

**cult** WINE  
INVESTMENT

CHAMPAGNE  
INVESTMENT  
REPORT  
2023





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# INTRODUCTION FROM CULT WINE INVESTMENT



## PRESTIGE, SCARCITY AND AGEING POTENTIAL

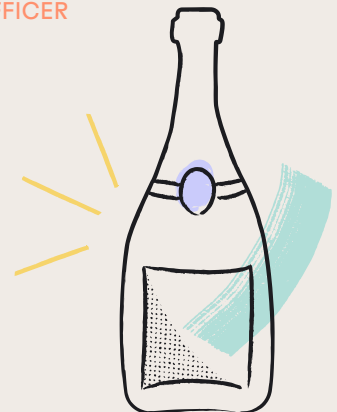
Champagne brings all the ingredients of a great fine wine investment. As a result, the world's most celebrated sparkling wine has brought much joy to wine investors in recent years with some of the biggest returns of any region.

Current conditions point to the most buyer-friendly Champagne market in recent memory. Prices of some high-end vintage Champagnes have dipped in the past few months, but market fundamentals remain aligned for long-term price appreciation.

Our 2023 Champagne Investment Report explains why we view the current slowdown as a buying opportunity that shouldn't be missed! We also delve into our target lists for vintage Champagnes from Les Grandes Marques and notable Grower producers.

*"We are seeing the most buyer-friendly Champagne market in recent memory. Price appreciation has cooled off after a long rally, but long-term fundamentals remain strong due to a persistent supply-demand imbalance. As such, we view the current backdrop as an opportunity to potentially get hold of top label vintage Champagnes at prices that leave room for onward appreciation over the long term."*

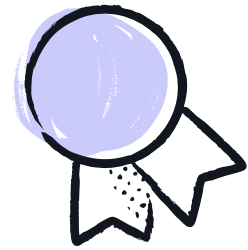
— OLIVIER STAUB, CFA CULT WINES  
CHIEF INVESTMENT OFFICER



# CHAMPAGNE'S INVESTMENT CREDENTIALS

## PRESTIGE, SCARCITY AND AGE

The world's most celebrated sparkling wine has brought much joy to wine investors in recent years with some of the biggest returns in all fine wine. Led by prestigious vintage Champagne from Grande Marque producers alongside rare high-end Grower Champagnes, the [Cult Wines Champagne Index](#) has posted impressive gains in recent years, rivalling the iconic wines of Burgundy.



1 Year	3 Years	5 Years	Inception (Jan 2014)
3.5%	45.1%	56.6%	102.8%

Source: Cult Wines Champagne Index; pricing data from Wine-Searcher.com as of 30 June 2023. Past performance is not a guarantee of future returns.

Much like the wider fine wine market, an ingrained supply-demand imbalance anchors Champagne's investment credentials. However, much like the drink itself, Champagne's market brings some unique factors that adds to its sparkle:



**PRESTIGE** – Although other regions produce excellent quality fizz, Champagne's top names have no rival when it comes to brand recognition and prestige. As such, Champagne is an icon of the wider fashion and luxury world alongside items such as clothing, handbags, and watches.

This status translates into consistent and widespread demand. The market for luxury items has demonstrated impressive resilience through the swings in the wider economy in recent years, according to Knight Frank's Wealth Report 2023. For example, luxury brand icon LVMH (owner of Moët & Chandon, Krug, Dom Pérignon, Ruinart, Veuve Clicquot) has reported continued revenue growth in early 2023.



**SCARCITY** – Vintage Champagnes are only produced during years when quality of the grapes is deemed high enough. The best producers always keep quantities low, but below-average production levels in recent years, particularly 2019 and 2020, exacerbated this scarcity and fuelled the investment potential of the region's finest wines.

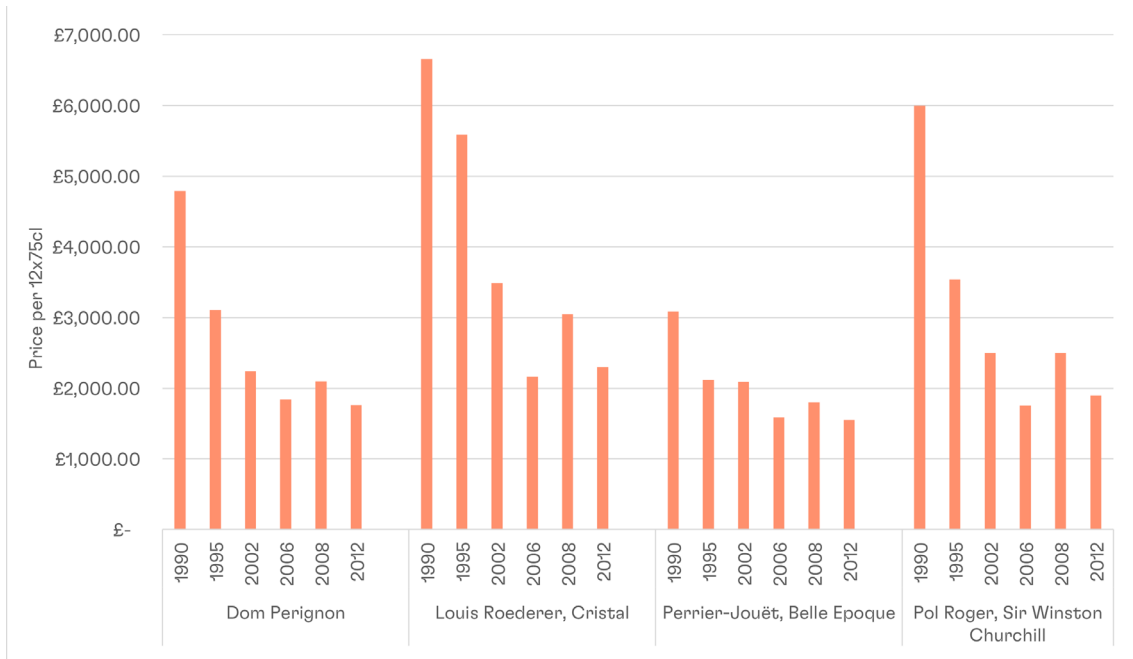
Vintage Champagne also shows a strong correlation between price and age. Its status as a celebration drink mean supplies can dwindle with regularity as bottles are drunk, causing prices to rise consistently over time.





## FIGURE 1 – Rewards of time

Price comparison of old and new vintages of select target producers



Source: Pricing data from Wine-Searcher.com as of 30 June 2023.



**LONGEVITY** – Bottle ageing is not just a feature of red wine. Vintage and other high-end Champagnes typically evolve beautifully over long lifetimes. However, the notion that Champagne vintages should be consumed young still persists, meaning many Champagnes don't survive to reach their full potential. As a result, those with patience can realise some punchy price appreciation.



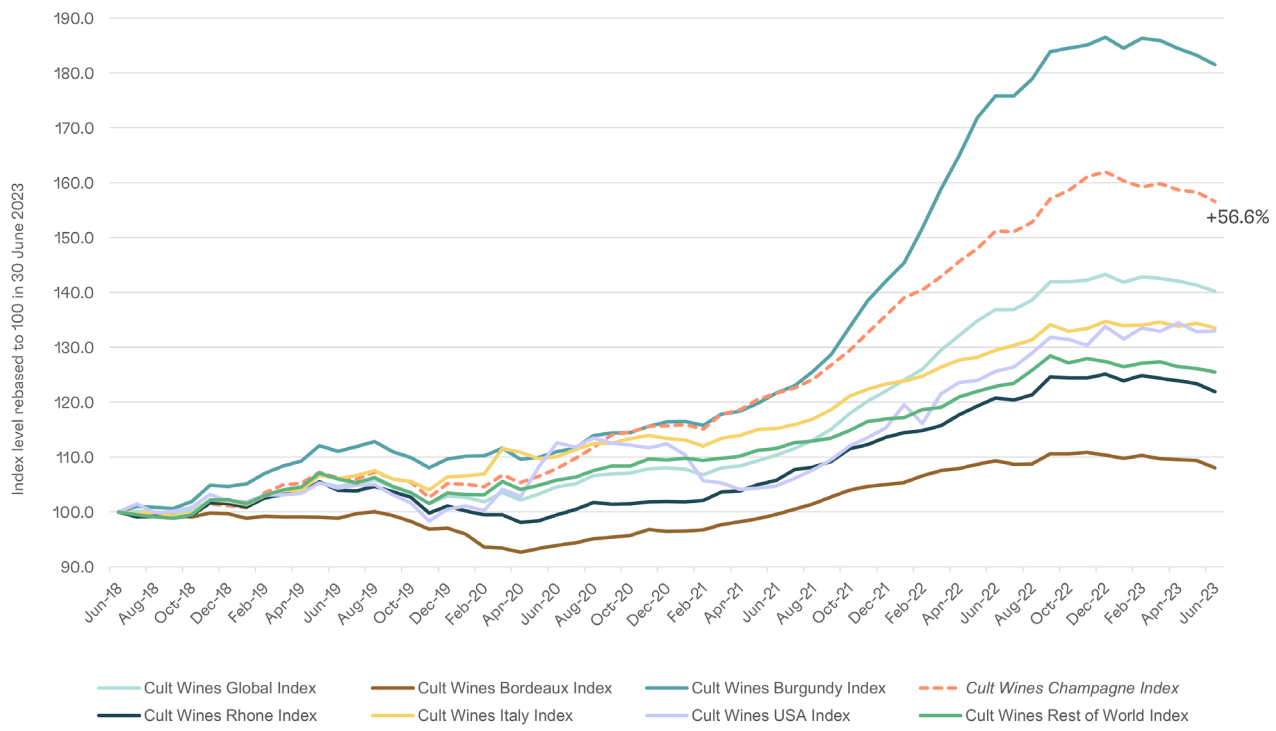


# CHAMPAGNE MARKET OUTLOOK – DOWNTURN LIKELY TEMPORARY

While Champagne’s medium- to long-term returns have certainly been impressive, some of the fizz has gone out of the market so far in 2023. The **Cult Wines Champagne Index** had slumped -3.35% year-to-date as of the end of June, the weakest six-month figure of any region.

**FIGURE 2 – Long-term gains still strong**

Cult Wines Champagne Index vs other regional indices



Source: Cult Wines Indices; pricing data from Wine-Searcher.com as of 30 June 2023. Past performance is not a guarantee of future returns.

Natural price consolidation is likely the primary factor pushing the Champagne Index lower. Given that Champagne and Burgundy led the 2021-2022 rally, a temporary period where prices drift sideways or slip a bit should not come as a surprise as buyers assess the recent price increases and search for sources of relative value.



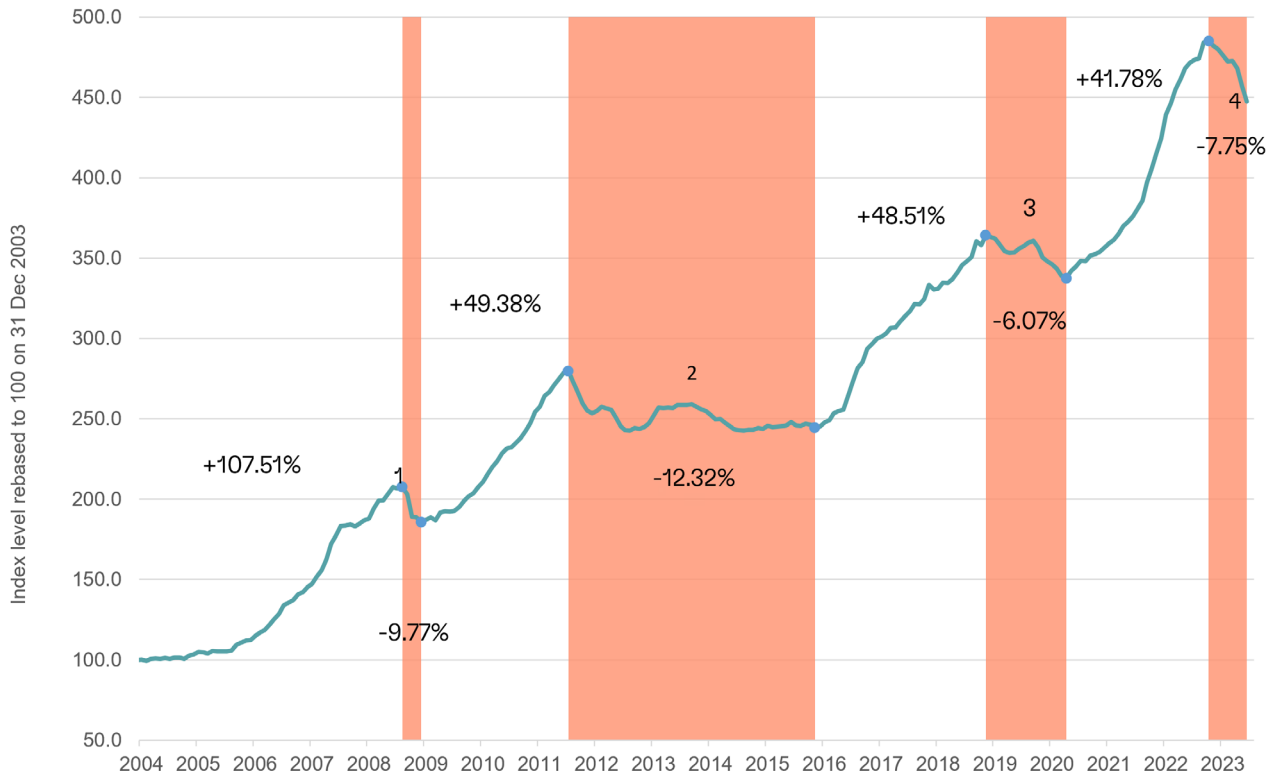
*“Although the near-term outlook remains uncertain, we believe the current dip will remain temporary. Previous periods of consolidation following rallies have not lasted as long as the upswings. Even if the current slowdown persists in the coming months, we expect top Champagnes to still likely deliver performance over the long term.”*

— Yijun Lu, CFA, Portfolio Manager



### FIGURE 3 – Downturns dwarfed by the upswings

Long-term performance history of Liv-ex 1000



Source: Liv-ex as of 30 June 2023. Past performance is not a guarantee of future returns. \*Cult Wines Indices not used as Liv-ex 1000 Index offers longer history.





**POCKETS OF PERFORMANCE** – Although buyers have currently become more price sensitive, demand remains healthy. Plenty of Champagnes have still posted encouraging price appreciation in 2023. This shows how a selective approach can unlock ongoing performance and that demand remains engaged with the market. In many cases, different vintages of the same wine posted positive and negative performance, a signal of selective demand seeking out the best value.

TOP 5 PERFORMERS IN CULT WINES CHAMPAGNE INDEX – 12 MONTHS	
Louis Roederer, Blanc de Blancs 2013	42.9%
Philipponnat, Clos des Goisses Juste Rose 2006	31.0%
Philipponnat, Les Cintres 2008	28.5%
Deutz, Amour Deutz 2009	28.5%
Larmandier-Bernier, Les Chemins d'Avize Grand Cru 2011	23.3%
BOTTOM 5 PERFORMERS IN CULT WINES CHAMPAGNE INDEX – 12 MONTHS	
Taittinger Comtes de Champagne Rose 2008	-20.0%
Perrier Jouet, Belle Epoque Rose 2006	-19.5%
Pol Roger, Sir Winston Churchill 2002	-16.0%
Dom Perignon, Rose 2002	-15.9%
Philipponnat, Clos des Goisses Juste Rose 2009	-12.4%

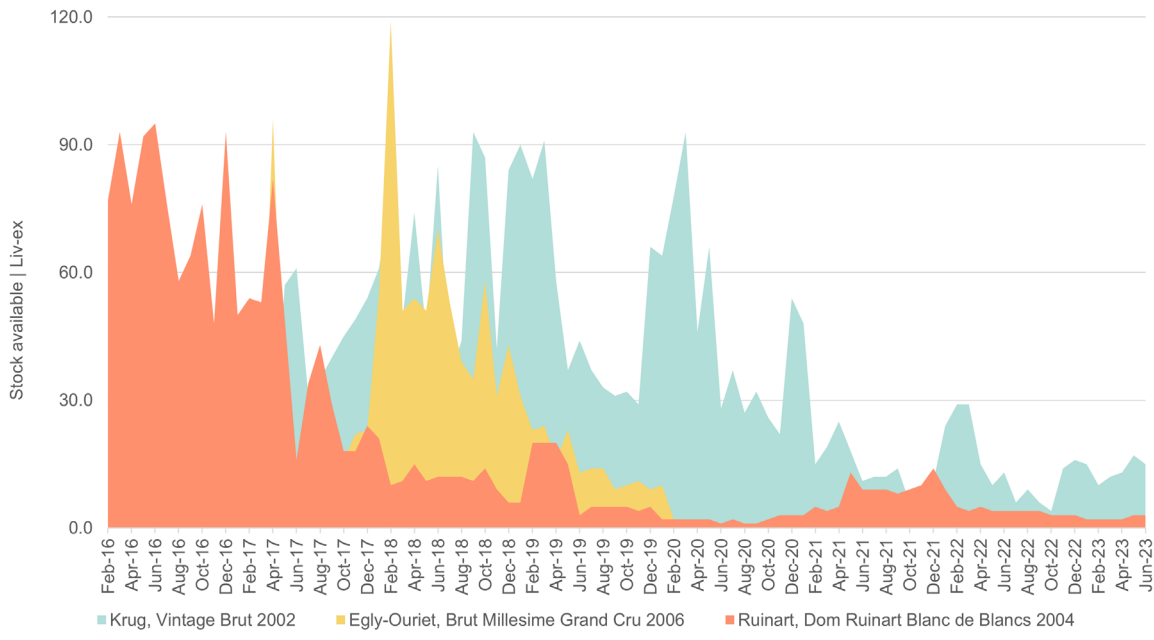
Source: Performance includes all wines within Cult Wines Champagne Index. Pricing data from Wine-Searcher as of 30 June 2023. Past performance is not a guarantee of future returns.

**SUPPLY-DEMAND IMBALANCE INTACT** – Alongside this demand, top Champagnes remain difficult to source. As explained above, scarcity forms a key ingredient to price appreciation potential. This persistent supply-demand imbalance should overcome the current period of price consolidation and drive prices higher over the long-term.



## FIGURE 4 – Good bubbles still scarce

Stock available of select vintage Champagnes (number of offers on Liv-ex)



Source: Liv-ex as of 11 July 2023.

# CULT WINE INVESTMENT APPROACH – BUYER'S MARKET

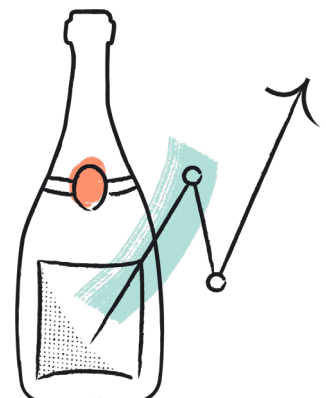


*“The current dip in the market offers a buying opportunity that shouldn’t be missed! While we recognise the current choppy performance could continue over the next few months, the long-term prospects for Champagne investments remain bright and the current market could increase opportunities to source rare Champagnes at potentially favourable prices compared to recent years.”*

— Neil Thorne, CFA, Portfolio Manager

By taking a long-term perspective, Cult Wine Investment views the current slowdown as a chance to increase the performance potential of a Champagne allocation. Just a short time ago, top Champagnes were incredibly difficult to source and often required paying premiums. Indeed, sourcing challenges drove the 2021-2022 rally. Although the best rare Champagnes remain scarce, prices have come off recent highs in some cases.

Consequently, we are seeing the most buying-friendly market in recent years. If buyers wait until the market rebounds to increase Champagne allocations, they risk missing out on allocations and/or paying higher prices.





# TARGET PRODUCERS - LES GRANDES MARQUES

Vintage Champagnes from Les Grandes Marques (“great brands”) form the core of the regional investment market. These historic names have built devoted international customer base and their wines are synonymous with luxury and great quality.

*“Benefitting from brand prestige and reputation for top quality, these historic producers generate strong, consistent demand. Combined with high-quality and low production levels, these wines come with track records of performance.”*

— Yijun Lu, CFA, Portfolio Manager

## BOLLINGER, LA GRANDE ANNÉE

With roots in Champagne wine production dating back to the 1500s, Bollinger has always been one of most renowned producers. La Grande Année, formerly known as ‘Bollinger Vintage’, is the house’s prestige Champagne, only produced when the harvest reaches perfection.

The 2014 vintage of both the Brut and the Rose were released last year and pulled in the highest-ever scores for both wines from leading critics, including Vinous’ Antonio Galloni (98pts for the Brut, 97pts for Rose) and Wine Advocate’s William Kelley (96pts for Rose, 95pts for Brut).



## TAITTINGER, COMTES DE CHAMPAGNE

The Comtes is one of the most prized Blancs de Blancs, consistently pulling in high critic scores, making it a sound investment option.

The 2012 Blanc de Blancs Comtes de Champagne is drawing comparisons with the iconic 2002 vintage. “If it gains in tension and cut (as the 2002 did and as I suspect the 2012 will) with more time on cork, it will make this initial rating seem conservative.” -William Kelley, Wine Advocate (95+ points)

The rosé version of Comtes de Champagne is just as renowned. The most recent 2009 vintage boasts a 97-point score from Vinous’ Galloni.



### LOUIS ROEDERER, CRISTAL

This prestigious wine's brand benefits from its association with celebrities and high society. Produced only during the very best years when Chardonnay (40%) and Pinot Noir (60%) grapes have achieved perfect maturity, Cristal is then aged for six years and left for a further eight months after disgorgement.

The 2015 vintage came to market earlier this year to strong reviews (96pts, Galloni). The preceding 2014 pulled in even stronger scores (98pts, Galloni).



### MOËT & CHANDON, DOM PERIGNON

The Vintage and Vintage Rosé are possibly the most widely recognised high end Champagne in the world. Alongside consistent quality, this improves their investment credentials.

The 2004 Dom Perignon P2 (Plénitude 2) hit the market late last year and met with predictably favourable review (95pts Wine Advocate). The P2 wines undergo longer ageing, typically around 10-15 years on the lees, adding even more depth and complexity.



### POL ROGER, SIR WINSTON CHURCHILL

This prestige cuvee is named after Winston Churchill who said of Pol Roger: "In victory deserve it. In defeat, need it!". The exact blend is a closely guarded family secret, adding to its allure. The 2015 Brut is this wine's most recent release, pulling in 95pts from Vinous' Galloni.

### SALON, LE MESNIL BLANC DE BLANCS

Salon is a name that conjures up thoughts of exclusivity and excellence amongst Champagne aficionados. Salon has produced 37 vintages since production of this original Blanc de Blancs began in 1911. The most recent 2012 release (first release in four years) pulled in 98 points (WA) and was called "the finest Salon produced this millennium" by William Kelley.





## KRUG, VINTAGE BRUT

Crafted from a variety of wines from a single year, Krug Vintage is “not the selection of the best wines of a particular year, but rather the expression of that year”, according to Krug. Each vintage is cellared for at least a decade before release. The current 2008 vintage (97pts, Galloni) offers an excellent example.

The single-vineyard Clos du Mesnil offers an even more exclusive Krug expression (2008 vintage pulled in 99pts from Vinous’ Galloni). Although not a vintage Champagne, Krug’s Grand Cuvee also offers long-term cellaring and investment potential.



## RARE BRUT

Rare very much lives up to its name with only 11 vintages since inception in 1976. Previously the prestige cuvee of Piper-Heidsieck, owners EPI Group separated Rare as a standalone label in 2018. Rare’s rarity means it isn’t as well-known as other leading brands and, consequently, represents an excellent investment opportunity as the global awareness should grow. Rare is attractively priced vs the other names in the list despite often-similar critic scores in the in mid-90s.

The Rare 2013 Brut and 2012 Rose are Rare’s most recent releases. Although yet to receive critic scores, the Brut forms an example of how the underappreciated 2013 vintage can yield excellent results.



## GOSSET CELEBRIS

Founded in 1584, Gosset is Champagne’s oldest winemaking house. However, it had flown somewhat under the radar until the late 20th century when the Renaud-Cointreau Group purchased Gosset and made considerable investments.

The prestige vintage cuvee Celebris was also launched in the late 1990s and remains the Gosset’s top wine. The 2008 Extra-Brut Celebris was released in late 2022 and ranks as the highest-ever scoring Gosset wine from Vinous (96pts).



# TARGET PRODUCERS - GROWER CHAMPAGNES

Grower Champagne producers are those that make their own wine with grapes from vineyards they own rather than sourcing grapes from multiple sites. Their investment credentials rest on the combination of low volumes and individuality. The best wines are one-of-a-kind expressions of the producers' own vineyards, which enhances their status as exclusive collector or investment items with 'cult-like' followings reminiscent of Burgundy.

## JACQUES SELOSSE

One of the most famous Grower Champagnes, our selections among Jacques Selosse Champagnes have delivered some of the strongest returns in recent years.

## EGLY-OURIET

As one of the greatest Grower Champagne producers, Egly-Ouriet is often referred to as 'Burgundy with bubbles'.

## ULYSSE COLLIN

Ulysse Collin's Champagnes represent the best of the current Grower Champagne movement: single vineyard, single variety and very limited in production.

## AGRAPART

Founded in 1894, Agrapart is one of the oldest Grower Champagnes. A diverse range of high-quality non-vintage Champagnes (7 Crus, Terroirs, Complantée and Expérience) complement outstanding vintage wines called Minéral, Avizoise, Venus.



Launched in December 2022, the Cult Wines Global Index and Cult Wines Regional Indices form benchmark measurements of the global fine wine market performance with historical data, powered by Wine-Searcher, going back to the beginning of 2014. The Indices are separate from Cult Wine Investment Performance which tracks wines purchased by Cult Wine Investment.

Past performance is not indicative of future success; the performance was calculated in GBP and will vary in other currencies. Any investment involves risk of partial or full loss of capital. The results depicted here are not based on actual trading and do not account for the annual management fees that may be charged to a Cult Wine Investment customer which range from 2.25% to 2.95% depending on the size of the portfolio, and there is no guarantee of similar performance with an investor's particular portfolio.



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