



# Uncorking Value: A Strategic Guide to Wine as Passion and Portfolio

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While NewEdge Wealth is first and foremost a wealth strategy and investment firm, we also recognize that our clients often seek insights that extend beyond traditional financial planning. Lifestyle considerations such as concierge medicine, private aviation, collecting (art, watches, cars, wine), and travel play an important role in how individuals define and experience wealth.

This essay on wine is the first in what we hope will become a broader series of educational insights focused on lifestyle topics that matter to our clients. We hope you enjoy it.

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Although this is not a comprehensive guide for every wine buyer, we generally find that most fall into one or more of the following categories: Consumer, Collector, and Investor. There is a growing interest in wine across all of these categories. It is both a passion and an investment opportunity, unique in that it is tangible, enjoyable, and produced in limited supply.

In the sections that follow, we explore each group and offer practical tips for getting the most out of your wine purchases, whether you are buying for enjoyment, building a collection, or viewing wine as an investment.

## Step 1: The Consumer Phase

### Introduction to Wine

A passion for wine often begins with enjoying it as a luxury product. For some, this started early with a taste from a parent's glass. For others, it was cheap wine in college. Do the names Gallo, Blue Nun, Boone's Farm, or Mateus ring any bells? Exposure to a variety of wines, regions, and vintages usually happens by accident, through a gift, a dinner party, or a casual tasting. Through that exposure, drinkers begin to develop preferences alongside their growing knowledge. The spiciness of a Zinfandel. The lightness of a Beaujolais. Wine starts to become more than just a beverage.

### Education

Wine education frequently starts with reading. Subscribe to periodicals like *Wine Spectator* or *Wine Enthusiast*. A variety of books, such as *Wine Folly* by Madeline Puckette and *The World Atlas of Wine* by Hugh Johnson and Jancis Robinson, offer both accessible and in-depth learning. Online resources like Alti Wine Exchange, a platform designed to connect wine producers and investors on a blockchain-based platform, are also worth exploring.

## Key Behaviors

- Purchasing wine for immediate enjoyment rather than for aging or investment
- Buying from local retailers or wineries without focusing on rarity or provenance
- Making selections based on personal taste, curiosity, or casual recommendations

## Challenges and Risks

- Limited knowledge about value, storage conditions, or aging potential
- Risk of drinking wines that could have appreciated over time
- Uncertainty around when a wine is at its peak or how to store it properly

## Buying Options

Buying wine typically falls into one of four categories. Each has its pros and cons depending on what you're looking for and how involved you want to be in the process.

### Traditional Retail

- Although consumers have generally gravitated away from traditional brick-and-mortar experiences, local wine shops can offer a lot in terms of helpful conversations, invitations to wine tastings, and personalized service.
  - **Upsides:** Straightforward shopping with no planning required. A chance to discover new wines and good values. Human connection with knowledgeable staff.
  - **Downsides:** Selection is limited to what's currently in stock. Inventory can change quickly. Some buyers may feel intimidated by "wine speak."

### Online

- While softening slightly in recent years, the pandemic brought about a full embrace of online wine shopping. Sites such as [wine-searcher.com](https://www.wine-searcher.com) have made inventory at thousands of retailers across the U.S. and globally accessible.
  - **Upsides:** Easier to find rare or elusive bottles. Convenient price comparison. More detailed information on individual wines, since shelf space is not a limitation.
  - **Downsides:** Shipping costs can significantly increase the total price. Storage conditions are often unknown. Seller credibility and delivery restrictions vary.

### Winery Direct

- For special bottles of wine, or if you've visited a vineyard, joining the winery's mailing list may be the best opportunity to secure limited releases.
  - **Upsides:** Direct support of the vineyard. Access to wines typically unavailable through retail. Pristine sourcing from the producer.
  - **Downsides:** Full retail pricing with little or no discounting. Ongoing purchases may be required to keep your place on the list. Risk of accumulating bottles you did not really want.

## Auctions

- The auction market has become far more accessible in recent years as auction houses look to attract new buyers. Participation can be in person, over the phone, or online.
  - **Upsides:** Access to back vintages and ready-to-pour wines. Professional authentication.
  - A sense of excitement and the opportunity to learn from experts.
  - **Downsides:** First-time bidder anxiety. Risk of losing out on the wine you wanted most.
  - Additional fees and pressure to bid higher than planned.

## Step 2: The Collector Phase

### Shift from Consumer to Collector

At some point, the focus starts to shift. Instead of buying wine solely to drink, collectors begin building a more curated and intentional selection. The motivation may still include personal enjoyment, but there's also growing interest in specific regions, producers, and vintages. Burgundy, Bordeaux, and Champagne often lead the list.

### Strategies for Building a Collection

- Focus on acquiring high-quality wines from auctions, reputable dealers, or directly from vineyards with strong provenance.
- Pay attention to critic scores, vintage charts, and historical performance when making buying decisions.
- Consult with wine merchants, sommeliers, or advisors who specialize in wine collecting or investment.
- Stay informed on broader issues that can affect value, such as climate change, counterfeiting, and advancements in storage or tracking technology.
- Storage becomes a key factor. Whether at home or through a professional storage facility, temperature, humidity, and consistency all matter.

### Challenges and Risks

- Proper storage and preservation can be costly, especially for long-term holdings.
- Without verified provenance, the risk of fraud or counterfeit bottles increases.
- Collectors may struggle to balance the joy of owning and drinking wine with the temptation to treat it purely as an asset.

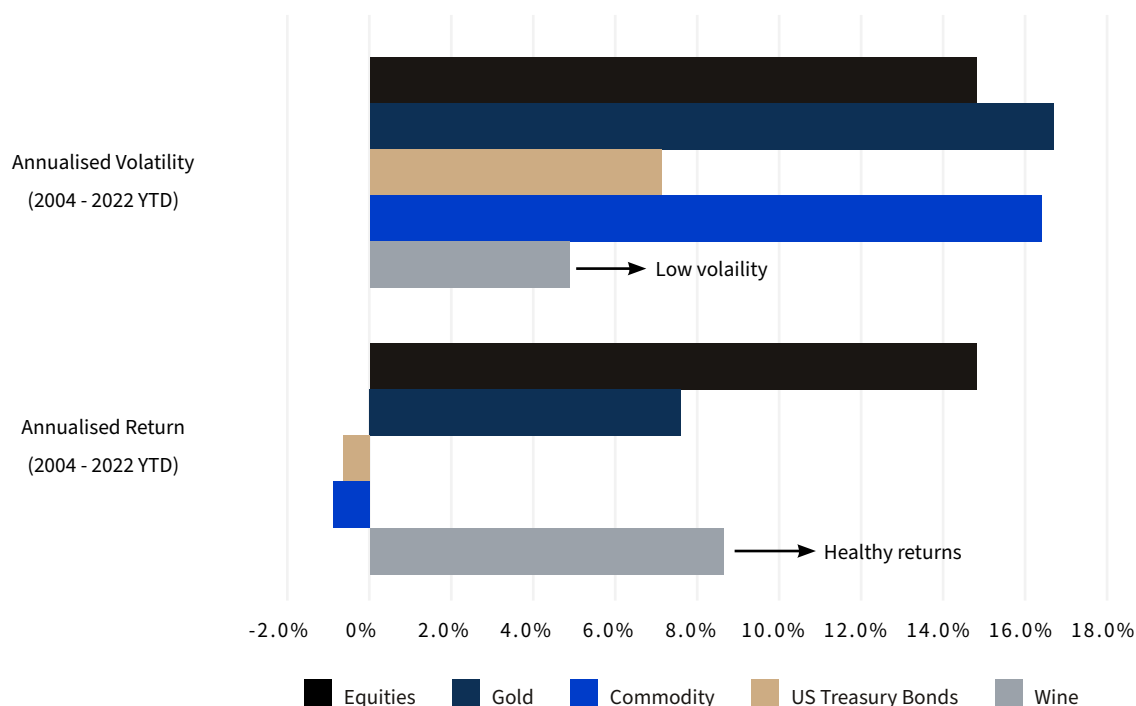


### Step 3: The Investor Phase

You may want to start tracking the performance of wine, and one of the best and easiest methods is [liv-ex.com](https://www.liv-ex.com). The Liv-ex Fine Wine 100 has risen by 270.7% over the two decades spanning July 2001 to July 2021, outperforming the S&P 500 by eight percentage points over the same period, though only when you consider the S&P index's performance without dividends reinvested. When dividends were reinvested, the S&P 500 outperformed Liv-ex by 60 percent over the same period. However, as noted below, volatility has been lower and has outperformed traditional hedging options like gold and commodities when measured on a risk-adjusted basis.

Figure 1 — Strong returns alongside low volatility

Annualized volatility and returns of fine wine vs other assets (Jan 2004 – Oct 2022)



Source: Pricing data from Liv-ex and investing.com as of 31 Oct 2022. Volatility = annualised standard deviation of monthly returns. Wine = Liv-ex 1000, Commodity = Bloomberg Commodity Index, US Treasury Bonds = iShares 7-10 yrs, Gold = USD/oz, Equities = S&P500 TR. Past performance is not a guarantee of future results.

### Transition to Wine Investment

Investment in wine requires a strategic approach that focuses on financial return and market trends. Investors typically look for rare, high-demand wines from top producers and vintages with established track records, such as top Burgundies, First Growth Bordeaux, Champagne, and Super Tuscans. It is important to recognize that personal taste may not align with the best structure for a diversified investment portfolio. Many investors consider wine as part of a broader allocation because of its relatively low volatility and low correlation with financial markets.



## Investment Approach

Wines can be acquired through prestigious auction houses such as Sotheby's or Hart Davis Hart to ensure authenticity. A diversified investment across different regions, vintages, and wine types is less vulnerable to price fluctuations and tends to offer more stable long-term returns.

A key decision is whether to own the wine directly or use more traditional investment options like stocks, including Constellation Brands, Diageo, or Brown-Forman, or ETFs such as FSTA, VDC, and ACT, although few of these focus solely on investment-grade wine. More direct investments can be made through platforms like BlockBar, which uses NFTs, or through services like VinoVest, Cult Wine Investment, and other wine-specific funds. Benchmark Wine Group, the largest reseller in the United States specializing in rare and back vintage wines, offers over 15,000 selections and more than 75,000 bottles. Portfolio tracking, storage, and insurance can be handled through digital platforms like VinoVest, InVintory, or CellarTracker.

## Challenges and Risks

- Wine market volatility is influenced by broader economic trends, including global events like the COVID-19 pandemic.
- Third-party wine investment platforms such as VinoVest or fine wine funds can help manage a portfolio professionally. These services provide access to curated collections, diversified exposure, transparent pricing, and streamlined buying, selling, and storage.
- Liquidity is a concern. Selling wine often requires using intermediaries such as auction houses, which can reduce final returns by 20 to 25 percent.
- Provenance and condition are critical. Poor storage, excessive handling, or counterfeit issues can significantly reduce a wine's value.

## Issues Impacting Fine Wine Today

- **Climate Change:** From wildfires in Northern California (impacting Napa and Sonoma) to heavy rains in Burgundy in 2020 and 2021, followed by drought in 2022, many winemakers have paused or scaled back production. This slowdown in supply, combined with inflation, has pushed prices higher.
- **Quality Over Quantity:** As wine quality continues to improve, production volumes have declined. This shift has contributed to rising prices. For example, Domaine de la Romanée-Conti, released in 2009, had a sale price of \$11,500 per bottle in 2012. The 2018 release hit the market at \$30,000 per bottle.
- **Rising (Little) Stars:** As prices climb, collectors are exploring high-quality alternatives from smaller producers. Experienced vintners from Burgundy are leaving established estates to create their own boutique labels.
- **Shifting Global Tastes:** California Chardonnays are moving away from the bold, oaky, buttery style in response to increased demand for lighter, more austere wines similar to those from Burgundy.
- **New Geographics:** With land becoming scarce and expensive in Burgundy and Northern California, and climate risks continuing to rise, winemakers are experimenting with new regions such as the south of England and British Columbia.
- **Sustainability:** Health and wellness trends are driving demand for organic and biodynamic wines. Micro-producers and larger estates alike, such as Château Smith Haut Lafitte in Bordeaux, are embracing these practices and showcasing them through tours and labeling.
- **California's Wine Industry Slowdown:** The industry faces multiple challenges at once: declining consumer demand, backed-up inventory in the sales pipeline, and a glut of grapes and bulk wine left over from the 2024 harvest.



## **5 Wine-World Predictions for 2025 (Robb Report)**

### **Tariffs Will Raise Prices on American Wine Too**

Wine corks, bottles, and packaging materials are often imported. These costs will likely be passed through to consumers.

### **Vineyards Will Be Ripped Out in Record Numbers**

A 2024 bumper crop in California, paired with soft consumer demand, has left many growers with surplus grapes. Some are choosing to remove vines rather than invest in crops they cannot sell.

### **Italian Whites Are on the Rise**

Chardonnay and Sauvignon Blanc will face growing competition. Expect to see more of Vermentino, Fiano, Arneis, Falanghina, Verdicchio, Carricante, Grillo, Garganega (used in Soave), and Cortese (used in Gavi).

### **Back to the Stone Age**

Winemakers are reviving ancient fermentation and aging methods. Expect to hear more about granite, concrete, sandstone, qvevri, and terra-cotta vessels.

### **The Winery Will Come to You**

High-end wineries, especially in Napa, plan to expand their reach by hosting private dinners and tasting events in more cities to connect directly with top customers and their guests.

## **Best Practices and Conclusions**

### **Institutional-Grade Investment Approach**

- Treat wine as an alternative asset class within a broader portfolio strategy. The goal is to improve diversification, reduce volatility, and provide a hedge against traditional market risks.
- Focus on top-tier wines with strong track records, such as Burgundy, Bordeaux, and Champagne. According to Sotheby's Wine & Spirits, these regions accounted for nearly 40 percent of global sales, reflecting both demand and consistent appreciation.

## Investment Strategy and Risk Management

- Liquidity planning is essential. Wine investments typically have a 7 to 10-year horizon. Use platforms that offer buyback programs or access to secondary markets to maintain flexibility. Selling costs and intermediary fees can reduce final returns by 20 to 25 percent.

## Monitoring and Portfolio Adjustments

Stay updated on global auction performance and wine indexes such as the Cult Wines Global Index to benchmark your holdings. Prices shift based on market conditions and changing consumer preferences.

## Enjoy the Best Wine Movies/Shows

- *Uncorked*
- *Sideways*
- *Bottle Shock*
- *Wine for the Confused*
- *A Good Year*
- *The Secret of Santa Vittoria*
- *SOMM*
- *Drops of God*

## Have Fun

Try something new. Experiment with different varietals, regions, or producers. If you're feeling adventurous, consider making your own wine. It's a hands-on way to learn more about the craft and enjoy the experience with others.

# Let's talk.

For more information, call 855-949-5855  
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