

# 10 COLLECT Liquid assets

One of the world's most appreciated spirits, fine whisky is also establishing itself as a means of accumulating wealth. Simone Noakes looks at the liquid gold market.



As with art, classic cars and fine wine, buying whisky as a portfolio holding has been part of a growing investment trend in recent years. Seeking shelter from the bull-and-bear volatility of traditional markets, many investors are also enjoying the satisfaction of pairing a favourite pastime with the possibility of a respectable return.

As an alternative investment, the global demand for single malt whisky has been steadily increasing. Like wine, it can make for a highly desirable collectable; where its investment advantage lies is with its longevity and storage ease. Unlike wine, whisky does not need to be drunk within a certain time frame; there is far less chance of it spoiling and it doesn't need to be kept at a regulated temperature. A well-sealed bottle of whisky, stored upright and out of direct sunlight, could last a century.

## GOLDEN INVESTMENT

Underpinning these factors are the inherent passions many investors have for their collections, combining to create a thoroughly buoyant market. 'The past two years have seen 60% year-on-year increases in the number of rare bottles selling at auction in the UK,' reports Andy Simpson, founder of the Whisky Highland Index and an independent whisky valuer. 'For example, in 2012 the top-performing

thousand bottles of single malt whisky increased in value by almost 24%.'

It's an upsurge Simpson believes will continue: 'The increases being observed are already suggesting a 10-20% uplift on 2012's impressive results. Current estimates indicate a growth of around 26-28% for the top thousand bottles, which means that 2013 looks likely to break previous records.'

Working in tandem with increased demand, ever-dwindling supplies are a crucial key to driving profit. As with most investments, rarity is the significant factor. 'Whisky distilled back in 1973 could never be distilled again. Consumers are still opening and drinking these bottles, making any remaining stock all the more rare and valuable,' says Simpson.

This is a situation that current distilleries are acutely aware of. 'Companies today – notably The

Dalmore and The Macallan – are releasing super-premium whiskies targeting high spenders and investors with an eye to future investments,' says Alwynne Gwilt, founder and editor of the website Miss Whisky. 'Due to their relative exclusivity, limited releases from these brands will rise in price quite sharply, making them a potentially viable investment opportunity.'

Encouragingly, now looks to be a good time to start a collection. As with any investment, uncertainty is at the heart of the venture, but as more high-quality limited editions present themselves and the number of available older bottles declines further, experts forecast robust returns for discerning whisky investors. 'Providing demand remains high, right now we almost have the perfect conditions for further significant, broad-based increases in value,' says Simpson.

**'It is easy for people to forget the money they have tied up in a passion like whisky, so ask your clients if they have any collections and what insurance they have in place for them. We cover clients' collections under our Hiscox 606 Home Insurance policy.'**

**Justin Gott**, Hiscox Head of Art and Private Client



## PICKING YOUR BOTTLE: Investment principles

### Savour the dram

As with any investment, there is risk. As a rule, avoid spending more than you can afford to drink. The silver lining could be very consoling to sip, should returns go south.

### Understand the market

Avoid brands with a reputation for mass production. Aim instead for the iconic distilleries or, even better, those that have ceased operation. The wrong distillery can spell sharp losses.

### Rarity trumps

Opt for limited-run rather than off-the-shelf. A limited production will almost always increase in value as people drink it and supply becomes reduced.

### Location, location

In recent years Japan – now the world's second-biggest producer of single malt – has made strong inroads into the Scottish-dominated whisky investment market. Whiskies from the Land of the Rising Sun are definitely worth considering.

### Patience is a virtue

Short-term gains are experienced, but generally whisky is seen as a long-term investment. From ten to 20 years is usual. Take time to research your investment.

## WIN! Six bottles of the world's most awarded single malt Scotch whisky

One of the few single malt distilleries to remain entirely family owned, Glenfiddich – Gaelic for 'Valley of the deer' – dates back 125 years, when the spirit first ran from the stills on Christmas Day 1887. With a malty butterscotch palate and a long mellow finish, Glenfiddich's 12-year-old whisky makes a smooth addition to any collection. Courtesy of William Grant & Sons, we have three sets of six bottles, worth £210 a set, to give away. For your chance to win, email **WHISKY WIN** to [today@hiscox.com](mailto:today@hiscox.com) by 30 November 2013. [www.williamgrant.com](http://www.williamgrant.com)

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