cult WINE INVESTMENT

THE ALTERNATIVE WEALTH REPORT

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INTRODUCTION

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INTRODUCTION

The investment intentions of society’s wealthiest are in flux. With traditional systems of monetary exchange and value under threat, investment communities are ushering in a new dawn for alternative investments – transforming the **‘what’**, **‘how’** and **‘why’** of the global private equity landscape.

Emerging and established investment communities are recalibrating their financial movements in a period of unprecedented societal change and technological acceleration. Bolstered by the digitization of infrastructure, and invigorated by fresh attitudes to investment that range from social purpose to cultural cachet and beyond, global demand for a more holistic approach to wealth management is growing – and asset diversification sits at its center.

A category that spans commodities, infrastructure and, increasingly, cryptocurrencies, alternative investments are becoming a mainstay of the investment landscape. In the first half of 2021, Robert A Stanger & Co. Inc reported that alternative investment sales reached $31.7bn (£24bn) globally, while research from Prequin forecasts that alternative assets under management will reach a record $15.6tn (£11.8tn) by 2024.

Despite a less-than-stable backdrop over the past two years, a number of categories – wine, watches and collectibles among them – are emerging as the faces of alternative investment resilience. Research from Ernst & Young (EY) reveals that these options are growing in favour among both ultra-high-net-worth (UHNW, those with $30m+ [£22.7m+] in assets) and high-net-worth (HNW, those with $1-4.9m [£0.75-3.7m] in assets) communities across the globe, with 85% and 46% respectively projected to enter the space by 2024. For UHNW individuals, this future is already being unlocked, with more than three quarters (81%) of the cohort currently investing in alternatives.

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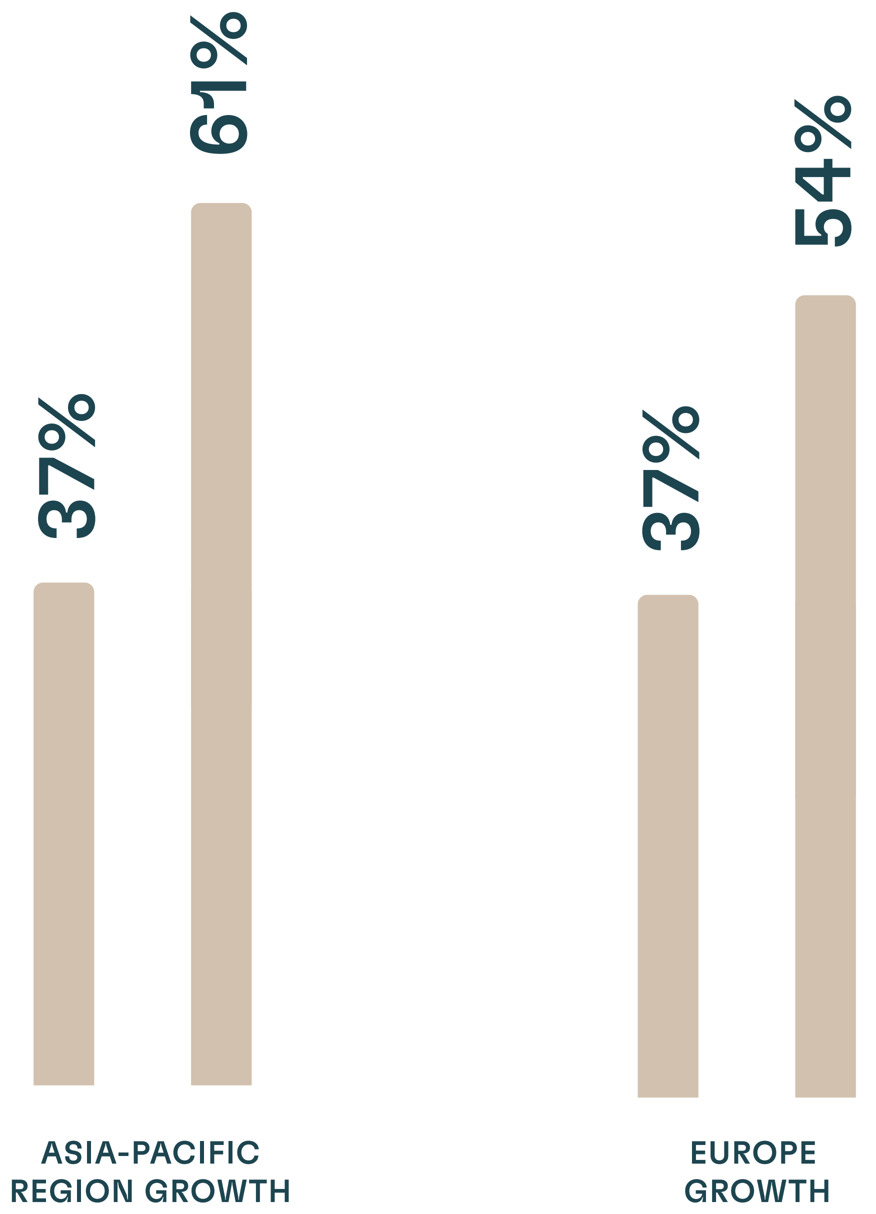
MARKET SNAPSHOT:

Research from EY predicts UHNW and HNW alternative investment in the Asia-Pacific region will almost double in the next few years, growing from 37% to 61%. Growth in Europe will also be substantial, with figures rising from 37% to 54%, as HNWIs and UHNWIs look to diversify their portfolios with assets resilient to fluctuation.



Notably, such investments are increasingly driven by more than financial gain. The relative scarcity of cryptocurrencies has served to reframe Bitcoin as the more appealing digital counterpart to gold. Bitcoin is set to grow in supply by around 1.25% each year, while alternative collectors are increasingly harnessing their extensive vinter knowledge to turn wine investments into culturally and financially-rewarding passion projects.

Defined by diverse assets, grounded in technology and more than just financially lucrative, in this report, strategic foresight consultancy The Future Laboratory, in partnership with Cult Wine Investment, will uncover the next generation of investment – highlighting the community mindsets of four emerging investor groups, and revealing the values and priorities set to shape the future of the investment space.

PART TWO: ASSETS

More than diversifying beyond stocks, cash and bonds, UHNW, HNW and emerging investment communities are increasingly opting for unique, culturally relevant and personally-driven asset classes. Ranging in returns, stability and paths to ownership, these commodities are as aspirational as they are financially rewarding – resulting in new communities where investors are more hands-on with their trading and ownership, and assets are more closely tied to their identity.

Resistant to economic market trends, these assets are also offering growth where traditional markets stutter. As Steven Blitz, chief US economist at TS Lombard, explains:

> **Alternative assets say to people that they can generate for you a higher return without the leverage tied to the market. They're able to say: "I'm going to generate alpha for you, and I'm going to generate a very consistent level of alpha that's going to be irrespective of whatever the beta does", and they constantly prove it too.**

Steven Blitz
Chief US economist at TS Lombard

In 2021, Knight Frank reported the logistical challenges brought on by the pandemic had little effect on the alternative sector, with investors continuing to drive values higher for key collectible assets such as handbags (+17%) and wine (+13%). Further, research from NexGen Cloud reveals that more than two-fifths (43%) of investors in the UK were considering alternative investment strategies due to record low interest rates in 2021 – believing their money would work harder in the alternative space.

MARKET SNAPSHOT:

The emerging mass affluent class (with assets of $250k-1m [£189k-0.75m]) will more than double their alternative investment spending in the coming years, reveals EY, from 14% to 32%.

14%

32%

The UK remains the biggest player on the secondary market for fine wine and has been subject to greater diversification in 2021, according to research from Liv-Ex. The UK market showed an equal fondness for Burgundy and Bordeaux in 2021, based on the total value of wine traded – a stark change from the 69.2% market share enjoyed by Bordeaux in 2015.

These factors are driving growth across sectors, resulting in the emergence of three key asset classes: **Vin-vestments, Sneaker Stocks** and **Immaterial Commerce.**

VIN-VESTMENTS

Amid stock uncertainty and fluctuation, wine is heralded as the 'safe bet' for the alternative investment class, with figures from the Knight Frank Wealth Report indicating that fine wine has increased in value on average 127% in the last 10 years – even topping the Luxury Index of alternative assets in 2021. Increasingly accessible, asset-backed and resilient to market swings, the option is mutually appealing to growth-focused investors and those with a heightened interest in the area.

'The pandemic has really accelerated the digital transformation of wine as a product, as a category and now as an asset,' explains Cult Wine Investment Co-Founder, Tom Gearing. 'There's a legacy client who is fully digitized because of the way other infrastructures now function, but there's also an emerging investor who is arriving at wine with an expectation to experience it as they have other asset classes or adjacent categories. It's up to platforms to facilitate that.'

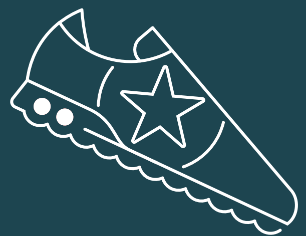
As technology arises to democratize the space, individuals with heightened cultural interest are shifting their tastes and their priorities: championing sustainability, engaging in community commerce and looking outside of traditional regions. Data from Cult Wine Investment, for example, revealed that the US experienced trade share rises in 2021, with emerging regions in Chile and Germany predicted to gain traction with global fine wine collectors.

As Natalie Wang, Managing Editor at The Drinks Business Hong Kong and Founder of Chinese wine publication Vino-Joy, explains: 'In the last few years, consumers and investors in China have increasingly switched their focus to shun imported wine in favour of quality produced domestic products. It's part of a wider trend to combat the alienation of more traditional Bordeaux – where Chinese consumers especially can feel there is a constant barrier to entry in terms of knowledge and even in terms of language.'

SNEAKER STOCKS

The hype economy has taken on a life of its own, and now the coveting and collection of sneakers is graduating beyond subcultural celebration to represent an investment in its own right. Established platforms and the resale market have become integral to boosting not just a sneaker's hype, but also its monetary value, with investors flocking to own historically significant shoes – or at least a small, metaphorical piece of them.

Research from investment bank Cowen indicates a rapidly growing and addressable market – with estimates in 2021 forecasting that the sneaker and streetwear resale sector could reach a value of $30bn (£22.7bn) globally by 2030, with 18 to 34 year olds spotlighted as driving this 20% year-on-year growth. The organisation heralds the asset's illiquidity premiums, diversification status and risk-reward characteristics as key drivers of the unprecedented growth.



Savvy platforms have been quick to cater for this aforementioned hype – creating slick and seamless interfaces that mimic the infrastructure of more traditional trading behemoths. Think streetwear-focused Stock X, where a real-time marketplace allows users to buy and trade items at their true market price, or second-hand fashion-haven Vestiaire Collective, which builds a rigorous authentication service into its designer listings.

Design, scarcity, collaborations and celebrity status are the driving force behind the asset's scale, meanwhile. In 2020, Sotheby's sold an autographed 1985 pair of basketball player Michael Jordan's game-worn Air Jordan 1s for a record-breaking $560k (£424k). In February 2022, the auction of 200 pairs of the Louis Vuitton and Nike Air Force 1 sneakers created by late American designer Virgil Abloh exceeded Sotheby's estimates ten-fold to fetch a total of $25m (£18.9m), with one pair alone selling for in excess of $350k (£265k).

IMMATERIAL COMMERCE

As time spent in virtual spaces increases, individuals' perception of value and ownership is evolving. People are using virtual assets to declare their identity in the digital realm via metaverse real estate, cryptocurrencies and non-fungible token (NFT) collectables, with many viewing these as long-term financial – albeit excitingly volatile – investments. For younger generations, immaterial stocks provide a seamless evolution of their wider cultural interest, emerging methods of communication and new experiences. To be clear: as the metaverse is pitched as their new culture centre, NFTs, blockchain and more are their new currencies.

> **'There's a type of cultural overlay to virtual investment,' explains Sam Spike, Co-Founder at NFT community JPG and chief curator at Fingerprints DAO. 'You're also investing and trading in culture you can engage with and develop an emotional attachment to, as well as more easily develop a community around.'**

Sam Spike
Co-Founder at JPG and Chief Curator at Fingerprints DAO

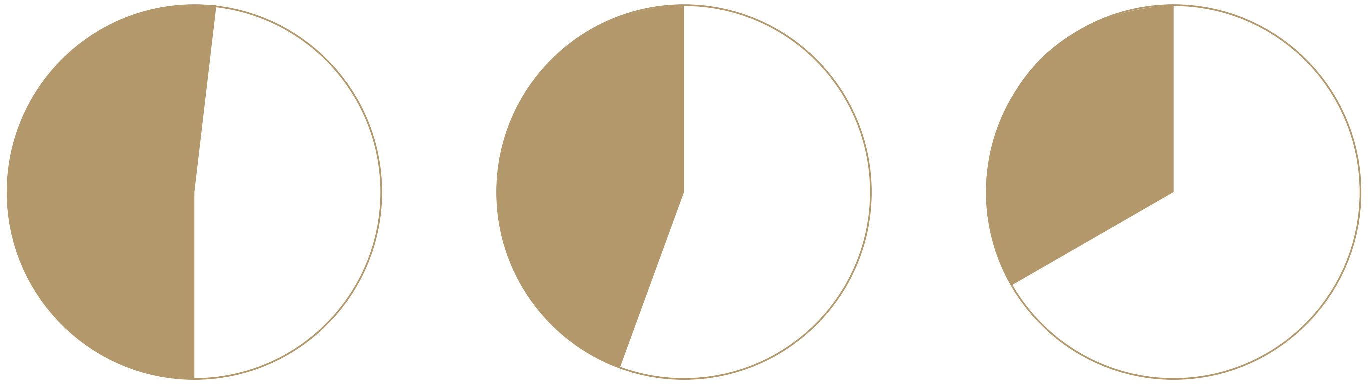
Research from MetaMetric Solutions highlights the virtual asset boom. Investment in land in the metaverse reached \$501m (£379m) in 2021, while almost \$600m (£454m) of on-demand generative content stored on the Ethereum blockchain was purchased via the Art Blocks platform in August 2021 alone. Blurring the line between physical and virtual, non-fungible tokens (NFTs) are continuing to move into mainstream commerce – redefining the market for virtual collectibles with collaborative ownership models and booming valuations. In December 2021, nearly 30,000 NFT collectors gathered to invest in digital artist Pak's 'The Merge' for a record-breaking \$91.8m (£69.5m).

Research from CyberCrew charts a sixfold increase in the number of crypto-investors in the UK from 2018 to February 2021 from 1.5m to 9.8m.

Beyond early adopters and established tech stalwarts, UHNW and HNW communities are increasingly viewing digital assets as the necessary diversification of their portfolios. Research from the CNBC Millionaire Survey in 2021 revealed that nearly half (47%) of millennial millionaires (HNW+) in the US have at least 25% of their wealth in cryptocurrencies, while more than a third have invested over half of their wealth into the asset. The survey outlined a similar picture for NFTs – with nearly half of the cohort owning them already, and 40% saying they have considered it.

MARKET SNAPSHOT:

In 2021, Campden Research revealed that cryptocurrencies had caught the attention of family offices in the Asia-Pacific. More than half (53%) of UHNW families in the region hailed cryptocurrencies as a 'promising investment', a higher percentage than in North America (43%) and Europe (33%).



53% Asia - Pacific region

43% North America

33% Europe

Notably, the buzz around immaterial commerce is not translating across generations. The same CNBC study reveals that none of the Baby Boomer (aged 58-76) millionaires surveyed had more than 10% of their wealth in crypto and a staggering majority (98%) neither owned, or were considering owning NFTs. For the ultra UHNWI however, the risk of digital assets is more appealing – while US-based investor community TIGER 21 suggests that Bitcoin is a 1% asset among its community, its value at $1bn (£757m) is significant.

PART THREE: COMMUNITIES

The growth of these asset classes is being driven by a new breed of investors, who are more hands-on with their trading and ownership, and who seek assets closely tied to their own personal identities. Looking ahead, in the next decade this overarching mindset will evolve into four distinct alternative investment communities.

Here, we explore the emerging communities set to flourish through to 2030 and drive the future of alternative investments forward: **Identity Investors**, **The Altruisters**, **Thrill Seekers** and **Heritage-Hunters**.

IDENTITY INVESTORS

Prioritizing the rare, the hyped, or even the odd, this cohort is using their investment gravitas for cultural gain – choosing assets to align themselves with the zeitgeist and reinforce their sense of identity.

More than chasing cultural clout however, this group pride themselves on the careful curation of cultural capital – exhibiting brand association in real time through the asset classes and investment options they choose.

NFT curation platform JPG is facilitating this reality. Bringing together curators, collectors, and creators through a registry-based protocol focused on NFT curation – it allows users to create sub-registries and add NFTs, forming an on-chain network of exhibitions, including both works they own and those owned by others. As well as functioning merely as a list of an investor's assets, JPG acts as a carefully curated display of an investor's knowledge and taste in said investment.

'Initially the concept of curation and collection were entirely conflated,' explains Co-Founder, Sam Spike. 'But now investors increasingly want to call themselves curators because they like the idea that by investing they are exercising some kind of taste-making influence.'

For China's millennial investment class, a level of this taste-making influence is arising from the curation and display of assets intrinsically and overtly linked to Chinese culture. 'In the past three years, younger investors have prioritized a term called Guochao – meaning national tide or China chic,' explains The Drinks Business Hong Kong's Wang. 'It spans a number of commodities from wine to luxury fashion – with investors taking a sense of pride in Chinese traditions and Chinese culture – reclaiming the label of domestically made goods.'

The democratized access to culturally relevant assets – sneakers, NFTs and collectors' items among them – is increasingly appealing to emerging millennial investors. Fractional ownership models permit the most hyped and cultural pieces of artwork to be 'owned' for as little as $20 (£15), while sneaker 'quick flip' models allow young investors to be instantly rewarded for their encyclopedic knowledge of cultural assets and platforms.

Notably, this mindset is leading investment attitudes from the bottom up. The number of HNW millennials who have accrued their wealth in lively, urban surroundings, are approaching investment opportunities with the same fresh, subversive and modern outlooks – contemplating their future priorities and next moves.

Some are using their wealth to break free from conventional luxury lifestyles tied to major cities, stressful workplaces or burdensome assets – expressing their investment tastes with commodities that are tied less to financial reward and more to their cultural identity. Research from Global Web Index illustrates this new acquisition motive, noting that 77% of luxury consumers would buy a product or service simply for the experience of being part of the community that built it. **As luxury marketing expert Pam Danziger notes, the new investment landscape is poised to become 'more about enabling people to become more of who they really are.'**

THE ALTRUISTERS

Championing the age-old idiom 'money talks', this group are voting with their investments, using their options and assets as a starting point for doing better.

As future investors – not to mention the founders, shareholders and boardroom members of the 2020s – the Altruisters are optimistic, entrepreneurial activists growing up in a world of revolutionary tech that facilitates their equitable and environmental aims.

Cult Wine Investment is already catering for this consumer preoccupation, 'future-proofing' the industry and investors' returns, through dedicated sustainable projects and practices. In 2021, the company received its Carbon Neutral Plus Certification from Carbon Footprint, which verifies that the company has not only neutralized, but significantly offset, its footprint, while its digitised version of wine trading – which relieves energy-exhaustive shipping and ownership models – has ethical credentials at its core.

For CEO and Co-Founder Tom Gearing, these considerations and initiatives are a necessary tenet of securing the growing consciously minded group. Investors now expect verifiable answers to questions about sustainability and ethics in a way that they never have before,' he explains. 'It's important they know every detail – from bottling to packaging to supply chains – the last two years have reframed people's expectations across categories.'

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As greater social awareness filters through UHNW communities, investors are beginning to think differently about their investments and the impact they will have on the future of people, the planet and wider social causes.

'This awareness of the objective of their wealth and work – that it should be used for better causes – is driving people to invest in sustainable portfolios,' explains **Oliver Williams, Head of WealthInsight. Research from FTI indicates that more than one in five investors (22%) across the globe consider issues to do with the environment, society and corporate governance before deciding where to place their money, while The Times reports that a further 42% plan to consider such factors in the future. As Nigel Green, CEO and Founder of London-based investment group deVere explains: 'The global pandemic has brought into laser-focus how the health of our planet affect human health which, in turn, affects the way we live and work.'**

Wealthy millennials in particular are keen to do more with their money. According to a recent survey by Boston Private, among wealthy US millennials there is greater desire to foster change in the community/world (51%) and contribute to improving society/community (40%) than among their Generation X and Baby Boomer counterparts.

With research from Deloitte indicating that $2.7tn (£2tn) of global UHNWI's wealth will be allocated to art and collectibles by 2026, the Altruisters will seize the opportunity to support future creatives, enjoying a sense of gratification in seeing their money help others, while reaping a return on their investment when their artwork begins to sell. Direct patronage, such as that offered by art investment platform Strada, points to this future, allowing luxury consumers to embark on life-long programmes in which they will be able to transparently track their investment and positively redirect capital.

THRILL SEEKERS

The resilience of the stock market has emboldened individual investors who now have a hunger for volatile investments. Drawn to the emerging, unregulated realms of cryptocurrencies and NFTs, this cohort pride themselves on their ever-evolving investment portfolio.

Striving to be at the cutting edge of new investment classes, this cohort aim to achieve the notoriety and success of the first pioneers in the crypto space, who remain the most vocal and successful. The anonymity of these new asset classes is enabling the group to carve out new forms of identity – emboldened by the possibilities of the digital space, where an avatar, pseudonym or even identity number can be an investment leader.

'Democratization is the big thing for a reason,' explains JPG's Spike. 'People have been excluded from traditional investing for so long that they want to invest in these new spaces that haven't yet been colonised and monopolized in the same way. People want to be the first and they want big returns, and you can't have insanely high returns in short time frames without massive volatility.'

Research from Deutsche Bank confirms these intentions. Its 2022 Future of Cryptocurrencies report found that less than half of US crypto-investors surveyed would sell some or all of their holdings, even if prices fell as much as 80%. The persistence of the 'hold on for dear life' strategy is particularly significant considering the market has dropped more than 30% in the last three months, as of February 2022, and 70% of investors still maintain the intention to increase their activity across the next 12 months.

Notably, this appetite is extending beyond the digital realm as Thrill-Seekers push for uninsured and exciting returns. 'The younger generation's willingness to invest in unproven markets is driving new asset classes,' explains writer Cam Wolf. 'Your nephew who evangelizes about cryptocurrency, invests in GameStop, and is currently dipping into the exploding NFT market is the target market for an investment in emerging asset classes.'

Thrill-seeker values need not be reserved for unproven asset classes, however, with the relative stability of wine investment able to act as a necessary control for those looking to diversify their portfolios and hedge against too much uncertain volatility. As Cult Wine Investments' Gearing explains: 'Now, even the most traditional investors are willing to push boundaries.'

HERITAGE-HUNTERS

Beyond financial growth, an emerging cohort are recognizing the cultural satisfaction in investing in assets of interest that mature in both quality and returns.

From established wines to emerging artists and rare antiques, a cohort of Heritage-Hunters are garnering value from the process of investing and watching their passions mature, as well as reaping assured returns. 'Emerging investors are increasingly seeing investments as an extension themselves,' explains Chris Sanderson, Co-Founder at The Future Laboratory. 'By investing in assets they feel a kinship with – that they can grow and develop with – this cohort receives more than a monetary reward for collecting and curating.'

A study from Lloyds Banking Group confirms this motivation, noting that one in six investors viewed their investment in alternative assets – wine, art and cars among them – as a hobby. When it comes to wine, data from auction house Sotheby's also reveals how younger consumers are increasingly driving this shift, with the average age of its fine wine bidders now about 40, compared to 65 back in 1990, and more than a third (38%) of respondents to its fine wine investment survey are aged under 35.

'Wine is an example of people turning a passion into an investment,' says Angie O'Leary, head of wealth planning at RBC Wealth Management-U.S. 'It's comparable to individuals who also choose to invest in scarce tangible assets such as rare coins, classic cars or antiques.' However, this passion investing goes beyond simply collecting for personal use, offering diversification and the potential for significant returns too.

According to Liv-Ex, a global marketplace for fine wine, the two-year return of 25.68% for fine wine has beaten the return from gold and crude oil, with prices majorly dictated by the scarcity of particular vintages. At the same time, interest in high-quality wine investments is also growing due to sustainability concerns, with wines' natural products cultivated organically, and many companies switching to fully sustainable production.

Outside of wine, Heritage-Hunters are also looking to street art and its financial potential as an outlet for their passion investments, driving interest in previously overlooked works by artists like Margaret Kilgallon. 'Street art has perhaps the strongest investment potential than any other genre in today's market,' says Clarendon Fine Art's Luci Stephens. 'Works from the major players continue to appreciate year-on-year, and we see auction results constantly being broken and returns are constantly exceeding expectations in both the public and private markets.'

PART FOUR: FACILITATORS

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Beyond the new class of investor, a key facilitator of the emergence of new alternative investment approaches is the technology supporting it all. From simplifying access to aiding fractional ownership and driving democratization, successful investment platforms are pushing for equitable and enhanced investment models across financial starting points – and they're poised for growth.

As TS Lombard's Blitz explains: 'In terms of financial tech and the suppliers of the infrastructure of that tech, which includes the software and the hardware of cryptocurrencies and the blockchains – we've hardly even scratched the surface.'

These emerging shifts are taking shape, however, and leading the growth of Agile Ownership, Autonomous Assets, Certified Cryptonomics and Peer-to-Peer Platforms.

AGILE OWNERSHIP

Unshackled from traditional institutions and offering a new approach to investing, aspirational HNWIs are turning to flexible investments that double as conduits to asset exploration, cultural discussion and community building.

Financial trading platform RobinHood is one case in point. As of January 2021, the app had over 22.5 million active users – with its no-commission brokerage model attracting beginner and experienced investors alike. Research from Motely Fool highlighted its generational draw, revealing that 40% of investors aged 18-24 and 36% of those aged 25-40 used the platform every month.

Appealing to the tendencies of the Identity Investors, Hong-Kong based start-up Fraction is a platform that enables aspirational luxurians to invest, sell and manage fractional ownership of a variety of assets. The organisation defines itself as a fully integrated suite of fractional ownership tools – covering the initial digitization and fractionalization of an asset as well as its subsequent trading on its native mobile application.

Reaching beyond UHNW communities, fractional ownership platforms are increasingly lowering access to entry. Art investment platform Masterworks.io allows investors to buy a tiny stake in paintings by world class artists for as little as $20 (£15). In 2022, the company is valued at $1bn (£757m), just five years after its inception.

For CEO and Co-Founder, Scott Lynn, the Masterworks.io model is the only way to democratise access to a previously exclusive class: 'Our view is that these artworks are an investable asset class,' explains Lynn. 'You should think of it just the way you think of stocks or fixed income. But historically there hasn't been a way to allocate to it unless you have millions of dollars to buy a painting.'

AUTONOMOUS ASSETS

Tech-led investment platforms are setting the stage for the new generation of investment, offering streamlined autonomous, and demystified iterations of traditional brokerage options that favour transparency and forgo unnecessary intermediaries.

The Cult Wine Investment platform, for example, prides its offering on giving users uninhibited accessibility to their investments paired with a bespoke client service. Its proprietary technology utilizes sophisticated data science to provide powerful insights into investment data to enable Portfolio Managers to make the best decisions on behalf of their clients. Its unique client portal enables clients to track and manage their portfolio and to receive personal buy and sell recommendations from the Cult Wine Investment Committee, liaise with their relationship manager, deposit funds, and explore a programme of events and experiences around wine. Clients can also enjoy their investment whenever they choose by simply requesting shipment of any of the wines in their portfolio through the Client Portal. The company leverages technology to create greater accessibility to the asset class, making investing in wine as effortless and enjoyable as drinking it.

'Previously fine wine embraced obfuscation. It sold and traded like it was a secret society,' explains Cult Wine Investment Founder Tom Gearing. 'There has been a huge opportunity to remove a lot of that inaccessibility and to facilitate the most important relationship, which is the two key stakeholders – the producer and the consumer.'

Similarly striving to provide a clear path to access between investor and consumer, US-based Yield Street gives investors access to alternative investments across asset classes that were previously unavailable to retail investors. Since its conception, the organisation has funded over $2.5bn (£1.9bn) in investments and has over 325,000 sole members on its platform.

CERTIFIED CRYPTONOMICS

Third-generation web technology is set to transform the way investors buy and trade in the digital realm. Offering pathways to more equitable economies, cryptocurrencies and blockchain technology are poised to reach critical mass.

'Analysts say there are only 50–100m people in the crypto-space today – it's clear to me we're about to welcome the next 250m people to the space, including large institutions and wealthy individuals,' writes Ian Rogers, explaining his move from Chief Digital Officer at luxury conglomerate LVMH.

With the global cryptocurrency market cementing a new economic foundation, financial services are increasingly legitimizing digital assets. For example, Anchorage Digital Bank made history in early 2021 when it became the first federally chartered digital asset bank. Its national bank charter gives the crypto-institution the same regulatory footing as other national banks in the US.

This legitimacy is now being harnessed by nascent marketplaces which are taking new approaches to acquisition and pricing. Describing itself as 'culture's stock exchange', Foundation turns goods and artworks into cryptocurrencies, with tokenized items growing in value as more collectors buy a piece. Similarly, Zora is an emerging marketplace for buying, selling and trading limited-edition goods. All of these items are launched as tokens by their creators, which enables their work to be dynamically priced according to supply and demand.

PEER-TO-PEER PLATFORMS

Peer-to-peer platforms are key in providing the necessary framework for the future of alternative investments, facilitating enhanced and trusted paths to recommendation, certification and trading that provides UHNWI, HNWI and emerging investment classes alike equitable access.

Certified Collectibles Group is comprised of eight independent offices and submission centres across Europe and Asia – providing expert and impartial authentication, grading and conservation services for items such as trading cards, stamps and coins. Bolstered by the rising popularity of these retro commodities, in 2021 the world's largest investment firm Blackstone bought a majority stake in the business – valuing the once humble operation at a staggering $500m (£378m). The move will allow the organisation to grow and develop its online presence – becoming the de-facto authentication service as the alternative asset class booms.

Harnessing the power of community collectors, CellarTracker is a crowd-sourced wine database that allows users to leverage the platform's data to manage their own collections. CellarTracker counts 11m annual unique visitors, and thousands additionally pay for the subscription service, which offers 9m reviews of almost 4m different wines.

To complement Cult Wine Investment, Cult Wines has recently launched CultX, a live trading platform for fine wine with lower costs, extensive data, and more stock than traditional auction alternatives. The app puts all the control in the power of the user, making it easy for anyone to buy, sell, collect, store and trade fine wine.

For Cult Wine Investment's Tom Gearing, the centralized cultivation of wine data and access is paramount to the asset's new investment status. 'The key to the success of our new platform – CultX - will be the wealth of data combined with Cult Wines' technological intellectual property. Expansive global historical data from Wine-Searcher together with our technology will enable transparent pricing for all vintages of the world's top 5000 investment grade wines. Assured provenance via blockchain technology and an unmatched depth of inventory of investment grade wine all underpinned by the powerful Cult Wine Investment technology will make CultX the next-gen wine trading experience.'

For the Asia-Pacific wine investment market, community recommendation is found on centralised social media outlets, with opportunities abounding for formalised investment platforms to harness the appetite for peer-to-peer ecosystems. **'Even if you look at China's biggest wine importers, like ASC or EMW, they're all very active on WeChat,' says The Drinks Business Hong Kong's Wang. 'That's where millennials are heading to make their purchasing decisions – they can get recommendations, be part of a community and buy commodities all in one place.'**

PART FIVE:
CONCLUSION

New-generation investors are redefining the alternative sector, bringing fresh attitudes, values and intentions that supersede mere financial growth. UHNWIs and HNWIs are redefining their investment strategies to work in a way that corresponds with their identities and aspirations, building diverse asset portfolios that are tasked with weathering the challenges and volatilities of the shifting financial landscape.

The assets driving this growth are equally diverse in their characterization – tapping into notions of rarity, the cultural zeitgeist or personal interest. Amid hyped sneaker sales and the emerging allure of NFTs, it's the dual market stability and heritage relevance attached to wine that marks it out as the true alternative stalwart. Beyond providing potential financial returns and being increasingly accessible thanks to the growing sophistication of platforms such as Cult Wine Investment, wine is a stable asset – allowing investors to diversify further in their own interests.

The new investor communities encountered in this report may cross generations and demographics and have different approaches. But it is undeniable that a holistic view of investment, where financial growth isn't the only priority, is present in every mindset. From the socially minded Identity Investors to the ethically considerate Altruisters, the risk-taking Thrill Seekers and the longevity-loving Heritage-Hunters – each community signals a shift in the financial landscape that will be realised in the years to come, with the accessibility offered by emerging and evolving tech platforms key to this change.

In order to fully grasp the investment opportunities of these emerging communities and to remain relevant for them and the shifting financial landscape, the investment sector must align with their mindsets. From facilitating new paths to entry to allowing autonomy and transparency, investment platforms and partners will have investors' values, as well as financial interests, at the centre of their offerings.

THE ALTERNATIVE WEALTH REPORT HIGHLIGHTS

$15.6 TRILLION
Alternative assets under management will reach record numbers by 2024
Source: Preqin

85%
UHNW are projected to enter the alternate asset market by 2024
Source: Ernst & Young

81%
Future is already being unlocked, with more than three quarters of UHNW currently investing in alternatives
Source: Ernst & Young

127%
Vin-vestments: Fine wine has increased in value on average 127% in the last 10 years proving its stability against volatile markets
Source: Knight Frank Wealth Report

$30 BILLION
the forecasted value of the sneaker and streetwear resale sector globally by 2030
Source: Cowen

37%
18-35 demographic admit that limited-edition sneaker purchases were motivated by the investment opportunity
Source: Harris Poll

47%
Millennial millionaires (HNW+) in the US have at least 25% of their wealth in cryptocurrencies
Source: CNBC Millionaire Survey, 2021

$2.6 TRILLION
of global UHNWIs' wealth will be allocated to art and collectables by 2026
Source: Deloitte

40
average age of fine wine bidder, compared to 65 back in 1990
Source: Sotheby's

$221,000
average investment by Cult Wine Investment, Americas investors in New York
Source: Cult Wine Investment, Americas

$320 MILLION
Cult Wine Investment AUM, which has seen a 50% increase YoY
Source: Cult Wine Investment

100%
increase in couples investing in wine with Cult Wine Investment, Americas
Source: Cult Wine Investment, Americas

23%
growth in new investors in Cult Wine Investment, Americas
Source: Cult Wine Investment, Americas

25%
Cult Wine Investment, Americas investors reside in Queens or Brooklyn
Source: Cult Wine Investment, Americas

83%
of Cult Wine Investment, Americas investors in California, live outside of L.A.
Source: Cult Wine Investment, Americas