



WINECAP WEALTH REPORT 2024

US REPORT

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MESSAGE FROM THE FOUNDER & CEO

Alexander Westgarth

At a time marked by rapid economic changes, the fine wine market has managed to expand its reach and appeal globally. Over the last decade, wines from new regions have attracted demand, new markets have emerged, and new generations have entered the investment landscape. Due to fine wine's intrinsic appeal, momentum is expected to continue.

The driving forces behind this include investors and wealth managers. As they seek to build enhanced diversification, performance stability and inflation resistance into portfolios, fine wine stands out as a compelling asset.

Identifying how wealth managers position fine wine will be key to understanding this evolving market. Last year, we began the process of collecting these valuable insights. Our research showed that perceptions about fine wine have evolved from a passion asset into a mainstream alternative asset. It emerged as the most popular option in the collectibles market, used predominantly for capital preservation.

In 2024, we are continuing to develop this research. Earlier this year, we surveyed 50 US-based wealth managers and financial advisors, about how their clients use fine wine to generate wealth.

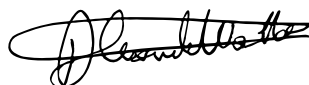
The results show a gentle shift in attitudes. After the record-breaking returns of 2021-2022, fine wine seems to have become a more established member of the asset family. Certainly, within the luxury investment options, fine wine is king. Investors appreciate the stability that fine wine provides through different market environments, and the increased liquidity of the secondary market thanks to evolving technology.

Technological advancements are revolutionizing the trade, enhancing liquidity and making fine wine more accessible than ever before. This transformation is accompanied by a shift in investor demographics, with an increasing number


of seasoned investors recognizing fine wine's potential for stable returns and inflation resistance.

As we delve into the report, we explore these dynamics in detail, providing a clear perspective on the current state and a forecast for the future of the fine wine market. Our findings underscore the critical role of fine wine in modern investment portfolios, offering both the pleasure of a passion investment and the prudence of a strategic asset.

Many thanks to all involved in the creation of this report.



ALEXANDER WESTGARTH
Founder and CEO of WineCap



Methodology & Demographic

In April 2024, we surveyed 50 US-based full-time wealth and investment managers on their views and sentiments towards fine wine. 35 of the respondents classed themselves as wealth managers, eight as financial intermediaries/advisers and seven as independent financial advisers. The research was conducted via online questionnaire.¹ For any annual comparisons in this paper, we have taken into account wealth managers' responses from the [same survey](#) conducted in April 2023.

¹ WineCap commissioned independent research firm PureProfile in April 2024 to canvass 100 wealth managers, independent financial advisers and financial intermediaries in both the UK and US on views and sentiments towards fine wine (split 50 per market).

THE CHANGING DEMOGRAPHICS OF FINE WINE INVESTORS

One in three high-net-worth individuals (HNWIs) in the US invests in fine wine. While some begin as collectors, enjoying fine wine as a profitable and pleasurable pastime, the majority are experienced investors drawn to the asset class for its stability.

As traditional bond and equity markets continue to exhibit high levels of volatility, wealth managers in the US are increasingly turning to alternative assets to safeguard their clients' investments.

According to our latest survey, fine wine features most prominently in investment portfolios with balanced or somewhat cautious profiles. These types of portfolios generally contain a greater proportion of bonds and cash-like assets, which often suffer in unpredictable market environments, as their returns can be eroded by inflation, and their prices can be highly sensitive to interest rate changes.

Fine wine makes the perfect addition to such portfolios, as its inflation-resistance can help to decrease some of the risks over the long term.

Beyond stability, fine wine investors today seek sustainability and market liquidity. They have a long-term vision and a desire to learn more about the market.



THE CHANGING DEMOGRAPHICS OF FINE WINE INVESTORS

CONTINUED

EXPERIENCED INVESTORS ATTRACTED TO FINE WINE

The unique benefits of fine wine are increasingly recognized by experienced investors.

In 2024, US wealth managers described 48% of their fine wine clients as ‘very experienced’, and 46% as ‘experienced’ with investing.

Meanwhile, 6% have limited experience, and none are entirely new to investing.

Based on these findings, it seems that traditional investors are the ones that appreciate the appeal of fine wine the most, and look to add it to balance their portfolios.

OVERALL INVESTMENT EXPERIENCE OF FINE WINE INVESTORS

48%

Very experienced
↑ 44% in 2023



46%

Experienced
— 46% in 2023



6%

Limited experience
↓ 8% in 2023



THE CHANGING DEMOGRAPHICS OF FINE WINE INVESTORS

CONTINUED

SHIFTING RISK TOLERANCES IN FINE WINE INVESTMENT

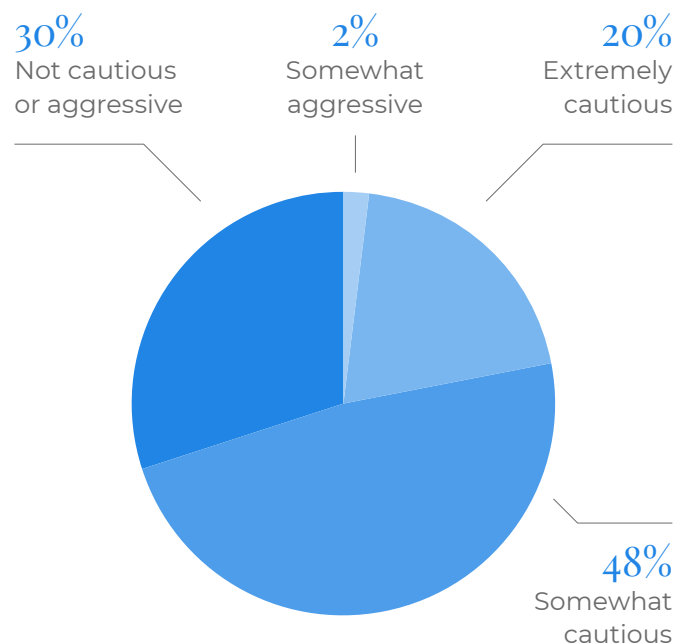
Today, almost half of the respondents (48%) incorporate fine wine into portfolios of investors with a 'somewhat cautious' risk tolerance, with another 20% with an 'extremely cautious' profile. Fine wine is clearly recognized for its calming influence on overall investment performance.

Since last year, more investors with balanced risk portfolios are including fine wine, up from 14% to 30% in 2024.

Still, a declining number of aggressive portfolios (from 10% in 2023 to 2% in 2024) include fine wine as they might be focused on short-term gains.

Indeed, fine wine is a long-term investment, known to provide stability and diversification, which can also benefit more aggressive investors. As fine wine has historically exhibited strong growth during periods of recession and high inflation, it is surprising that it is not used more frequently to diversify high-risk portfolios.

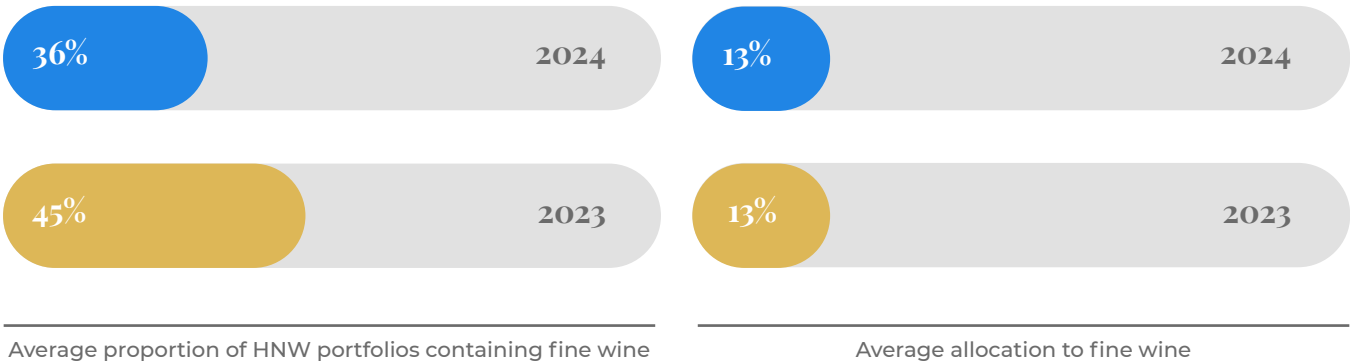
Fine wine investors' risk profiles



THE CHANGING DEMOGRAPHICS OF FINE WINE INVESTORS

CONTINUED

FINE WINE ALLOCATIONS IN INVESTMENT PORTFOLIOS



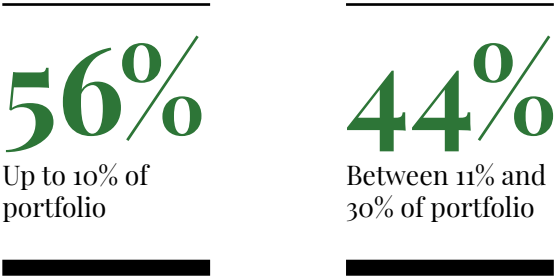
In 2024, 36% of US' HNW investors incorporate fine wine into their portfolios, down from 45% last year.

After fine wine prices peaked at the end of 2022, the secondary market saw more sellers than buyers. Falling prices led some wealth managers to sell some of the fine wine in their clients' portfolios, impacting allocations.

In 2024, most managers allocate between 6% to 10% to fine wine. Less managers allocate between 11%-20% to fine wine this year, but an increasing number allocate a higher proportion of wealth to fine wine (21%-30%) than last year.

Overall, the average asset allocation to fine wine in portfolios has been kept at 13%.

Size of fine wine allocations in investors' portfolios



*Average asset allocation to fine wine

THE CHANGING DEMOGRAPHICS OF FINE WINE INVESTORS

CONTINUED

A BUYER'S MARKET RIPE WITH OPPORTUNITIES

The current downturn in the market has ushered in a buyer's market, abundant with opportunities for new investors. New and experienced investors now have the chance to access premium brands at significantly lower prices.

This accessibility is not limited to the secondary market. In a nod to the economic stress, most Bordeaux châteaux released their 2023 wines at a 20-30% discount on last year during the annual En Primeur campaign. This strategy has been deemed somewhat successful but whether it will influence future allocations remains to be seen.

THE UNIVERSAL VALUE OF FINE WINE

When fine wine prices are down, a strong currency benefits buyers. This was evident in the US, where the dollar surged due to economic resilience and higher interest rates.

However, fine wine's appeal goes beyond currency strength. As an asset of universal value not pegged to the USD, it provides a hedge against currency risk and protects against currency fluctuations.

This is reflected in the sentiment of US wealth managers, with 92% agreeing that the universal value of fine wine is a crucial factor adding to its appeal. Notably, 28% of them consider this factor to be very important.

92% of US wealth managers recognize the benefits of fine wine being an asset of universal value, not pegged to USD.



REASONS TO INVEST IN FINE WINE

Fine wine is gaining popularity among US investors due to its stability and increased market liquidity. This shift is supported by technological advancements that have made trading more accessible and efficient.

ECONOMIC VOLATILITY HIGHLIGHTS THE STABILITY OF FINE WINE

Growth often comes with volatility. The US and the global economy have been undergoing a [transformative](#) period, which has brought with it more risk. According to the [Fear & Greed index](#), the current investor sentiment is one of fear.

It comes as no surprise then that 74% of the survey respondents see fine wine's stability through different market environments as the top reason to invest in it. Confidence has increased by 6% since last year.

“In times of hardship, people want something solid. Literally. Tangible assets like property, gold or fine wine tend to feel more precious during market downturns.”

Alexander Westgarth,
CEO, WineCap

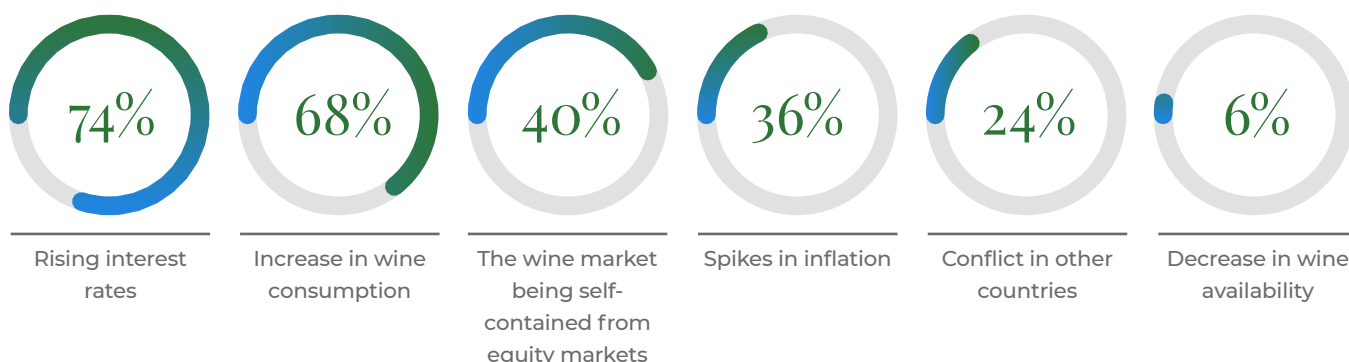
But besides its stability, what factors play the biggest role in helping fine wine perform during periods of market volatility?

74% of the respondents felt that rising interest rates would be beneficial for fine wine's performance. High interest rates usually lead to a buyer's market, in which one can purchase fine wine for lower-than-average prices, making it a great time to invest.

68% felt that an increase in wine consumption would stimulate performance, but not necessarily a decrease in wine availability. Greater appreciation of fine wine could naturally lead to improved secondary market performance, as more people start to enjoy and potentially invest in the asset.

40% found that the low correlation to equity markets is beneficial for fine wine's performance, with 36% citing spikes in inflation as having a positive effect on the market.

Key factors that help fine wine performance during market volatility



REASONS TO INVEST IN FINE WINE

CONTINUED

FINE WINE IS BECOMING MORE LIQUID

Recent survey results go some way towards challenging the old perception of fine wine as an 'illiquid liquid'. In investment terms, liquidity measures how swiftly and easily an asset can be bought or sold in the secondary market.

While fine wine remains less liquid than stocks and bonds due to its tangible nature, trading it today is easier than ever before.

The fine wine market has expanded, becoming larger and more diverse. More investors are leveraging data and technology to inform their strategies, with online and mobile platforms streamlining the buying and selling processes. Investors today can track the value of their portfolios at the click of a button.

Indeed, there has been a 14% increase in investor confidence in the market's liquidity.

Top motivations for US investors choosing fine wine as an investment in 2024



*Respondents could select up to three answers.

REASONS TO INVEST IN FINE WINE

CONTINUED

ADVANCED TECHNOLOGY'S ROLE IN FINE WINE TRADING

More wine investment companies are incorporating advanced technology to enhance the trading experience by improving liquidity and traceability – and investors and wealth managers are increasingly receptive to these new developments.

76% of them believe that technology like blockchain will create more security and confidence in the sector, up from 54% last year.

Meanwhile, 50% of the survey respondents think that blockchain will make reputable releases, such as En Primeur offers, more accessible for investors without using a third party, and 46% think that it will bring greater transparency.

76%

of survey respondents believe that advanced technology will create more security and confidence in fine wine trading, while 46% think that it will bring greater transparency.

PASSION INVESTING ON THE RISE

Technology and markets aside, one in four fine wine investors in the US starts out as a collector. 24% of the respondents chose 'passion' as the main motivation to invest in fine wine;

simultaneously earning a profit and enjoying the experience that comes with owning a fine wine collection. And as the next chapter shows, fine wine is the top choice for investors of collectibles.

FINE WINE: THE KING OF COLLECTIBLES

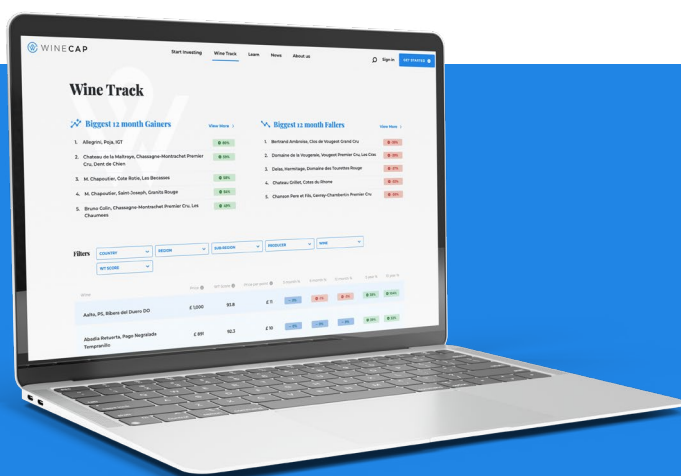
The impending handover of wealth from one generation to the next – the largest in history – is driving demand for collectibles. Investors are increasingly looking to earn uncorrelated market returns from investments such as fine wine, art, luxury handbags and watches.

FINE WINE VS OTHER COLLECTIBLES

According to [Art Basel](#), there has been renewed interest in collectibles following the pandemic. Investment bank [Nomura](#) estimates that the art and collectibles category is larger than private assets (\$1.6tn) and more than twice the size of private debt markets (\$0.8tn).

In the collectibles space, fine wine is king. 84% of US wealth managers anticipate demand for fine wine to increase in the next year.

Compared to other luxury assets, the fine wine market is more established and less volatile, offering increased liquidity and price transparency. Fine wine indices like the [Liv-ex](#) regional indices and the free-to-all [Wine Track](#) brand indices, which provide investors with a perspective on the historic performance of over 3,000 wines, make it easier than ever to identify market trends.



84%

84% of US wealth managers
anticipate demand for fine wine
to increase in the next year.

REASONS TO INVEST IN FINE WINE

CONTINUED

Demand for other collectibles is also expected to increase. Classic cars came out as the second most popular investment avenue, with sentiment getting 18% stronger in a year.

The third spot was taken by fashion items like luxury handbags and jewelry, amid [reports about skyrocketing prices](#) in the primary and secondary markets. For fashion investors, the term 'investment piece' has taken a much more literal meaning and no longer serves to simply describe the timelessness of an item.

WHISKEY INVESTMENT IN THE SPOTLIGHT

66% of US wealth managers expect demand for rare whiskey to increase, up 4% since last year.

While its secondary market remains in the early stages of its development, it is already breaking pricing records.

[Earlier this year](#), a 30-year-old bottle of The Emerald Isle by The Craft Irish Whiskey Co. was auctioned for \$2.8 million, breaking the world record for the most expensive bottle ever sold. Previously, this record was held by a bottle of 1926 Macallan which sold for \$2.7 million.

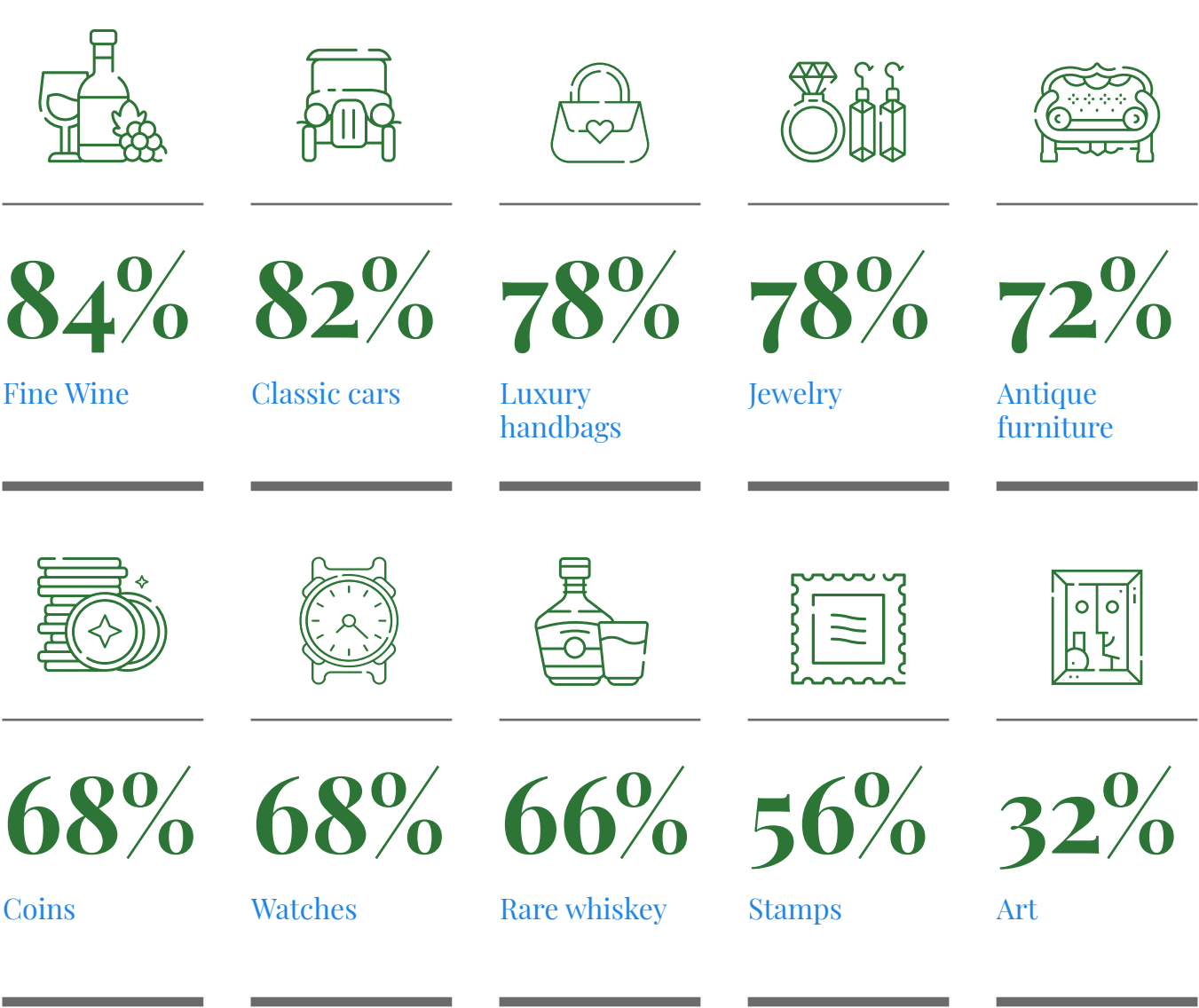
These eye-watering figures considerably surpass the world record for the most expensive fine wine ever auctioned – the 1995 Domaine de la Romanée-Conti Grand Cru for \$558,000.



While its secondary market remains in the early stages of its development, rare whiskey is already breaking pricing records.

FINE WINE:
THE KING OF
COLLECTIBLES
CONTINUED

Expected increase in demand for collectible assets
among US wealth managers in 2024



FINE WINE: THE KING OF COLLECTIBLES

CONTINUED

A NOTE ON THE FUTURE: HOW FINE WINE CAN ATTRACT MORE INVESTMENT INTEREST

Although fine wine is a well-established investment, continuous improvement is essential for maintaining its appeal.

Greater awareness of fine wine's role in diversifying traditional portfolios could attract more investors, as suggested by 32% of survey respondents.

The fine wine industry can also benefit if it manages to instill even greater confidence in the

liquidity of the secondary market, according to 28% of US wealth managers.

22% of the respondents also found educational content on fine wine investment to be effective. More research about the benefits that fine wine brings to a portfolio will only increase awareness and its attractiveness, helping the asset to become more mainstream.

Factors encouraging client investment in fine wine



32%

Greater awareness of the role fine wine can play as a diversifier from equity and bond portfolios



28%

Greater confidence in the liquidity of the secondary market



22%

More guidance and education



12%

Evidence of growing popularity among mainstream investors



4%

Lower minimum investment level so it is more accessible



2%

More understanding of how fine wine acts as an inflation hedge

Summary & Conclusion

As we continue to navigate economic volatility and shifting market dynamics, fine wine offers a compelling mix of passion and practicality, stability in turbulent times, and promising returns on investment.

The market is ripe with buying opportunities, and favorable currency fluctuations can benefit US investors. According to our findings, they are ready to take advantage.

The insights from this report not only reflect the changing demographics and attitudes towards fine wine investment but also highlight the strategic role it plays in portfolio diversification and wealth preservation.

As new generations of investors seek diversification away from traditional financial markets, fine wine emerges not only as a stable asset but also as a leader in the collectibles market, increasingly appreciated for its intrinsic and sustainable value.

Our research indicates sustained growth in the market's liquidity and a broadening investor base. This shift is crucial for the future of fine wine investing as it aligns with broader financial trends and investor preferences towards assets that offer both stability and ethical investment opportunities.

The future of fine wine investment looks promising in the US, with potential growth driven by increased market knowledge and transparency. As more investors recognize the benefits of including fine wine in their portfolios, we anticipate a continued rise in its popularity. We extend our gratitude to everyone who contributed to the 2024 WineCap Wealth Report. Your insights and expertise continue to illuminate the path forward for fine wine investing. As we look to the future, WineCap remains committed to providing research and analysis to help our clients and the broader investment community navigate this fascinating market.



MAKING WINE INVESTMENT AFFORDABLE, TRANSPARENT AND SIMPLE FOR YOU.

Our mission is to democratise wine investment, making it more affordable, more transparent and easier to access. With decades of experience navigating the international fine wine market, we offer propositions that translate into maximised profits for our customers. Put simply, we facilitate easy access to wine: a proven, highly desirable asset that has historically delivered stable and substantial returns.

We've developed our own, bespoke technology that analyses over 400,000 wine prices a day to identify the right, undervalued wines to buy and sell across the global market at the right time and price. By automating this process, we can pass substantial cost savings on to our customers and don't charge any management fees.

Assuming the role of agent, we analyse our customers' goals and circumstances and then work to source the optimal wines to create a sound, diversified and profitable portfolio. With our longstanding UK alliances, our customers also benefit from the most developed secondary fine wine market in existence. We're excellently positioned to buy well and sell high due to our sister companies in Bordeaux and the US. We have an unparalleled global reach as we are strategically positioned in London: the fine wine market hub.

We've built an organisation over the years that elicits trust, partnership and profitability.

Whether you're new to the world of wine or a seasoned investor, we work hard to establish a personal relationship with you. Our priority is designing a customised portfolio that meets your objectives, all while ensuring that you retain full and unconditional ownership of your assets. This strategy means we've built an organisation over the years that elicits trust, partnership and profitability. We're proud of the accolades our investors have provided to us regarding the quality and reach of services and we welcome an opportunity to share them with you.



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