



PENFOLDS GRANGE 2013: Very Solid Long-term Investment Recommendation

Price (6x75cl)	SG\$3,550
Wine Advocate	100
Price per Point	SG\$35.5
Price Target (6x75cl) in 2057	SG\$39,775
Implied Price performance	Inflation + 4.1% CAGR

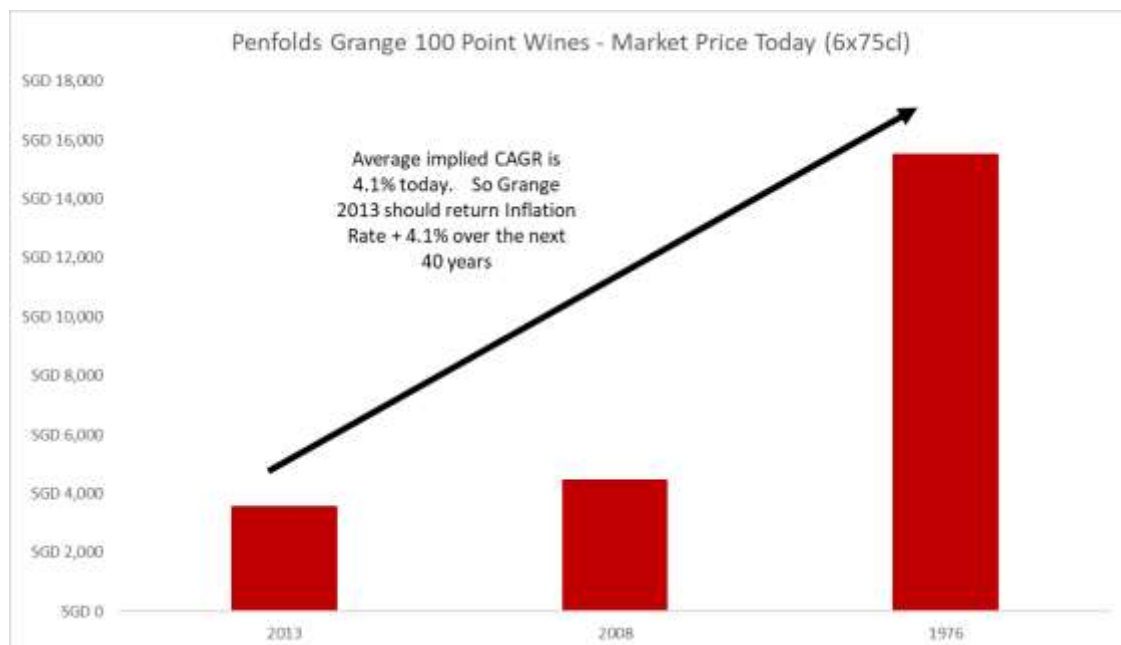
- **Penfolds Grange 2013** is only the third Grange ever to score **100 points** from **Robert Parker's Wine Advocate**.
- We are recommending Penfolds Grange 2013 as a long-term holding based on its: 1) **excellent track record** which promises at least a 4.1% real terms increase for 40 years, 2) the **discount to comparable Bordeaux wines** and 3) the **extremely long drinking** (i.e. price appreciation) **window** to 2057.

We are recommending **Penfolds Grange 2013** for three reasons:

1. Strong **long-term track record** of 100-point Granges in the past.
2. Significant **discount to comparable Bordeaux wines**.
3. This is an extremely **long-lived wine**, drinking to 2057.

How have 100-Point Penfolds Granges performed? What does this tell us about the 2013?

Penfolds Grange 2013 is only the third Grange in history to receive 100 points from leading critic **Robert Parker**. Interpolating from where the 1976 and 2008 100-point wines are trading, we anticipate a 40-year *CAGR after inflation* of around 4.1% for Grange 2013. With inflation, the projected return is 6.2% CAGR pa. This is a highly attractive return for a very **long-dated, low risk, low volatility** investment which has almost **no correlation with other asset classes**.



How does Penfolds Grange look in comparison with comparable wines?

Although it is predominantly Shiraz-based: in profile, production size, and customer base Penfolds Grange is most similar to red Bordeaux. And compared to red Bordeaux, Grange has some catching up to do. Since 2013, only 4 red Bordeaux wines have scored 100 points (Robert Parker):

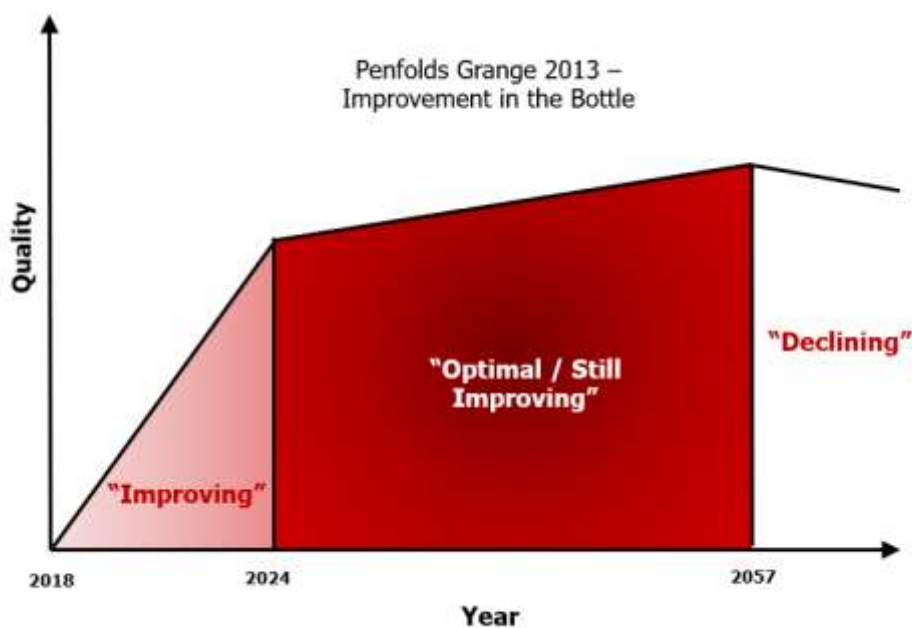
Only Four Bordeaux Wines have Scored 100 Points (RP) since 2013

Wine	Year	Score (RP)	Price (6x75cl)
Petrus	2015	100	SGD 33,750
Lafleur	2015	100	SGD 9,775
Cheval Blanc	2015	100	SGD 5,450
Haut-Brion	2015	100	SGD 4,995
Penfolds Grange	2013	100	SGD 3,550

Compared with these four wines, Grange is clearly still inexpensive.

Does Penfolds Grange have the longevity needed for a great long-term investment?

Yes. The 'Drinking Window' for Grange 2013 is 2024-2057, making this at least a 40-year investment. As we noted recently with Haut-Brion 1961 and 1945, if you had an OWC case of Grange 1976 you would have a long queue of merchants trying to buy it from you. We predict that this will be the case with Penfolds Grange 2013 in 40 years' time!



Source: eRobertParker.com

But hang on, won't the cost of storage eat into these returns?

Storing Penfolds Grange 2013 with Cru in a 6x75cl format would **cost just 0.34% annually**, with this percentage potentially falling as the increase in value of the wine outstrips the increase in the storage charges.

So Penfolds Grange 2013 does look like an attractive long-term investment

We think so. We recommend **Penfolds Grange 2013** as a low volatile and high quality long-dated asset. Alongside wines like Haut-Brion 2015, this should be a **core portfolio holding** for any serious collection.

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