dom Perignon	2009	6x75cl	HK\$5,445
Champagne	Moet & Chandon, Dom Perignon	2006	6x75cl	HK\$4,950
Bordeaux (Red)	Montrose	2000	6x75cl	HK\$7,425
Bordeaux (Red)	Montrose	2003	6x75cl	HK\$8,415
Bordeaux (Red)	Montrose	2009	6x75cl	HK\$10,494
Bordeaux (Red)	Montrose	2010	6x75cl	HK\$9,405
Bordeaux (Red)	Mouton Rothschild	2015	6x75cl	HK\$23,513
Bordeaux (Red)	Mouton Rothschild	2000	6x75cl	HK\$95,733
Bordeaux (Red)	Mouton Rothschild	2005	6x75cl	HK\$26,235
Bordeaux (Red)	Mouton Rothschild	2006	6x75cl	HK\$21,780
Bordeaux (Red)	Mouton Rothschild	2009	6x75cl	HK\$27,720
Bordeaux (Red)	Mouton Rothschild	2010	6x75cl	HK\$28,710
United States	Opus One	2014	6x75cl	HK\$13,811
Italy	Ornellaia	2013	6x75cl	HK\$6,039
Italy	Ornellaia	2015	6x75cl	HK\$7,534
Bordeaux (Red)	Palmer	2009	6x75cl	HK\$11,831
Rhone	Paul Jaboulet Aine, Hermitage Chapelle	2015	6x75cl	HK\$8,831
Bordeaux (Red)	Pavie	2005	12x75cl	HK\$34,254
Bordeaux (Red)	Pavie	2009	6x75cl	HK\$14,830
Bordeaux (Red)	Pavie	2010	6x75cl	HK\$15,593
Australia	Penfolds, Grange	2008	6x75cl	HK\$22,275
Bordeaux (Red)	Petrus	2009	6x75cl	HK\$168,300
Bordeaux (Red)	Petrus	2010	3x75cl	HK\$89,001
Bordeaux (Red)	Pichon Baron	2010	6x75cl	HK\$6,633
Bordeaux (Red)	Pontet Canet	2009	6x75cl	HK\$7,425
Bordeaux (Red)	Pontet Canet	2010	6x75cl	HK\$7,306
Italy	Sassicaia	2015	6x75cl	HK\$8,613
Italy	Sassicaia	2014	6x75cl	HK\$5,940
United States	Screaming Eagle	2015	3x75cl	HK\$71,280
Bordeaux (Red)	Smith Haut Lafitte	2009	6x75cl	HK\$9,851
Champagne	Taittinger, Comtes Champagne	2006	6x75cl	HK\$3,960
Italy	Tignanello	2015	6x75cl	HK\$3,911
Spain	Vega Sicilia, Unico	2006	6x75cl	HK\$12,177
Bordeaux (White)	Yquem	2001	6x75cl	HK\$20,790
Bordeaux (White)	Yquem	2007	6x75cl	HK\$10,296

## IMPORTANT NOTICE

This report has been issued or approved for issue by an entity forming part of Cru (as defined below) and has been forwarded to you solely for your information and should not be considered as an offer or solicitation of an offer to sell, buy or subscribe to any securities or any derivative instrument or any other rights pertaining thereto ("financial instruments"). This report is intended for use by professional or business investors only. This report may not be reproduced without the consent of Cru.

The information and opinions expressed in this report have been compiled from sources believed to be reliable, but, neither Cru, nor any of its directors, officers, or employees accepts liability from any loss arising from the use hereof or makes any representations as to its accuracy and completeness. Any opinions, forecasts or estimates herein constitute a judgement as at the date of this report. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied is made regarding future performance. This information is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the product or products mentioned. Cru is not agreeing to nor is it required to update the opinions, forecasts or estimates contained herein.

The value of any products mentioned in this report can fall as well as rise. Foreign currency denominated products are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such products.

This report does not have regard to the specific instrument objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any products or investment strategies discussed in this report.

Cru (or its directors, officers or employees) may, to the extent permitted by law, own or have a position in the products of any company or related company or products referred to herein, and may add to or dispose of any such position or may make a market or act as a principal in any transaction in such products. Directors of Cru may also be directors of any of the companies mentioned in this report. Cru (or its directors, officers or employees) may, to the extent permitted by law, act upon or use the information or opinions presented herein, or research or analysis on which they are based prior to the material being published. Cru may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them.

For the purposes of this disclaimer, "Cru" shall mean: (i) Cru London Limited; (ii) Cru Asia Limited and (iii) from time to time, in relation to Cru London Limited and/or Cru Asia Limited, the ultimate holding company of that entity, a subsidiary (or a subsidiary of a subsidiary) of that entity, a holding company of that entity or any other subsidiary of that holding company, and any affiliated entity of any such entities.

This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or disclosed to another party, without the prior written consent of an entity within Cru. Products referred to in this research report may not be eligible for sale in those jurisdictions where an entity within Cru is not authorised or permitted by local law to do so. In particular, Cru does not allow the redistribution of this report to non-professional investors or persons outside the jurisdictions referred to above and Cru cannot be held responsible in any way for third parties who effect such redistribution or recipients thereof. © 2018.