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*Passion investment*™

Wine : a Passion, an Investment

# Overview



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**Elite Advisers** has been created in January 2007 and is registered as a PSF (Professional of the Financial Sector) regulated by the CSSF (Commission de Surveillance du Secteur Financier)

	<b>Fund distribution and creation of niche and elitist products</b>	<b>Investment advisory services</b>
Advisory	EUR 27 million	EUR 100 million
Depositary banks	Caceis	BGL BNP Paribas
Auditors	Deloitte	Abax
Lawyers	Allen & Overy	Allen & Overy



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# The Concept of Passion Investment™



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# The Demand vs the Offer

## The Demand

- **Classic investors are looking for:**
  - diversification and de-correlation,
  - understandable products,
  - tangible products
- **A new generation of collector investors**
  - Asset rich, preference for investment rather than cash
  - Social and economics trends of new wealth : (reclaiming artistic and cultural heritage, life style and social status, Intellect and passion)
- **Passion Investment is growing as a percentage of portfolio allocation**

## The Financial Market's Offer

- Products that are more and more **technical, complicated and often impersonal**
- Products that tend to **follow market fluctuations**
- Products that are **not really fascinating**

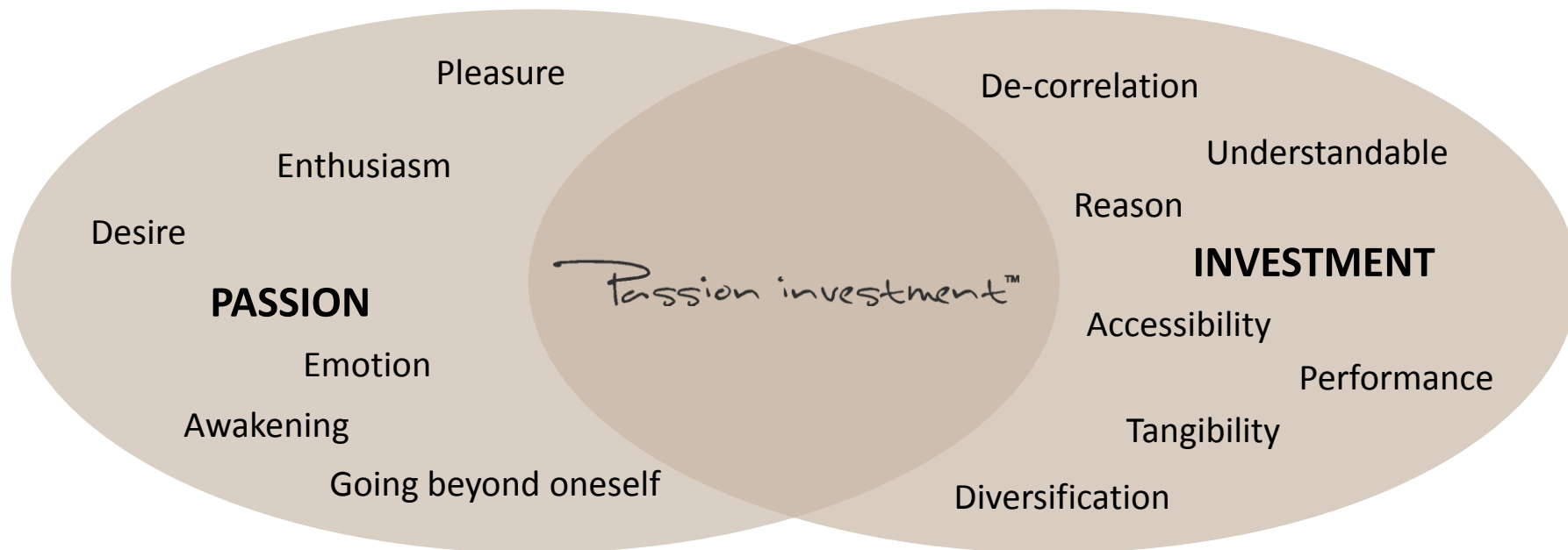
Source: Capgemini – Merrill Lynch



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# Passion Investment™

**Elite Advisers** combines **Passion & Investment** to meet the needs of a clientele in search of excellence and exclusivity.





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# Preferable sectors



Art, wine, diamonds, antique cars, watches, stamps, antiquities...





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# Wine : a Passion, an Investment



# The Wine : a Passion

## **A product issued from the food industry**

- evolving with time
- geographically diversified
- ampelographically diversified

## **A product full of culture**

- wine civilizations
- wine economy linked to History
- linked to gastronomy

## **A luxury product**

- available to most
- «status symbol»
- limited production and increased demand from new emerging countries



# The Wine : an Investment

	Period	Compound annual returns
'The Successful Investor' (1988), Robin Duthy, resulted in the Vintage Claret Index.	1950 – 1985	15.2%
'Wine Investment for Portfolio Diversification' (2005), Manesh Kumar, delivered the Fine Wine 50 Index.	1983 – 2002	12.3%
The most recent performance data is provided by the Liv-ex 100 index.	2003 – 2009	20.11%

Historically, wine has demonstrated a long term consistent return on investment, on average : **14.95%**

# The Wine Market

- **The world wine market** size was, in 2008, 100 billion €.
- Only a **few wine categories** are interesting for an investment grade wine portfolio:
  - Premiers Crus Classés from Bordeaux
  - Grands Crus from Burgundy, Italy and Spain
- Alongside these great markets of the Old World, we are now seeing interesting developments in wine consumption in countries such as China, Japan and Brazil. The combined sales of all the auctions held in Hong Kong in 2009 totalled EUR 44 million.



# Is Wine a speculative market ?

- **Top wines are priced according to the quality in the bottle**
  - Mouton Rothschild '45 vs '44 (10 000€ against 600€ a bottle)
- **The value of Wine is related to its quality, and its maturity stage**
- **Wine is consumed and thus stock reduces**
- **Speculation**
  - Champagne : Cristal Roederer Mathusalem 18 000€ vs 8 bottles 2 500€



# Where are Wine Prices going today ?

- **Bordeaux**

- Older millesimes are still increasing

<b>Petrus</b>	1961	2005	2006	2007	2008
	9 000 €	3 150 €	1 500 €	1 100 €	2 200 €

- **Burgundy**

- Overall production in Burgundy is 20 times lower than in Bordeaux:  
Romanée-Conti 5 000 bottles vs Petrus 48 000 bottles

# Investing in Wine

## The Categories

### En primeur : Growth Section

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#### Essentially Bordeaux, some Burgundy & Italian

- a bet on the future helped by guides
- a well defined purchase price
- an unknown future sale price
- high prices but not that much
- a wine in perfect qualitative conditions
- no logistics problems

### Millesimes wines: Value Section

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#### Bordeaux, Burgundy, Italian, Spanish, Hungarian

- a known market price
- strong negotiation on purchase price
- high prices for exceptional millesimes
- limited stock with age
- correlation between rarity and time
- mastering of logistics necessary

## The Ways to invest

### A Wine Fund Investment

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#### Benefits

- wine expertise
- inside knowledge
- low transactions costs, transportation, storage, etc
- active asset management

#### Drawbacks

- lack of personal involvement
- fixed exit strategies

### Private Collections

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#### Benefits

- enjoyment of collection and wine tasting
- personal management and exit strategies

#### Drawbacks

- high transactions costs, transportation storage, etc
- lack of insider knowledge and expertise
- lack of purchasing sources
- volatility higher in risk vs return

# Nobles Crus



## **Objective:**

to achieve long-term and optimal capital growth through the acquisition and sale of specific wine assets, mainly investment grade wines and en primeur.

## **Characteristics:**

- a Luxembourg Specialised Investment Fund
- an innovative diversification tool
- a regulated onshore investment vehicle
- an open-ended fund
- a monthly NAV
- an active management



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# The Fund Manager's Team

## Christian ROGER

**Fund Manager**, or the perfect alchemy between finance and wine...

**A passion** for wine tasting that started very early in his life

Twenty years' **experience** in corporate finance, working for top financial institutions (Banque Hervet, Société Internationale de Banque, Banque Privée Groupe Pargesa Bruxelles Lambert and Crédit Agricole);

**A turning point** in 1998 when he decided to devote himself to his passion for wine.

**Founder and managing director of Vino e Finanza**

**Chairman** of Wine & Trade, a company active in trading French wines on the Italian market and **co-owner** of *L'Atelier del Vino* in Milan as well as the *Domaine Morgassi Superiore* in Piedmont.

**Member** of AIS (*Associazione Italiana Sommelier*) since 1993

**Member** of the Committee of ONAV (*Organizzazione Nazionale Assaggiatori di Vino*) since 2000

**Permanent Member** of the Grand European Jury of wine Tasting since 2006 and a professional member of the *Chaîne des Rôtisseurs* since 2007.

**Ambassador** for Krug in Italy.

Christian has published numerous articles and made several presentations and speeches on wines.



## Marco CLERICI

co-Fund Manager

**Responsible** for Analysis of the evolution of merchant and auction prices for wines, purchase in Italy, back-office and logistics.

**Responsible of purchase for Vino e Finanza.**

Ph.D. on the subject "Wine and Finance"

Marco Clerici worked for various wine producers before joining in 2003 *Vino e Finanza*.

**Member** of AIS (*Associazione Italiana Sommelier*) since 2004

**Member** of the Committee ONAV (*Organizzazione Nazionale Assaggiatori di Vino*) since 2006.

Associate with the Italian magazine *Spirito di Vino* publishes articles on wine.

**Associate** of the Wine Tasting Center of Milan

## Averardo BORGHINI BALDOVINETTI

co-Fund Manager

**Manager of international purchases**, delivers presentations and organises wine tastings.

**Co-Director of Vino e Finanza**

Born of a Franco-Italian family that has produced wine in Tuscany since the fifteenth century, Averardo was a **consultant** for WineTip, a well known wine merchant based in Milan, before becoming **Director** of Wine & Trade, which specialises in selling French wines to the Italian market

Member of the board of Fattoria di San Fabiano (The family wine Estate in Tuscany)

**Owner** of the castle Poggio Uliveto (Wine Estate in Montepulciano in Tuscany)

**Member** of AIS (*Associazione Italiana Sommelier*) since 2001

**Member** of the Committee ONAV (*Organizzazione Nazionale Assaggiatori di Vino*) since 2007.

**Member** of the association of *Vino Nobile di Montepulciano* and of the *Chianti Commission*.



# Investment decision process



In this sector, **approximation** is banned.



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# Auctions

Past performance is not necessarily a guide to future performance. Source : VINO e FINANZA

Millésime 1990	Prix primeur juil-1991	Px moyen salle vente II <sup>o</sup> sem. 98	Px moyen salle vente I <sup>o</sup> sem. 05	Evaluation salle vente janv. 10	Rendement '91-'05	Rendement '05-janv. 10
Chât. Margaux	€ 50,00	€ 340,00	€ 475,00	€ 880,00	850%	85%
Chât Latour	€ 50,00	€ 360,00	€ 450,00	€ 740,00	800%	64%
Chât. Lafite-Rothschild	€ 50,00	€ 210,00	€ 300,00	€ 460,00	500%	53%
Chât. Haut-Brion	€ 50,00	€ 180,00	€ 275,00	€ 450,00	450%	64%
Chât. Mouton-Rothschild	€ 50,00	€ 170,00	€ 150,00	€ 150,00	200%	0%
Millésime 1995	Prix primeur mai-1996	Px moyen salle vente II <sup>o</sup> sem. 98	Px moyen salle vente I <sup>o</sup> sem. 05	Evaluation salle vente janv. 10	Rendement '96-'05	Rendement '05-janv. 10
Chât. Margaux	€ 35,00	€ 210,00	€ 250,00	€ 445,00	614%	60%
Chât Latour	€ 35,00	€ 160,00	€ 200,00	€ 350,00	471%	75%
Chât. Lafite-Rothschild	€ 35,00	€ 165,00	€ 175,00	€ 540,00	400%	209%
Chât. Haut-Brion	€ 35,00	€ 130,00	€ 175,00	€ 240,00	400%	37%
Chât. Mouton-Rothschild	€ 35,00	€ 175,00	€ 175,00	€ 200,00	400%	14%
Millésime 1996	Prix primeur juil-1997	Px moyen salle vente II <sup>o</sup> sem. 99	Px moyen salle vente I <sup>o</sup> sem. 05	Evaluation salle vente janv. 10	Rendement '97-'05	Rendement '05-janv. 10
Chât. Margaux	€ 70,00	€ 204,00	€ 275,00	€ 480,00	292%	75%
Chât Latour	€ 70,00	€ 200,00	€ 225,00	€ 560,00	292%	149%
Chât. Lafite-Rothschild	€ 70,00	€ 200,00	€ 300,00	€ 890,00	328%	197%
Chât. Haut-Brion	€ 70,00	€ 120,00	€ 150,00	€ 220,00	114%	47%
Chât. Mouton-Rothschild	€ 70,00	€ 170,00	€ 150,00	€ 335,00	114%	123%

# Performance of the exceptional Vintages of Investment Grade Wines



Performance of the exceptional Vintages of Investment Grade Wines

Millesime	Date of purchase	Annualised returns	1 year	2 years	5 years
1990	july 1991	20%	12%	29%	96%
1996	july 1997	22%	9%	32%	180%
2000	july 2001	30%	47%	70%	226%
2003	july 2004	43%	79%	160%	-
2005	july 2006	68%	69%	-	-

Source: Christie's Auction House et Sotheby's Auction House - Châteaux Premier Cru de Bordeaux

# Decision Process Illustration



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<b>Chosen Region</b>	Burgundy	<b>Purchase value at release in 2002</b>	2.500€
<b>Domain</b>	Romanée-Conti	<b>Nobles Crus purchase price</b>	For this millésime, the best purchase price is 5.800€. <b>Nobles Crus</b> settled an average price of 6.500€ because it bought samples of 6, 9 and 12 bottles and granted a greater value to each bottle.
<b>Red Wine</b>	Romanée-Conti	<b>Current Value €</b>	Between 6.500 and 7.500 probably under-valued
<b>Vintage</b>	1999 is one of the 5 vintages of the last 10 years	<b>Ageing potential</b>	2050 and more
<b>Characteristics</b>	The most important grands crus from Côte d'Or and the top red wine of the world. The quality of this cru is indisputably renowned since the 15th century		
<b>Why this choice</b>	A bottle of Romanée-Conti is one of the most sought for bottles by amateurs and collectors. This product's visibility is worldwide.  The production of this cru is limited : approx. 6.000 bt/annum		

**The combination of these two factors** : high demand and small production, favours price increase over time. Wines from Burgundy are less affected by market decrease.



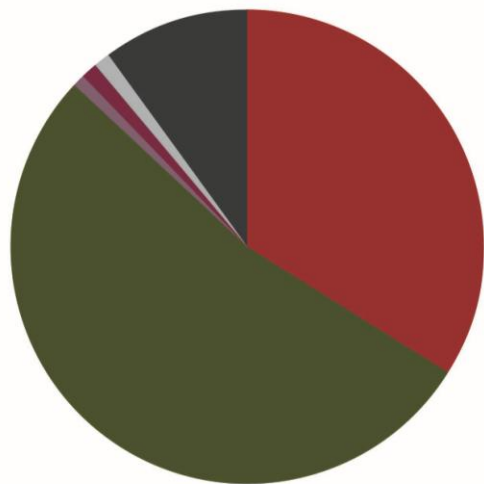


# Investment ratios

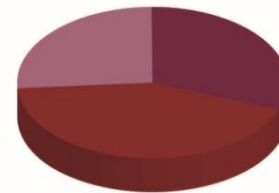
<b>By sector</b>	
Max. 70% -	Grands crus
Max. 20% -	Primeurs
Min. 10% -	Cash
<b>By country</b>	
Max. 80% -	Wines from France, Spain and Italy
Max. 20% -	Wines from different countries
<b>Portfolio</b>	
Max. 70% -	same region
Max. 50% -	same region + same producer
Max. 50% -	same region + same millesime
Max. 20% -	same region + same producer + same millesime



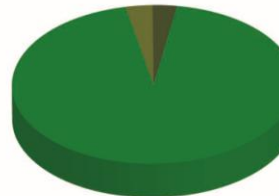
# Geographical allocation



	Bordeaux	34%
	Burgundy	53%
	Piedmont	1%
	Tuscany	1%
	Misceallenous	1%
	Cash	10%



	Primeurs	26%
	Bordeaux > 1970	44%
	Bordeaux < 1969	31%

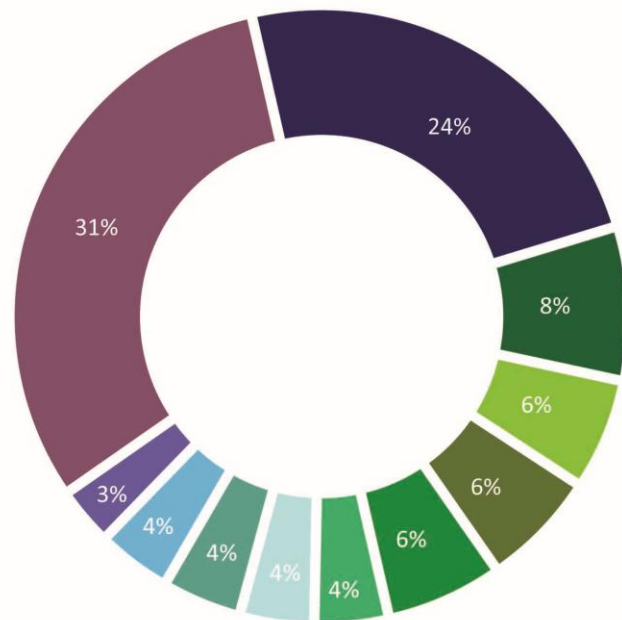


	Burgundy > 2006	3%
	Burgundy 1970 to 2005	93%
	Burgundy < 1969	3%

# Grands Crus



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Romanée Conti	24%	La Tache	8%
Lafite-Rothschild	6%	Mouton-Rothschild	6%
Richebourg	6%	Ausone	4%
Montrachet	4%	Petrus	4%
Yquem	4%	Echezeaux	3%
Other	31%		

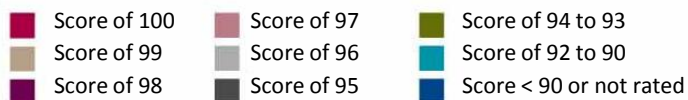
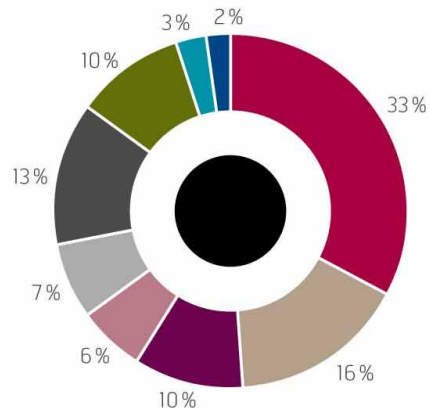


# Parker and Broadbent ratings

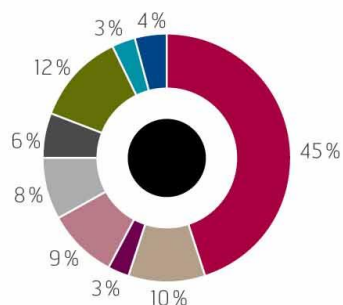
Nobles Crus' portfolio has been divided up in accordance with Robert Parker's or Michael Broadbent's scores for old vintages and wines that have not been rated by Parker.

## 2009 Global Portfolio

- 33% of the portfolio consist of wines with a score of 100
- 50% of the portfolio consisted of wines with a score of 100 or 99 (similar scores).
- 65% of the portfolio show a score that is superior or equal to 97

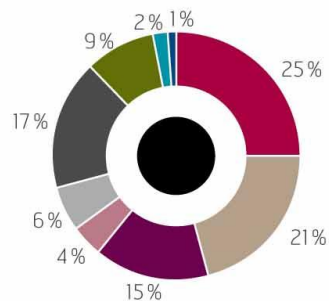


## Bordeaux



- 45% of the Bordeaux in portfolio show the maximum score
- 67% of the Bordeaux in portfolio show a score that is superior or equal to 97

## Burgundy



- 61% of the Burgundy wines in portfolio show a score superior or equal to 98



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# Wine : The backstage

# Nobles Crus Risk Management



Parameters	Older Millesimes	Recent years and en Primeur
Added-value	Added value at purchase	Future added-value
Product risk	Conditions of the bottle	Certainty of the product integrity
Quality risk	Known qualitative evolution	Necessity to forecast the qualitative evolution
Availability	Rare	Relatively easy
Logistics	Storage structure	No storage for a period of 3 years
Forgery and Imitation	Possible forgeries	No forgery
Duration of detention	Short/Long	Medium/Long
Risk/Return	Relatively low	A little higher

# Nobles Crus Administration



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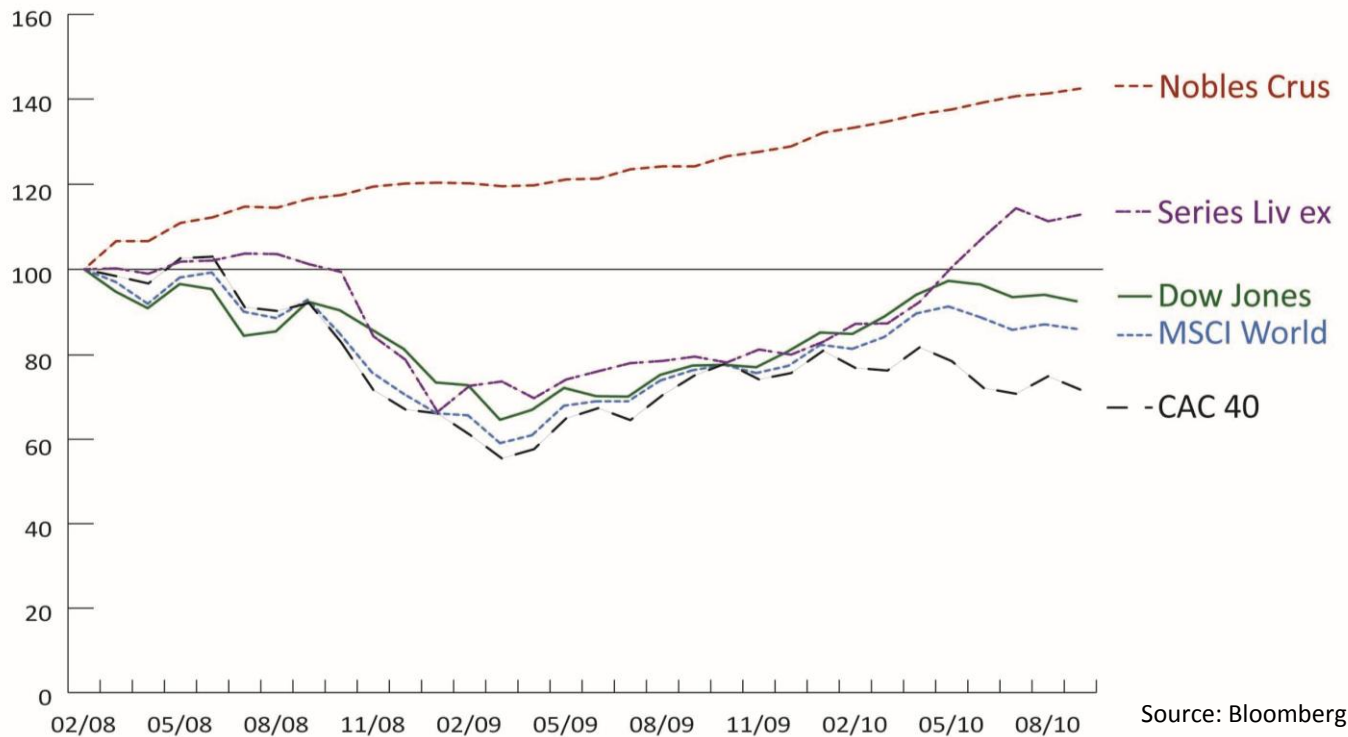
<b>Storage</b>	Port Francs Geneva, secure place (controlled hygrometry, temperature, lightening, vibration), oenologist's presence 24/24 and 7/7.
<b>Transportation</b>	Specialised carriers in wine transportation
<b>Insurances</b>	Specialised insurance company : Axa Art
<b>Valorisation</b>	4 varied sources : <ul style="list-style-type: none"><li>- auction houses : Acker, Sotheby's, Christie's,</li><li>- wine merchants (England and Continental Europe)</li></ul>
<b>Redemption in kind</b>	The investor can after one year redeem part or all of his investment in Wine
<b>Subscription in kind</b>	For subscription in kind one can also bring fine wine into the portfolio
<b>Depository banks</b>	Caceis
<b>Auditors</b>	Deloitte
<b>Lawyers</b>	Allen & Overy

# Cash Management

- **Always 10% in cash**
- **A selection of very «liquid» wines (e.g. Romanée-Conti)**
  - The best millesimes of the most renowned wines in the world.
- **The sale of investment grade wines through auctions**
  - The most important secondary market
  - With over 300 sales per year in the world
  - In 2008, a total sale of €610 millions for the first 10 houses
  - This worldwide wine auction market ensures liquidity for the various parties.



# Historical Performance (%)



Nobles Crus invests mainly in top graded wines Bordeaux and Burgundy

Mainly Bordeaux  
1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> crus

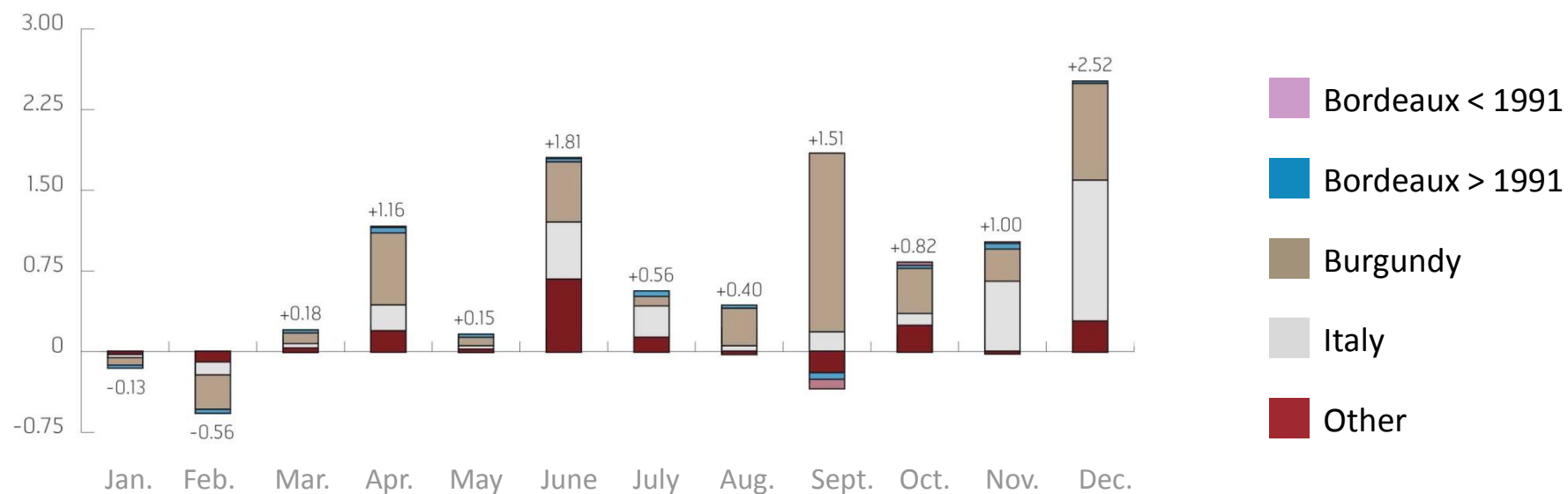
Year	Jan.	Feb.	Mar.	April	May	June	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Performance
2010	+0.91	+1.06	+1.26	+0.81	+1.22	+1.04	+0.45	+0.81					+7.84 %
2009	-0.13	-0.56	+0.18	+1.16	+0.15	+1.81	+0.56	+0.40	+1.51	+0.82	+1.00	+2.52	+9.79 %
2008	+3.62	+2.90	+1.20	+2.77	+1.19	+2.24	-0.22	+1.85	+0.75	+1.68	+0.60	+0.17	+20.39 %



# Key facts

	2008 (at 31/12)	2009 (at 31/12)	2010 (at 31/08)
Nb. of bottles	12 000	12 020	16 562
Performance	20.39%	9.79%	7.84%
AuM	11 120 559 €	14 138 978 €	24 426 088 €

## 2009 Performance Contribution (%)





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# Press & Awards

Weinfonds: Spezialfondsgesetz ermöglicht den ersten Lebensmittelfonds in Luxemburg

## Nobles Crus: Leidenschaft und Investment

[FONDSEN]

Fonds

### Un investissement liquide qui peut rapporter gros ?

Le fonds luxembourgeois Nobles Crus s'est distingué lors de sa première année d'existence

### De la cave à la sicav...

RISPARMIO

### IL FONDO VA IN CANTINA

### PASSIONE E GUADAGNO, NEL VINO SI INVESTE COSÌ

### In Vino Veritas

Que vous soyez ou non un amoureux de la vigne, investir dans le vin peut se révéler payant sur le long terme.

Placements

### Pourquoi ne pas noyer son chagrin boursier dans le vin?

Elite Advisers vante les mérites d'un placement simple, transparent et faiblement corrélé aux marchés.

Quelques perles rares dans les fonds!

Weinfonds von Elite Advisors erreicht über 20 Prozent Rendite 2008

## Genussvolle Geldanlage



Finanza - Il caso "Nobles Crus"

### Vino valore rifugio? Sì, ma senza speculare

## WIJN passie en beleggen



Elite advisers:  
l'investissement  
« PASSION »

Les grands crus résistent à la crise financière

Elite Adviser, la passione

**per gli investimenti**



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