Fine Wine can be a Medium to Long Term Investment but don’t expect to make a quick buck says BWC Management & Consulting

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Investing in fine wine can be one of the most interesting and exciting investments you will ever make, but it will also teach you patience! That’s because one of the first prerequisites in successful investment is the ability to wait. Unlike other types of alternative investments, wine does not offer a quick buck or a fast turnaround.

Fine Wine Investment should always be considered for the medium to long term. This is primarily because of the nature of the commodity and the fact that the secondary market is predominantly retail based. Unlike the stock market where small bid or offer spreads apply, fine wines are traded with larger margins, and incur certain fixed costs. Therefore an investment is almost always in a loss-making situation at its outset. If it were not for this factor then short-term gains would be available and the Fine Wines Market would soon become as volatile as modern day stock markets.

Daniel Paterson, Senior Market Analyst at BWC Management & Consulting, fine and rare wine brokers suggests “choosing a wine that will come of age during a year you will be ready to sell. For instance, En premier wines produced in Bordeaux have a minimum turnaround time of three years, making them a perfect choice for a medium-term portfolio hold”.
Investors must also be aware that due to the Fine Wine Investment Market being unregulated, there is no Code of Practice available to companies, nor ombudsman available for complaints and issues, there is also no central index to dictate pricing although liv-ex.com has become the benchmark index for fine wine price performances. For basic price comparison investors can compare the market using wine-searcher.com, although prices will differ from auction to auction and from broker to broker dependant on services and inclusive features.

Paterson advises, “although fine wine should be considered a medium to long-term investment, short-term profits may sometimes be achieved”.
Traditionally, the cheapest way to buy and sell wine has been at auction although these establishments can represent a minefield for the novice investor, also the buyer does not receive an accompanying investment service. BWC Management & Consulting’s services are designed to make trading wine as easy as trading shares through a stockbroker whilst offering value for money over the term of the investment.

“Once you have selected the best wine for your purposes, your next prerequisite should be a professionally managed bonded storage in a licensed facility that can be documented at time of sale. Temperature control, which is professionally regulated, is vital when it comes time to sell for the top dollar”, concludes Paterson.

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