

Dear Members,

Following on from David's email last week on the success of our launch, and the acquisition of our first investment parcels, I thought I would give a small regional focus on California and our investments, returns and future opportunities.

Californian Focus

Ten years ago the prospect of Europe being a major market for the wines of California was almost a pipedream- however one the Rothschild family had established nearly 20 years ago when their iconic Californian venture, Opus One, became the first non-French wine to be distributed via the Place de Bordeaux in 2004. Opus One now has an office in Bordeaux that manages all exports of the wine, with the U.K. being one of the most mature and successful markets.

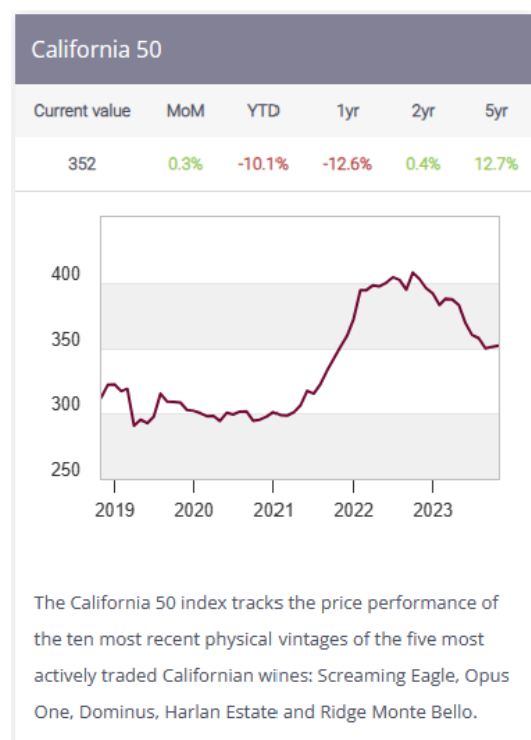
Eight years ago, in a previous role, I launched the now cult Californian wine Hundred Acre to the U.K. market. Hundred Acre is the most successful wine in history, with more perfect 100 point scores than any other winery. It now seasonally sells out Globally at a price that eclipses most First Growth Clarets. Hence a reason why the original fund has a good portion of this wine but also Californian wines from the highly celebrated 2016 Napa vintage from one of Christian Moueix's wineries.

Californian Fine Wine Investment

There is little doubt that the region is the most investible region outside of Europe, but beyond the recognisable names of Screaming Eagle, Sine Qua Non, Harlan, Dominus and Opus One there is a wealth of other names that need to be understood to gain a full picture of the market.

The vast majority of the most collectable Californian wines are sold in a "Direct-to-Consumer" model that most European wineries could only dream of, with eye-watering profit margins and low costs of distribution. However, all brands strive for Global recognition and to be compared with the greatest wines of the World- hence the export market and the mature European dining scene being important to them.

The rise of wines like Hundred Acre have coincided with the rise of California. Liv-Ex's California 50 Indices charts double the returns over the past 5 years than that of the equivalent Bordeaux Indices and is crucially back into growth vs the majority of the other indices being still in decline.



Club Portfolio

The Club's first venture into California was with a parcel of Hundred Acre 2018 that returned 44% over 16 months. Expect to see more of this wine as I intend to get a direct allocation from them for a European business Vinicon is establishing.

But what next? A direct allocation of Screaming Eagle would be amazing, N.B Club Members any help there would be gratefully received, but that is unlikely. So the next Cult wine- A parcel of a wine called Memento Mori is becoming available this month- library vintages from 2018 and 2019 that Vinicon is directly importing ahead of the release of the 2021 vintage. Both vintages get 98/100 from the Wine Advocate and should deliver strong returns over the next 12-18 months.

Memento Mori- After years of research, three childhood friends found the perfect vineyards to create Memento Mori's flagship Napa Valley Cabernet blend. Bringing together some of the most internationally acclaimed sites in Napa Valley with the Superstar 100-point winemaker Sam Kaplan translates each parcel into balanced, terroir-driven wines that tell the story of Napa Valley.

The winery was founded in 2010 by Hayes Drumwright, Adriel Lares and Adam Craun. Together they have overcome serious health scares, family tragedy and times of trial, all of which contributed to driving them to start their label Memento Mori – a shared mantra which they interpret as “Remember to Live” – an ethos that is palpable in every bottle.



Memento Mori sources grapes from iconic vineyards such as Beckstoffer Dr. Crane, Beckstoffer Las Piedras, Vine Hill Ranch, Weitz Vineyard, and Oakville Ranch Vineyards. The founders, along with Sam, chose a blend of these iconic sites as Memento Mori's flagship wine because they liked it best – their ethos drives them in every decision.

In the words of founder Hayes Drumwright, “If a doctor in a single sentence can take away everything for you, then there is no reason to hold off on experiencing the best things in life.” In other words, life is too short not to make the best wine possible simply because it challenges traditions or capitalizes less visibly on expensive vineyard

sources.

In Other News

Both clubs will share in the release of library releases of Cristal Champagne from the excellent 2002 release. Both Vintage Brut and Rose are available, and we are sourcing these for 25% less than the release price so they only have a small gain to be made before we are hitting our profit window.

Vintage 2002- An extraordinary year with all the qualities of an exceptional vintage in Champagne: consistently warm temperatures yet without excessive sunshine or heat, a particularly mild winter, slightly less rainfall than average during the growing cycle (20% less), cool nights and a cool, dry northeast wind in August and September. These exceptional conditions resulted in optimum ripeness levels in the grapes and good concentration of flavour. The harvesting began on the 12 September for the Chardonnays which were displaying an average sugar concentration of over 11% in natural alcohol.

Finally, we will be making our first Club "Drinking Wine Offer", available to all members. Three wines from the Biondi Santi Family in Tuscany at less than half the market price. Watch this space...

