



*A way to learn
A way to earn*

More Wine Sir ?



Chris Rose Crown Cycling Circle Investment Club

NATIONAL INVESTMENT CLUB CONFERENCE 2008

Introduction

- Investing doesn't just have to be about stocks and shares !
- Keep an open mind and a balanced portfolio
- Be innovative and flexible
- Always lots of reasons NOT to invest

Who was here last year ?

Challenge for WMS 2008

Make at least one alternative investment.
(ie not shares!)



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For example :

£1,000 of the following shares bought one year ago would now be worth:

NORTHERN ROCK £0
HBOS £16.50
XL Airways £5.00

HOWEVER.....

The empty cans from £1000 of lager are worth **£214.00** in scrap.

Drink heavily and re-cycle.

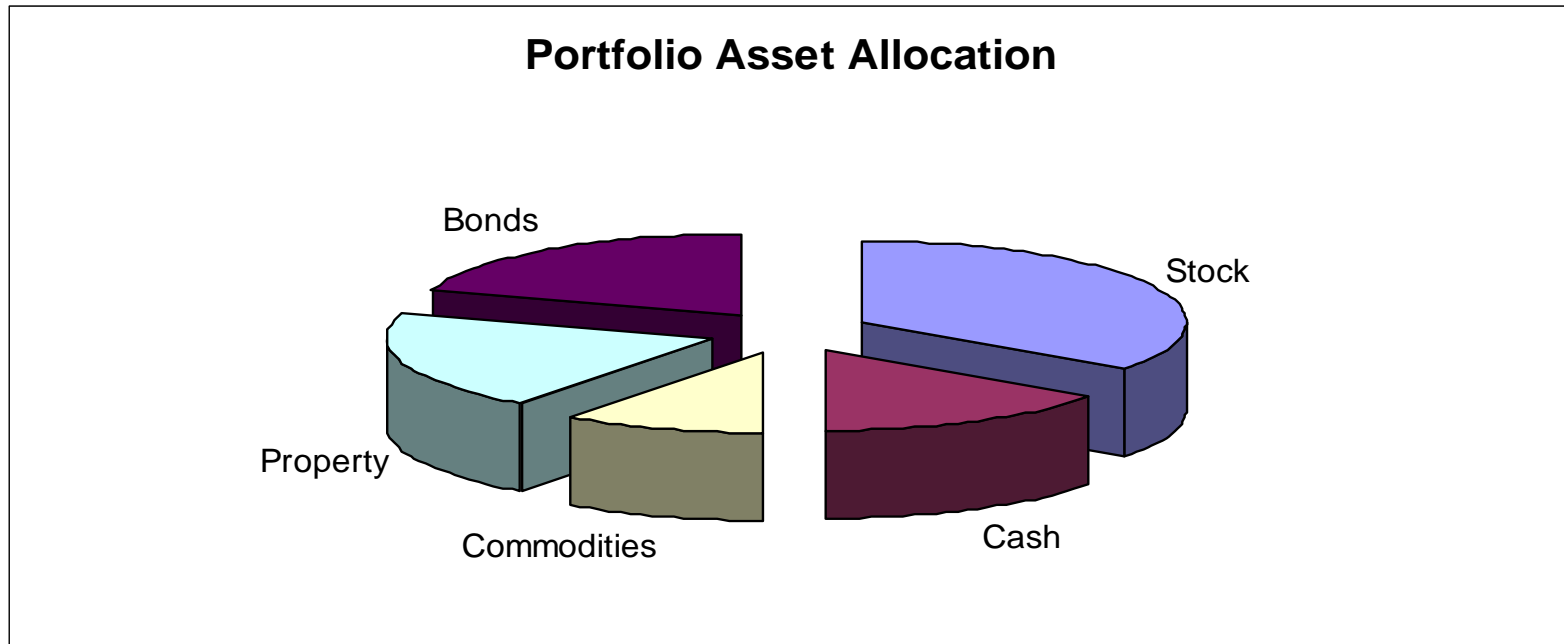
Aims of Our Investment Club

- Make money
- Learn
- Have Fun !

Why Diversify Within an Investment Club

- Spread risk of club portfolio
- Broaden the spectrum of investments to improve retention and interest
- Produces great learning opportunities
- Explore the unknown
 - Leverage knowledge and experience of members
 - Curb over enthusiastic and irrational decisions
- Make Money !

The Need to Diversify



Balance your portfolio according to your risk profile but keep it interesting !

Alternative Investment Opportunities

- Exchange Traded Funds
- Gold
- Property
- Fine Wine
- Postage Stamps
- Forestry
- Art
- Land
- Antiques
- Violins
-

Exchange Traded Funds (ETFs)

What is an ETF ?

- Reducing risk
- Accessing opportunities
- Low administration costs
- High Liquidity

Examples of ETF's

- UK property : iShares FTSE UK Property Fund (IUKP)
- Geographical Regions Eg China/Brazil
- Commodities eg Gold

www.ishares.co.uk

www.etfsecurities.com

Investing in Fine Wine



Investing in Fine Wine

Why wine ?

- Depreciating asset
- Established market
- The model is well understood
- Fun doing the research

You can drink it !

Investing in Fine Wine

How it works

- Initial Finite supply
- Growing demand
- Later a dwindling supply

...All leading to an increase in the value

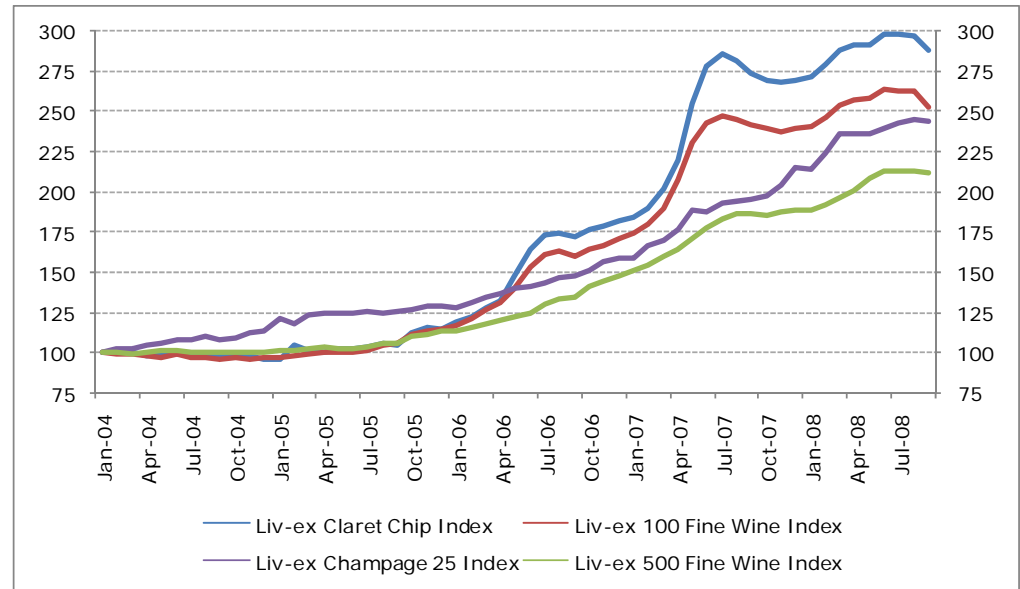
Investing in Fine Wine

Picking a Good Vintage

- Not every wine is an investment wine
- Broker recommendation
- Robert Parker Score 95% +
<http://www.erobertparker.com/>
- Wine Spectator Magazine
- Online research – www.decanter.com

Comparative Indices

Fine Wine, particularly top Bordeaux and Champagne, has outperformed all the major share indices, and even gold, over four years.



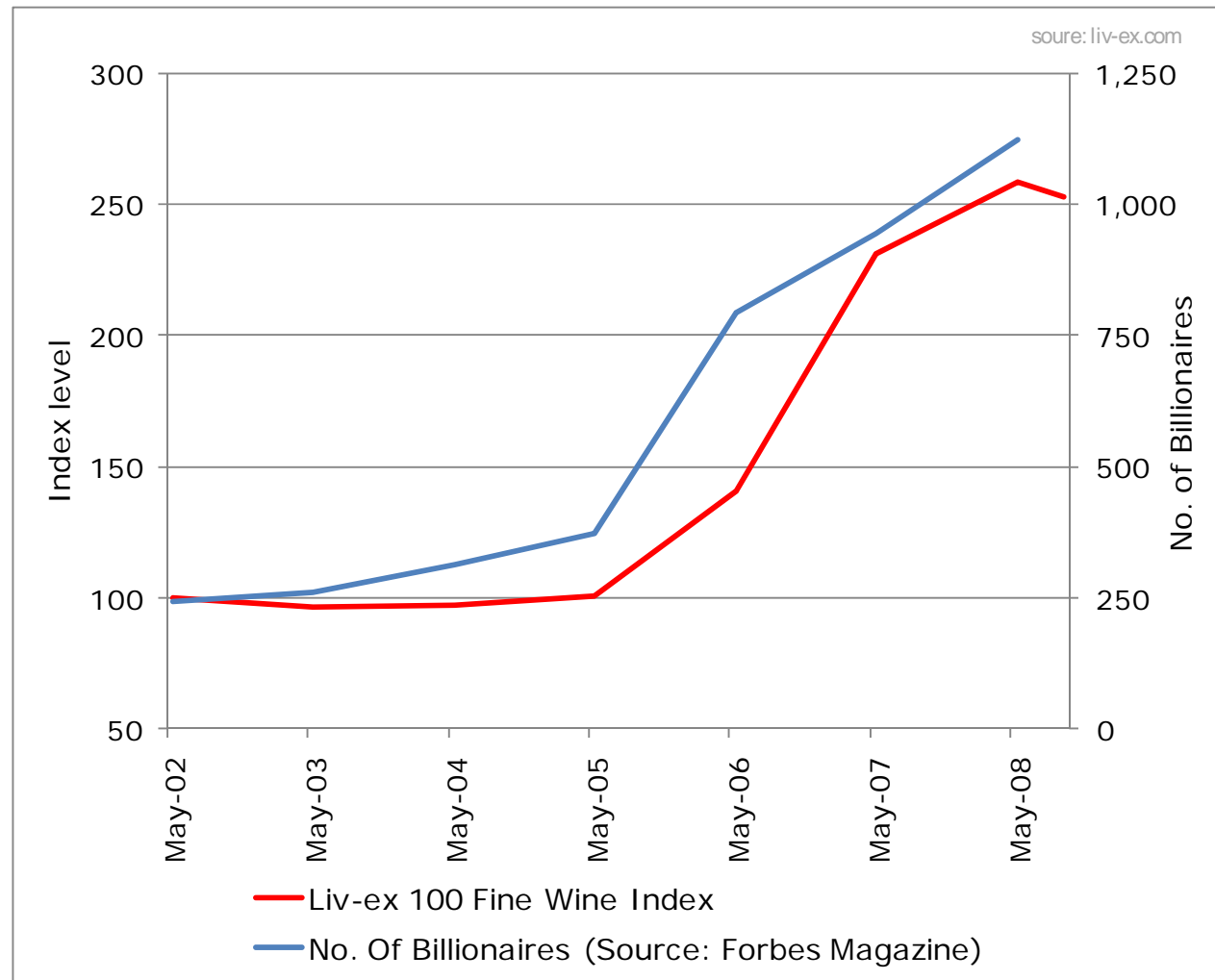
Index	Level	Change (%)			
		1 month	Year to date	1 year	4 year
Liv-ex 100 Fine Wine	253	-3.7%	5.5%	4.6%	162.0%
Liv-ex 500 Fine Wine	212	0.0%	12.3%	13.7%	111.0%
Liv-ex 25 Champagne	245	-0.3%	13.7%	25.4%	127.3%
Liv-ex Claret Chip	288	-3.2%	6.8%	5.1%	196.2%
FTSE 100	4,902	-13.0%	-24.1%	-24.2%	7.2%
S&P 500	1,165	-9.2%	-20.6%	-23.7%	4.5%
Nikkei 225	11,260	-12.5%	-26.4%	-33.1%	4.0%
Gold	491	7.9%	16.9%	35.3%	105.4%

Source : Vinopolis

* All index levels and prices taken on the last trading day of each month and priced in local currencies

Liv-ex 100 v No. of Billionaires

Fine Wine prices show a correlation with the number of billionaires in the world, as calculated by Forbes Magazine.



Source : Vinopolis

Liv-ex Cellar Watch

Liv-ex Cellar Watch allows you to track in depth current and historic prices and to organise and value the contents of your wine cellar.

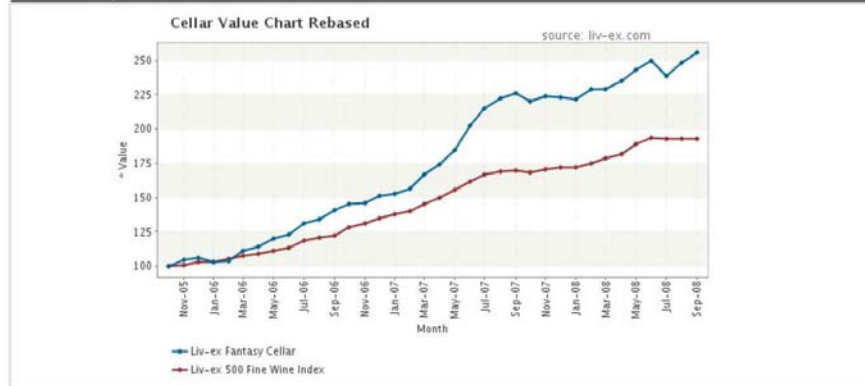
Source : Vinopolis

LIV-ex
The Fine Wine Exchange

Monthly Cellar Valuation for Liv-ex Fantasy Cellar
Prices from Liv-ex.com, 07/10/2008
All values in GBP

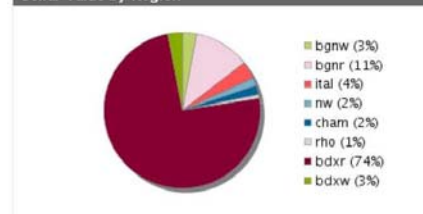
Key Data		Performance		Value	3m	12m
Current Value of Cellar:	306,586	Liv-ex Fantasy Cellar	306,586		+7.4%	+16.4%
Cost of Cellar:	100,000	Liv-ex 100 Fine Wine Index	253		-4.2%	+4.5%
Return on Cost	+206.6%	Liv-ex 500 Fine Wine Index	212		-0.3%	+13.7%
Number of Lines:	30	FTSE 100	4,980		-15.7%	-19.6%
Number of Bottles:	996	S&P 500	1,099		-19.2%	-24.4%
Average Value/Bottle:	307.8	Nikkei 225	10,445		-27.9%	-35.2%

Liv-ex Fantasy Cellar vs Liv-ex 500 Fine Wine Index

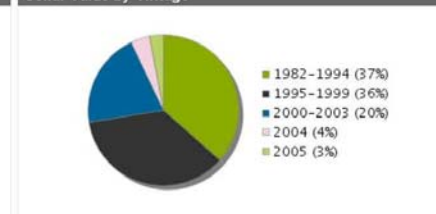


Top 5 Performing Wines					Performance			Value	
Reg	Wine	Vin	Size	Qty	Current	3m %	12m %	Total	%
bdxr	Carruades de Lafite	2004	12x75cl	10	1,250	+4.2	+130.2	12,500	4.1
cham	Dom Perignon	1996	6x75cl	4	900	+63.6	+63.6	3,600	1.2
bgnr	DRC, Richebourg	1999	6x75cl	2	9,600	+357.1	+56.1	19,200	6.3
bdxr	Pichon Lalande	1996	12x75cl	5	1,400	+1.4	+46.3	7,000	2.3
bgnw	Leflaive, Chevalier Montr	2002	12x75cl	2	4,686	+10.9	+33.9	9,372	3.1

Cellar Value by Region



Cellar Value by Vintage



Investing in Fine Wine

Practical issues

- Find a good broker
 - Storage
 - Market reports
 - Low Commission
 - Proactive

I use Morgan Aston Ford : <http://www.morganastonford.com/>

Gold

- Gold is a commodity and traditional home for our money in times of trouble, easy to track and highly liquid.



Gold Chart



Accessing the Gold

Krugerands under the bed of every member !

- Gold Coin – Sovereign or Kruggerand
- Gold Bullion
- Gold Mining is NOT the same as Gold !
- ETF – Gold Bullion Securities (GBF)
- Superb online tutorials

Gold Bullion

- Bullion -
 - “Good Delivery” bars
 - Physical possession
 - Part or whole bars
 - Online – eg www.bullionvault.com

Property

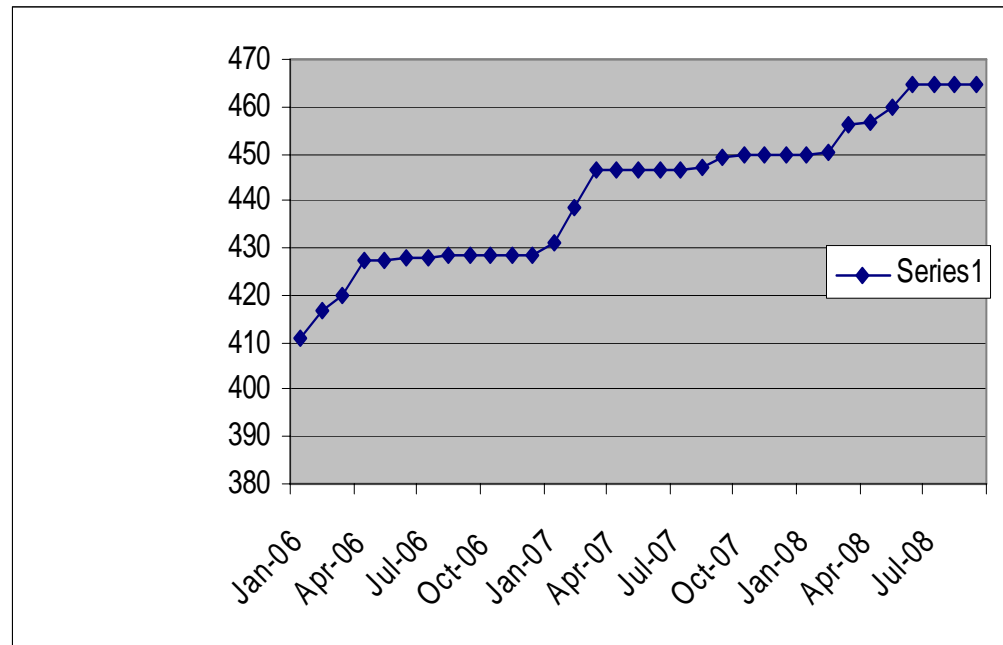
- UK property vs Overseas property
- Location location location !
- Controlling the passion
- The structure of the club and ownership
- Poor liquidity
- Long terms issue of ownership
- Use ETF ?

Stamps and Autographs

- Steady 10% per year growth
- UK Market Leader Stanley Gibbons
- Strong and established market
- Low cost of entry
- Portfolio management and guaranteed return contracts
- See <http://www.stanleygibbons.com/investments.aspx>

SG100 Stamp Index

The SG100 index provides the industry standard measure of overall stamp market performance. The index aims to highlight the real prices being achieved, especially among the classic Great Britain and Commonwealth stamps. The index is based on retail and auction prices for the top 100 most frequently traded stamps in the world. It includes items from all major collecting areas such as: Great Britain, Commonwealth and many foreign countries



Violins

- Pre 1750 Italian
- Stradivarius/Guarneri/Bergonzi etc
- Price ~ £1.5m each !
- Need to be played
- Fine Violins Fund - Florian Leonhard

.....Others

- Fine Art
- Commodities
<http://www.etfsecurities.com>
- Venture Capital Trusts
- Film
- Land

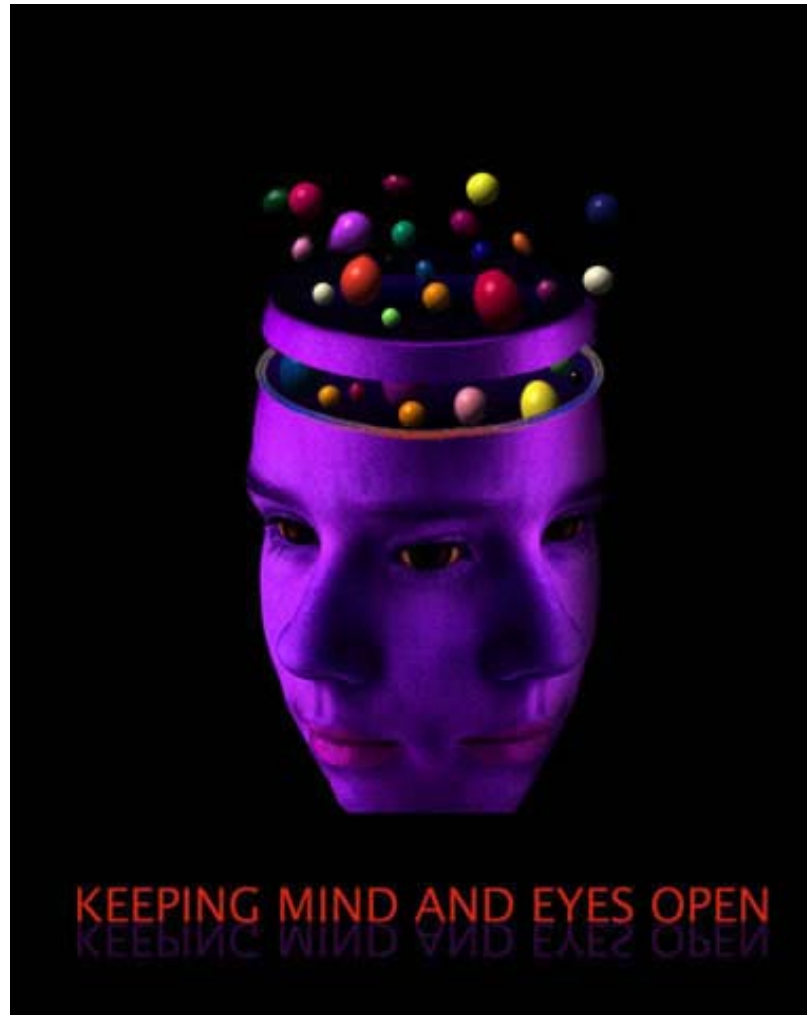
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Where to Start

- Consider the asset allocation of the club
- What type of alternative investment inspires you – broad based research
- Detailed research into an investment
 - Club structures
 - Goals
 - Exit strategy
- Invest and Monitor

Summary

- Stocks and shares are not the only form of investment opportunity open to investment clubs.
- You will gain from the learning experience, you will have a lot of fun, and it may even make a profit !
- Take advantage of current turmoil and try something different.



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