



Time for a Dip into the Rhône?

- Rhône Valley wines have lagged the fine wine market for five years, but in last six months they have outperformed. Hong Kong collectors' interest in the Rhône Valley has grown recently for three reasons:
 1. **Three strong Rhône vintages** in a row (2015, 2016 and 2017);
 2. **Jeb Dunnuck** is now a vocal and credible independent 'champion' of Rhône wines in Asia.
 3. Despite recent price rises, Rhône Valley wines are still **significantly cheaper** than similarly scored wines in other regions.
- We screened 484 Rhône wines and came up with a **Top 15 wines** for 3 to 5-year price appreciation. Our selections are all:
 - 98 to 100 points by *Wine Advocate*;
 - Long remaining Drinking Window; and
 - Cheapest price for their score.

RHÔNE "BEST VALUE" INVESTMENT/DRINKING BUY LIST

BEST VALUE WINES - Up to 98 Point Wines from Wine Advocate

Country	Region	Wine	Year	Pack	Wine Advocate	Jeb Dunnuck	Price per Point	Drinking Until	Price
France	Rhone	Bosquet des Papes Chateauneuf-du-Pape Chante Le Merle VV 2017 (6x75cl)	2017	6x75cl	97-99	94-96	HK\$3.41	2040	HK\$2,005
France	Rhone	Santa Duc Chateauneuf du Pape Pied Baud 2016 (6x75cl)	2016	6x75cl	96-99	90-92	HK\$3.54	2030	HK\$2,080
France	Rhone	Roger Sabon Chateauneuf-du-Pape Cuvee Prestige 2017 (6x75cl)	2017	6x75cl	96-98	94-96	HK\$4.86	2040	HK\$2,845
France	Rhone	Chapoutier Chateauneuf-du-Pape Barbe Rac 2017 (6x75cl)	2017	6x75cl	98	95-97	HK\$6.80	2040	HK\$4,000
France	Rhone	Chapoutier Cote-Rotie La Mordoree 2017 (6x75cl)	2017	6x75cl	96-98	98-100	HK\$7.77	2040	HK\$4,570

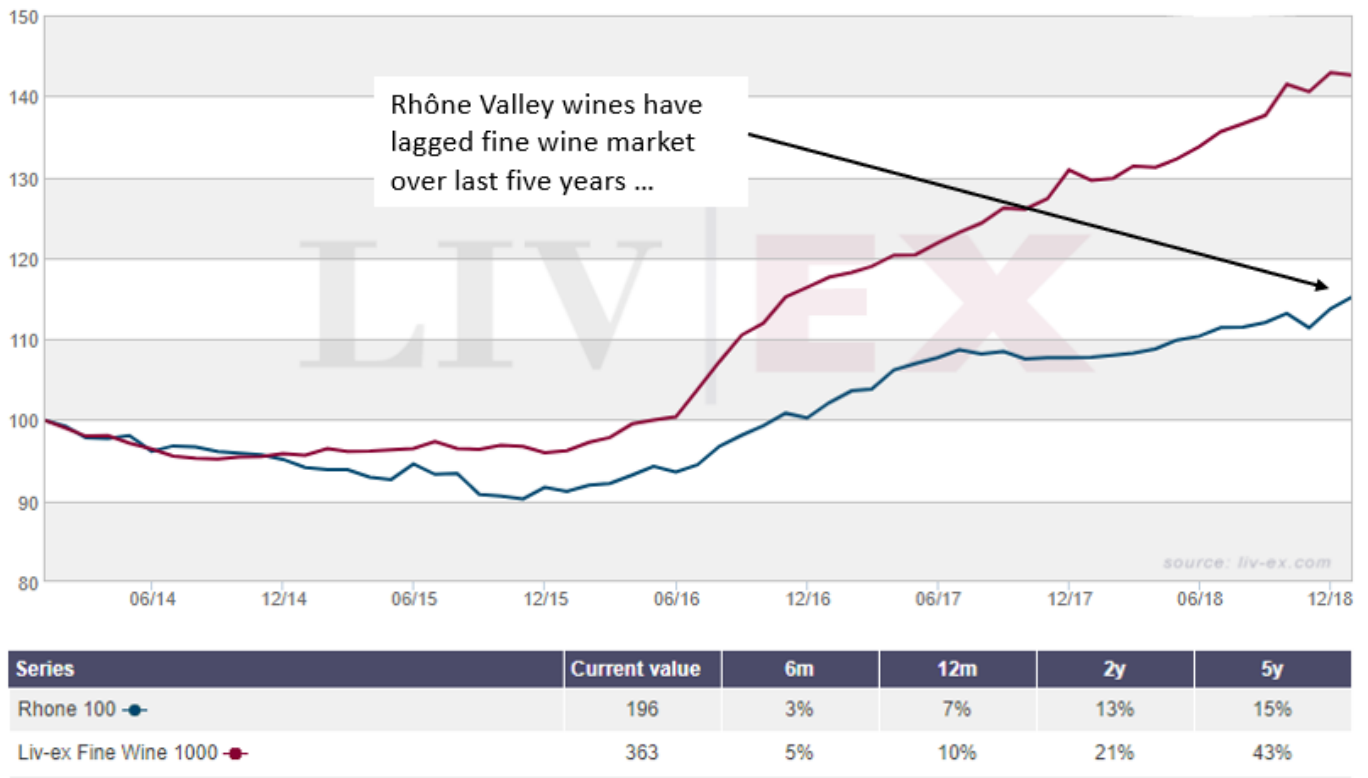
BEST VALUE WINES - 99 Point Wines from Wine Advocate

Country	Region	Wine	Year	Pack	Wine Advocate	Jeb Dunnuck	Price per Point	Drinking Until	Price
France	Rhone	La Janasse Chateauneuf-du-Pape VV 2009 (6x75cl)	2009	6x75cl	99	N/A	HK\$8.84	2031	HK\$5,250
France	Rhone	Rene Rostaing Cote-Rotie La Landonne 2015 (12x75cl)	2015	12x75cl	99+	97	HK\$10.98	2045	HK\$13,045
France	Rhone	Guigal Cote-Rotie Chateau d'Ampuis 2010 (12x75cl)	2010	12x75cl	99	N/A	HK\$11.20	2035	HK\$13,305
France	Rhone	Chapoutier Ermitage De L'Oree Blanc 2012 (6x75cl)	2012	6x75cl	99	N/A	HK\$11.95	2042	HK\$7,100
France	Rhone	Delas Hermitage Les Bessards 2015 (6x75cl)	2015	6x75cl	99+	100	HK\$14.84	2045	HK\$8,815

BEST VALUE WINES - Up to 100 Point Wines from Wine Advocate

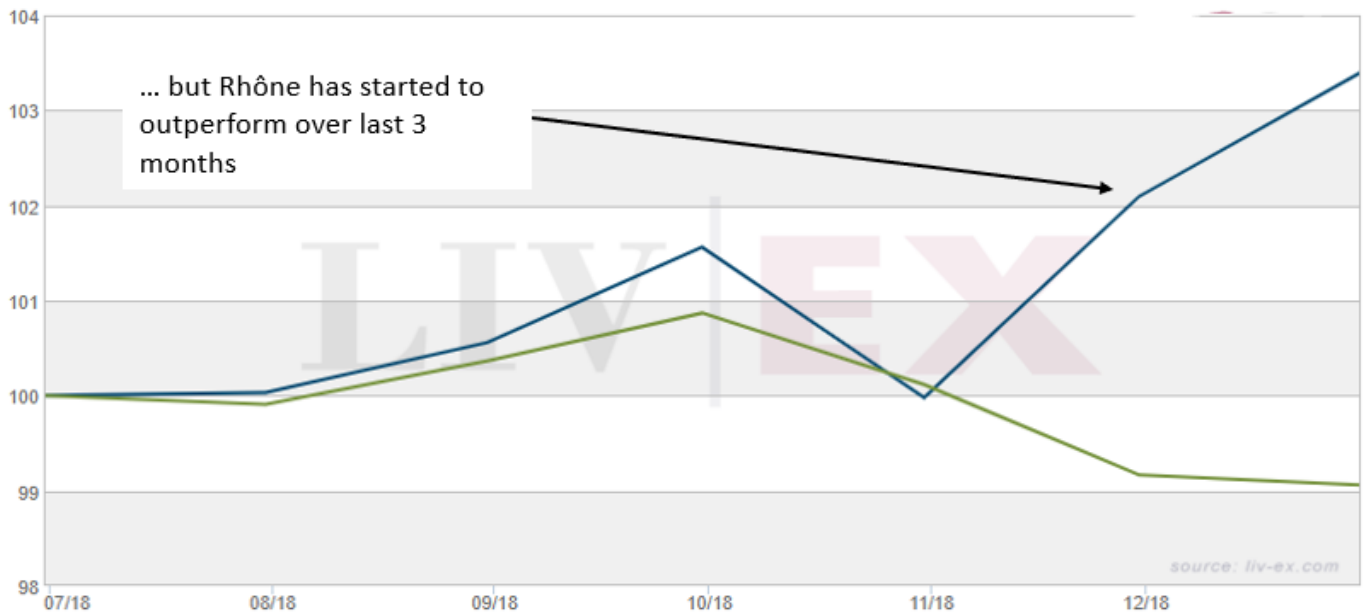
Country	Region	Wine	Year	Pack	Wine Advocate	Jeb Dunnuck	Price per Point	Drinking Until	Price
France	Rhone	Roger Sabon Chateauneuf-du-Pape Le Secret des Sabon 2017 (6x75cl)	2017	6x75cl	98-100	94-96+	HK\$10.01	2040	HK\$6,005
France	Rhone	Chapoutier Ermitage Le Meal 2017 (6x75cl)	2017	6x75cl	98-100	N/A	HK\$14.92	2040	HK\$8,950
France	Rhone	Chapoutier Ermitage L'Ermitage 2017 (6x75cl)	2017	6x75cl	98-100	N/A	HK\$21.58	2040	HK\$12,950
France	Rhone	Chapoutier Ermitage Le Pavillon 2009 (6x75cl)	2009	6x75cl	100	98+	HK\$22.87	2035	HK\$13,720
France	Rhone	Chapoutier Ermitage Le Meal 2009 (6x75cl)	2009	6x75cl	100	N/A	HK\$23.33	2049	HK\$14,000

Rhône Valley has lagged the fine wine market ...



source: Liv-ex.com (Rhône sub-index versus fine wine index)

... but last six months have seen a buying wave



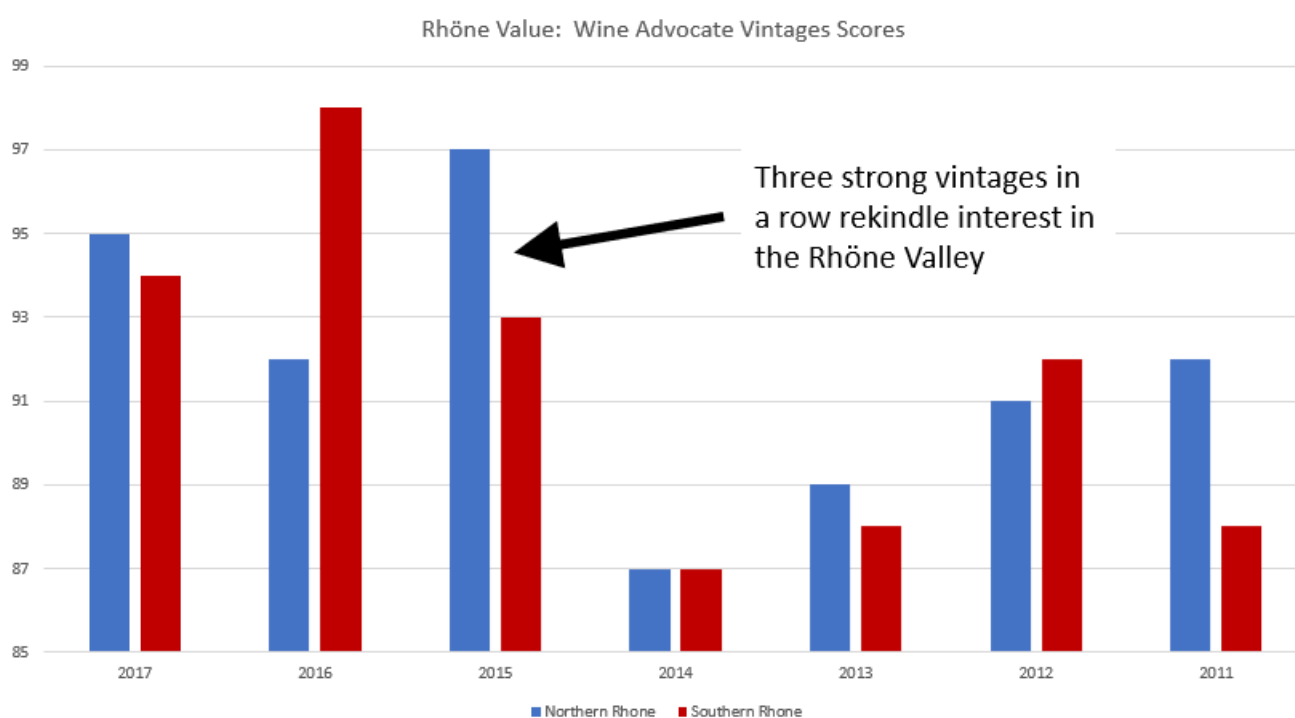
source: Liv-ex.com

Why is Money Flowing into the Rhône Today?

1. **Three excellent vintages** in a row (2015, 2016 and 2017) have created a background 'buzz' around Rhône Valley wines today.
2. Leading critic **Jeb Dunnuck** (formerly Robert Parkers' Rhône critic, now operating independently) is acting a global ambassador for the quality and profile of these wines.
3. Significant **relative undervaluation** of Rhône wines on a points per price basis. Compared with Bordeaux and Burgundy, Rhône wines are much cheaper for the same critic score.

1. Three Strong Vintages in a Row

After the great vintage of 2010, both the North and South Rhône had more challenging conditions until 2015. In 2015, the terroir gods returned and Côte-Rôtie / Hermitage, in particular, excelled. In 2016 it was the turn of Châteauneuf-du-Pape to shine, and then in 2017 the whole of the Rhône Valley produced consistently excellent wines.



Source: erobertparker.com

2. Jeb Dunnuck is a Champion of the Rhône

Rhône critic **Jeb Dunnuck** worked for Robert Parker's *Wine Advocate* for many years (establishing a reputation as a world expert on Rhône wines). He left in 2017 and is now building an international reputation as an independent champion of Rhône wines. Rather like **Allen Meadows** at **Burghound**, we believe that Mr Dunnuck can and will make a major contribution to promoting the Rhône amongst collectors and investors around the world.

(In the analysis in this note we continue to use *Wine Advocate* scores because these were mainly written by Mr Dunnuck before he left).

3. Rhône Valley Wines are Cheap

Rhône wines are, for the same *Wine Advocate* score, far cheaper than more established investment regions like **Bordeaux**:

	Average Price per 75cl Bottle (Wine Advocate)					
	95 points	96 points	97 points	98 points	99 points	100 points
Rhône Valley	HK\$ 769	HK\$ 1,088	HK\$ 1,207	HK\$ 1,776	HK\$ 1,990	HK\$ 2,874
Bordeaux	HK\$ 3,302	HK\$ 3,339	HK\$ 2,829	HK\$ 4,534	HK\$ 7,195	HK\$ 9,417
Rhône Valley Discount	-76.7%	-67.4%	-57.3%	-60.8%	-72.3%	-69.5%

Source: Based on Cru offer prices and Wine Advocate scores

The Rhône Valley discount is fairly consistent across 95-100 point wines. This suggests that collectors will continue to bid up prices of Rhône wines for some time. The average Rhône 100-point wine could rise 100% in price and still be at a 40% *discount* to the same scoring category in Bordeaux.

The Rhône Valley is more similar in production terms to Burgundy, in having tightly defined appellations which are small in size.

Although our recommendations appear very undervalued, a number of Rhône wines have already shown the potential to achieve elevated prices. **Guigal La Mouline 2005** (100 points WA) is currently at HK\$52,000 (12x75cl) and **Pegau Cuvee du Capo 2007** (100 points WA) costs HK\$45,000 (6x150cl) in the secondary market today. Our 100-point recommendations are offered at far lower prices.

Our Recommendations

We screened 484 top Rhône wines and came up with a Top 15 which we believe offer the best potential for 3 to 5-year price appreciation. Our selections are all have:

- 98 to 100 points by *Wine Advocate*;
- Long remaining Drinking Window; and
- Cheapest price for their score.

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