



PENFOLDS GRANGE 2013: Very Solid Long-term Investment Recommendation

Price (6x75cl)	£1,999
Wine Advocate	100
Price per Point	£20.0
Price Target (6x75cl) in 2057	£21,500
Implied Price performance	Inflation + 3.8% CAGR

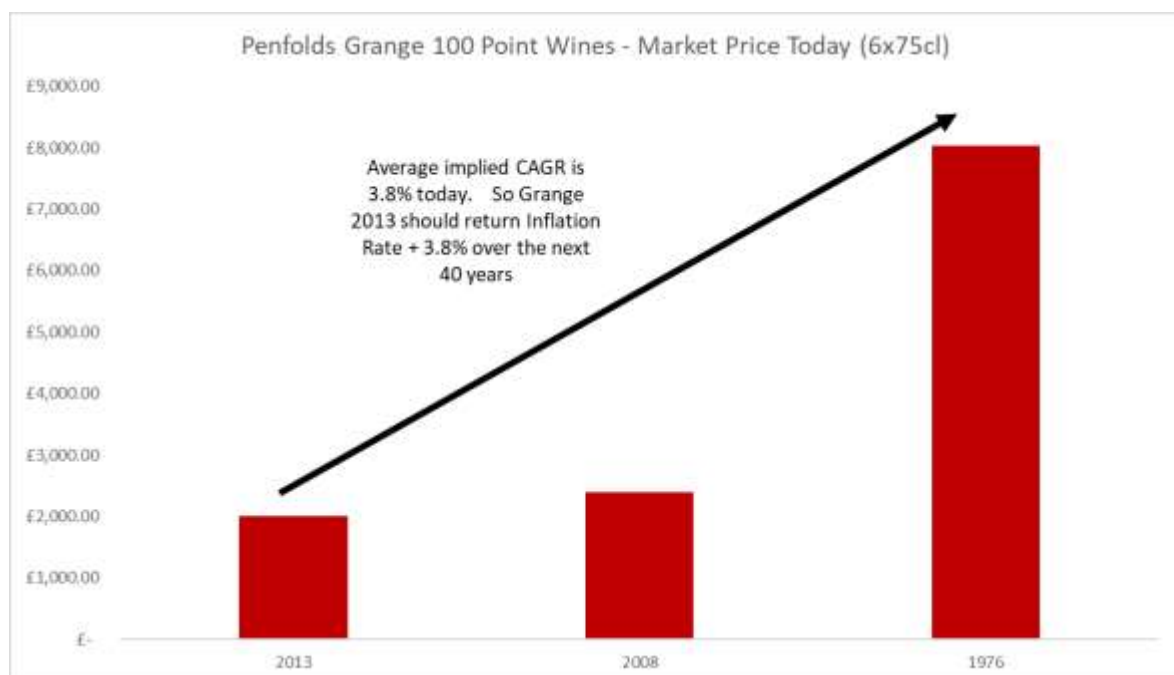
- **Penfolds Grange 2013** is only the third Grange ever to score **100 points** from **Robert Parker's Wine Advocate**.
- We are recommending Penfolds Grange 2013 as a long-term holding based on its: 1) **excellent track record** which promises at least a 3.8% real terms increase for 40 years, 2) the **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 3.8% for Grange 2013.



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 still has scope to catch up. Since 2013, only 4 red Bordeaux wines have scored 100 points (RP):

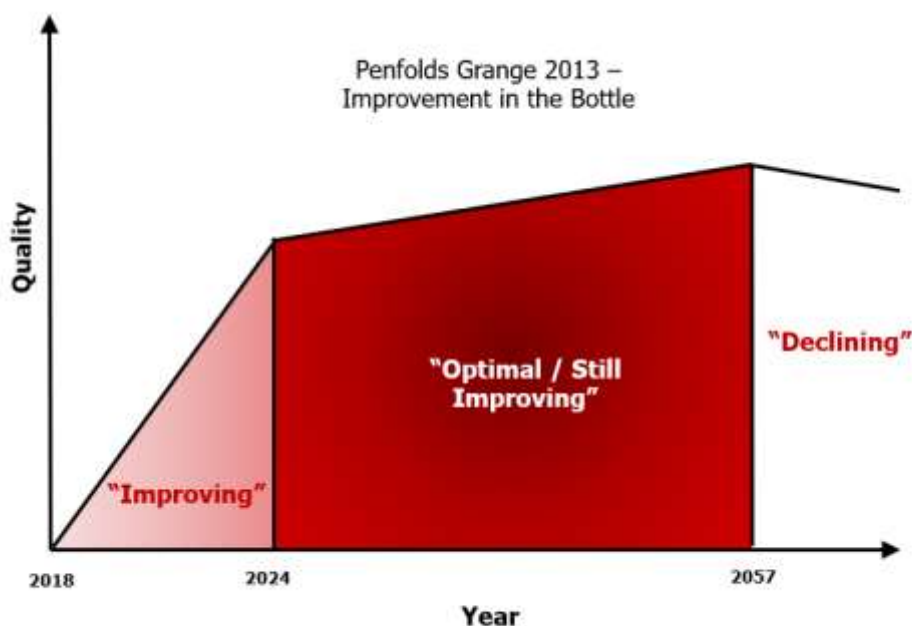
Only Four Bordeaux Wines have Scored 100 Points (RP) Since 2013

Wine	Year	Score (RP)	Price (6x75cl)
Petrus	2015	100	£ 18,250
Lafleur	2015	100	£ 5,280
Cheval Blanc	2015	100	£ 2,950
Haut-Brion	2015	100	£ 2,700
Penfolds Grange	2013	100	£ 1,999

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.

IMPORTANT NOTICE

This report has been issued or approved for issue by an entity forming part of Cru (as defined below) and has been forwarded to you solely for your information and should not be considered as an offer or solicitation of an offer to sell, buy or subscribe to any securities or any derivative instrument or any other rights pertaining thereto ("financial instruments"). This report is intended for use by professional or business investors only. This report may not be reproduced without the consent of Cru.

The information and opinions expressed in this report have been compiled from sources believed to be reliable, but, neither Cru, nor any of its directors, officers, or employees accepts liability from any loss arising from the use hereof or makes any representations as to its accuracy and completeness. Any opinions, forecasts or estimates herein constitute a judgement as at the date of this report. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied is made regarding future performance. This information is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the product or products mentioned. Cru is not agreeing to nor is it required to update the opinions, forecasts or estimates contained herein.

The value of any products mentioned in this report can fall as well as rise. Foreign currency denominated products are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such products.

This report does not have regard to the specific instrument objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any products or investment strategies discussed in this report.

Cru (or its directors, officers or employees) may, to the extent permitted by law, own or have a position in the products of any company or related company or products referred to herein, and may add to or dispose of any such position or may make a market or act as a principal in any transaction in such products. Directors of Cru may also be directors of any of the companies mentioned in this report. Cru (or its directors, officers or employees) may, to the extent permitted by law, act upon or use the information or opinions presented herein, or research or analysis on which they are based prior to the material being published. Cru may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them.

For the purposes of this disclaimer, "Cru" shall mean: (i) Cru London Limited; (ii) Cru Asia Limited and (iii) from time to time, in relation to Cru London Limited and/or Cru Asia Limited, the ultimate holding company of that entity, a subsidiary (or a subsidiary of a subsidiary) of that entity, a holding company of that entity or any other subsidiary of that holding company, and any affiliated entity of any such entities.

This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or disclosed to another party, without the prior written consent of an entity within Cru. Products referred to in this research report may not be eligible for sale in those jurisdictions where an entity within Cru is not authorised or permitted by local law to do so. In particular, Cru does not allow the redistribution of this report to non-professional investors or persons outside the jurisdictions referred to above and Cru cannot be held responsible in any way for third parties who effect such redistribution or recipients thereof. © 2018.