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CULT WINES

SOLUTIONS FOR FINE WINE

HOW TO INVEST WITH CULT WINES

THE QUEEN'S AWARDS FOR ENTERPRISE: INTERNATIONAL TRADE 2017

WWW.WINEINVESTMENT.COM


CULT WINES
ESTABLISHED 2007

Cult Wines Investment Journey

CULT WINES

SOLUTIONS FOR FINE WINE

Choose your Investment Model

We offer two fee models for our portfolio management service, which is either an upfront 15% fee which covers all costs and services, or an annual fee of 2% per annum with a 5% initial account set-up fee. The table below details the two fee models and all the services they cover.

Management Fee Model	Option 1: **All Inclusive Fee**	Option 2: **On-Going Fees**
Up-Front Fee	**15%**	**5%**
Annual Fee	**0%**	**2%**
Access to Stock	✓	✓
Stock Reinvestments	✓	✓
Investment Proposal	✓	✓
Online Account & Valuations	✓	✓
Storage Account Setup	✓	✓
Storage & Insurance	✓	✓
Dedicated Portfolio Manager	✓	✓
Buy & Sell Advice	✓	✓
Delivery & Handling	✓	✓
Condition Reports & Photos	✓	✓
Portfolio Sales & Reinvestments @ 0%	✓	✓
Liquidation Fee	**0%**	**2%**
Minimum Investment	**£10,000***	**£25,000***

**Or equivalent in local currency*

Currencies:

The investment is valued in GBP however investors can transact in a multitude of currencies.

Once your portfolio is confirmed, we will email you an invoice for you to settle by wire transfer. You can pay into our accounts with HSBC London, HSBC Singapore or HSBC Hong Kong in:

GBP / USD / EUR / SGD / HKD / CNY / CHF

Our service includes:

Stock selection

Our team of experienced portfolio managers adhere to a stringent stock selection process ensuring you have access to the very best investment grade wines.

Over the years we have built up an enviable supply network across the globe with particular focus on Bordeaux, Burgundy, Italy, Champagne and California. This network gives us direct access to investment grade wines at the earliest point in the supply chain, guaranteeing provenance and advantageous pricing.

Storage

Cult Wines will arrange the storage of your wines throughout your investment term, in a privately segregated client account, at our state of the art bonded warehouse located in the UK (please see page 8 for more information). If you choose the all-inclusive fee model, Cult Wines covers the cost of storing your wines for the first 5 years. Thereafter we charge you £12.00 per 12x75cl (9 litre) case ex VAT per annum (subject to change). For clients on the on-going fee model, the 2% annual fee includes the storage and insurance costs of your wines.

Insurance

All wines are completely covered at their current market value for the full duration of your investment (please see page 8 for further details).

Handling and administration costs

No hidden administrative or servicing costs, ensuring transparency and peace of mind for our clients.

Portfolio tailoring

We structure portfolios to match the individual investment objectives of each of our clients.

Investment strategy

Our team of portfolio managers have a wealth of experience in the fine wine investment market. Your appointed portfolio manager has access to the most up-to-date market data and analysis available, through our dedicated and highly specialised research team, and is therefore able to advise you on the best possible investment strategy.

These strategies are revised on a regular basis as the market develops and weekly updates and regular reviews ensure that your portfolio is working its hardest.

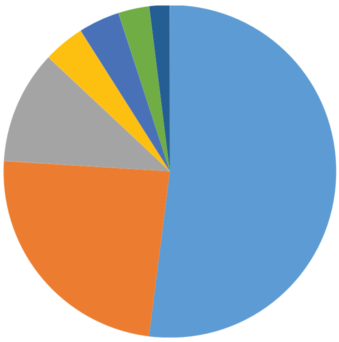
Online Management

Clients benefit from the ability to access and view their wine portfolio online, tracking its growth whilst viewing live valuations and reading the latest market reports.

Portfolio Creation

Our client holdings remain rooted in the classics; however, the market has never been broader and opportunities exist in a variety of sectors. Our investment research demonstrates the benefits of a diversified holding in terms of limiting volatility and our analytical approach ensures we un-earth value in all our stock selections.

A typical benchmark portfolio would contain selections from:



Bordeaux	52%	En Primeur, Physical, Prime, Off-Prime, Value
Burgundy	24%	Selected Producers, Grand Cru, Premier Cru, Village
USA	11%	Top tier producers from the California and Oregon
Italy	4%	Super Tuscans & selected producers from Piedmont
Champagne	4%	Iconic Houses/selected vintages
Rhone	3%	Selected producers from Northern & Southern Rhone
Rest of the World	2%	Selected producers from Australia, Chile, Spain etc

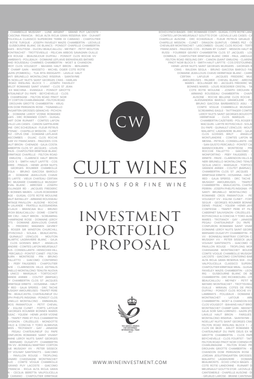
Starting your investment portfolio with Cult Wines begins with a discussion around your investment criteria and aspirations. A dedicated portfolio manager will help build a bespoke portfolio by understanding the following:

Investment: What is your initial capital investment, as well as your anticipated long-term capital commitments?
Risk Profile: Are you a cautious investor or do you have a greater appetite to risk and therefore stock selection?
Liquidity: How readily might you need to liquidate your holdings and receive funds?
Term: Do you see yourself as a short-term (3-5 years), medium (5-7 years) or long-term (10 years+) investor?

Each investor will get expert advice on portfolio construction and access to the best investment products through our rigorous stock selection process.

We will return to you our comprehensive and customised pre-investment proposal. Outlining the following:

- **Chosen risk profile**
- **Selection of wines**
- **Fees and costs**
- **Summary of Asset allocation by region**
- **Investment analysis and research**
- **Market outlook**
- **Projected returns**

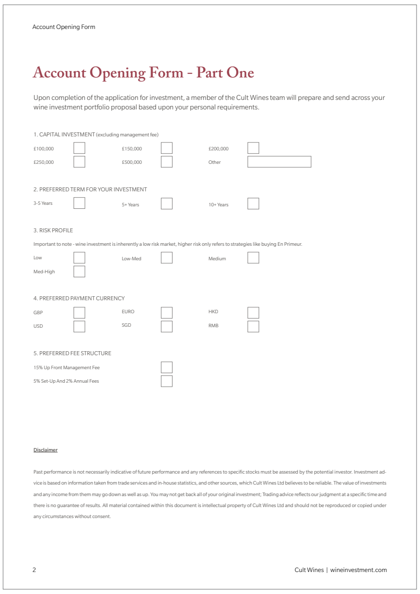


DOWNLOAD AN EXAMPLE PORTFOLIO PROPOSAL DOCUMENT

DOWNLOAD

Account Opening & On-boarding Process

Our account opening forms are simple and will be made available alongside the pre-investment proposal.


Account Opening Form

Account Opening Form - Part One

Upon completion of the application for investment, a member of the Cult Wines team will prepare and send across your wine investment portfolio proposal based upon your personal requirements.

1. CAPITAL INVESTMENT (excluding management fee)

£100,000 ☐ £150,000 ☐ £200,000 ☐
£250,000 ☐ £500,000 ☐ Other ☐

2. PREFERRED TERM FOR YOUR INVESTMENT

3-5 Years ☐ 5+ Years ☐ 10+ Years ☐

3. RISK PROFILE

Important to note - wine investment is inherently a low risk market, higher risk only refers to strategies like buying En Primeur.

Low ☐ Low-Med ☐ Medium ☐
Med-High ☐

4. PREFERRED PAYMENT CURRENCY

GBP ☐ EURO ☐ HKD ☐
USD ☐ SGD ☐ RMB ☐

5. PREFERRED FEE STRUCTURE

15% Up Front Management Fee ☐
5% Set-Up And 2% Annual Fees ☐

Disclaimer

Past performance is not necessarily indicative of future performance and any references to specific stocks must be assessed by the potential investor. Investment advice is based on information taken from trade services and in-house statistics, and other sources, which Cult Wines Ltd believes to be reliable. The value of investments and any income from them may go down as well as up. You may not get back all of your original investment; Trading advice reflects our judgment at a specific time and there is no guarantee of results. All material contained within this document is intellectual property of Cult Wines Ltd and should not be reproduced or copied under any circumstances without consent.

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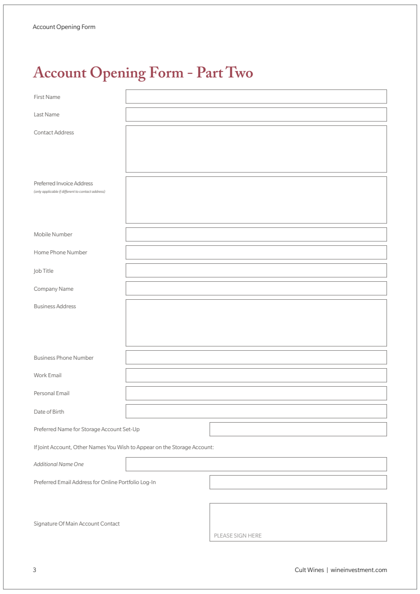
Account Opening Form

Account Opening Form - Part Two

First Name
Last Name
Contact Address
Preferred Invoice Address
(only applicable if different to contact address)
Mobile Number
Home Phone Number
Job Title
Company Name
Business Address
Business Phone Number
Work Email
Personal Email
Date of Birth
Preferred Name for Storage Account Set-Up
If Joint Account, Other Names You Wish to Appear on the Storage Account:
Additional Name One
Preferred Email Address for Online Portfolio Log-In
Signature Of Main Account Contact
PLEASE SIGN HERE

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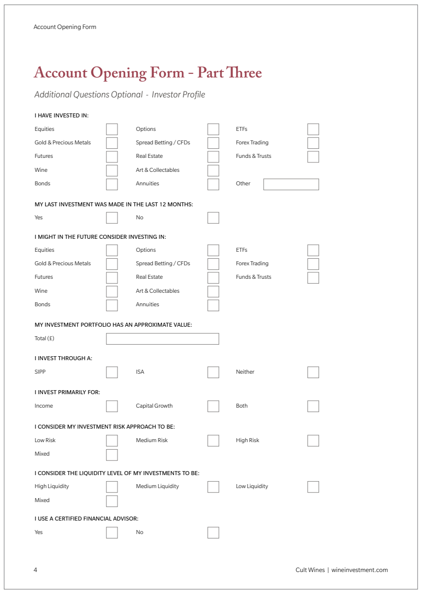
Account Opening Form

Account Opening Form - Part Three

Additional Questions Optional - Investor Profile

I HAVE INVESTED IN:

Equities ☐ Options ☐ ETFs ☐
Gold & Precious Metals ☐ Spread Betting / CFDs ☐ Forex Trading ☐
Futures ☐ Real Estate ☐ Funds & Trusts ☐
Wine ☐ Art & Collectables ☐
Bonds ☐ Annuities ☐ Other ☐

MY LAST INVESTMENT WAS MADE IN THE LAST 12 MONTHS:

Yes ☐ No ☐

I MIGHT IN THE FUTURE CONSIDER INVESTING IN:

Equities ☐ Options ☐ ETFs ☐
Gold & Precious Metals ☐ Spread Betting / CFDs ☐ Forex Trading ☐
Futures ☐ Real Estate ☐ Funds & Trusts ☐
Wine ☐ Art & Collectables ☐
Bonds ☐ Annuities ☐

MY INVESTMENT PORTFOLIO HAS AN APPROXIMATE VALUE:

Total (£)

I INVEST THROUGH A:

SIPP ☐ ISA ☐ Neither ☐

I INVEST PRIMARILY FOR:

Income ☐ Capital Growth ☐ Both ☐

I CONSIDER MY INVESTMENT RISK APPROACH TO BE:

Low Risk ☐ Medium Risk ☐ High Risk ☐
Mixed ☐

I CONSIDER THE LIQUIDITY LEVEL OF MY INVESTMENTS TO BE:

High Liquidity ☐ Medium Liquidity ☐ Low Liquidity ☐
Mixed ☐

I USE A CERTIFIED FINANCIAL ADVISOR:

Yes ☐ No ☐

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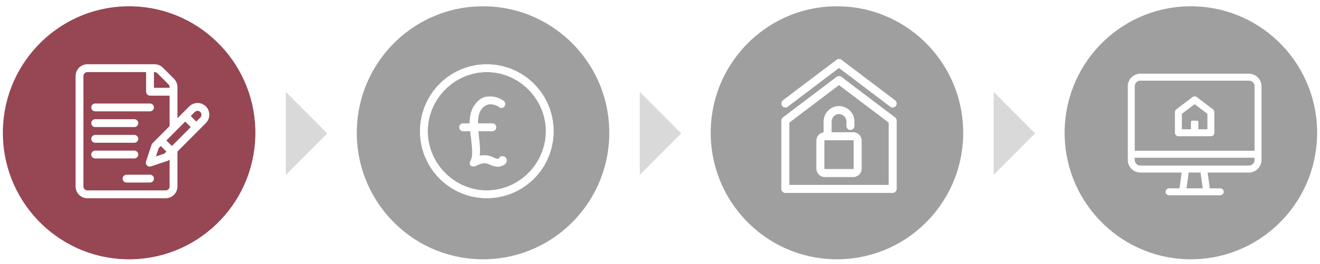
All investors need to do is send us the completed and signed account opening form. We will then promptly send invoice for payment.

Investors can select the payment currency of their choice and once payment is made, investors will receive online log-in information, where they can manage and track their investment as well as the records of ownership.

Online portfolio valuations are available 24 hours a day and are updated daily.



AGREEMENT

Portfolio agreed with client and agreement signed.

PAYMENT

Invoice for payment generated and payment made.

STORAGE

Segregated sub account set-up at bonded warehouse.

ONLINE PORTFOLIO

Log-in details for mark-to-market valuations and ownership records.

Storage, Insurance & Ownership

Storage

Cult Wines have always prided ourselves on being able to offer an industry leading long-term storage option for private clients.

Investors' wines will be stored at our brand-new storage facility in partnership with the London City Bond network. Located in Melksham (Wiltshire), the 24,000 sq. ft. warehouse will allow all private client reserves to be stored in isolation from other trading accounts.

Our Operations team works alongside London City Bond for a complete warehouse solution, offering:

- ✓ Dedicated warehouse staff offering speed of service for all customers.
- ✓ Individual customer sub-accounts, providing greater security of asset ownership.
- ✓ Full-coverage temperature and humidity control.
- ✓ State of the art photographic studio available for all cases.
- ✓ Additional authenticity checks using specialist equipment and training.
- ✓ Comprehensive replacement-value insurance policy for all stock.
- ✓ Protection against fire hazard.
- ✓ 24/7, 365-days a year security.

If you already have your own storage account or would like to arrange an alternative solution, we will be happy to make the necessary arrangements.

Furthermore, if you would like your wine to be held outside the UK, we can make arrangements on your behalf through our current international logistics partners - Crown Wine Cellars in Hong Kong and Singapore Wine Vault in Singapore.

Insurance

Cult Wines has a comprehensive insurance policy with Marsh to fully cover the contents of the warehouse against all risks of physical loss or damage.

Ownership

Our investors feel security at all times through title of ownership of the wines. All wines are placed in individual customer sub-accounts at the professional warehouse facility.

If Cult Wines ceases to trade at any time the clients will be protected as they own the underlying asset.

On-going Management & Reporting

The Cult Wines Team is there to nurture, grow and protect your money and assets. Portfolio Management clients will receive regular portfolio reviews, relevant research and first access to investment opportunities.

All clients can access their portfolios through the online portal and will have 24/7 support from their dedicated portfolio manager.

An example of what the online portfolio shows and looks like can be seen by logging into our example account:

www.wineinvestment.com/login

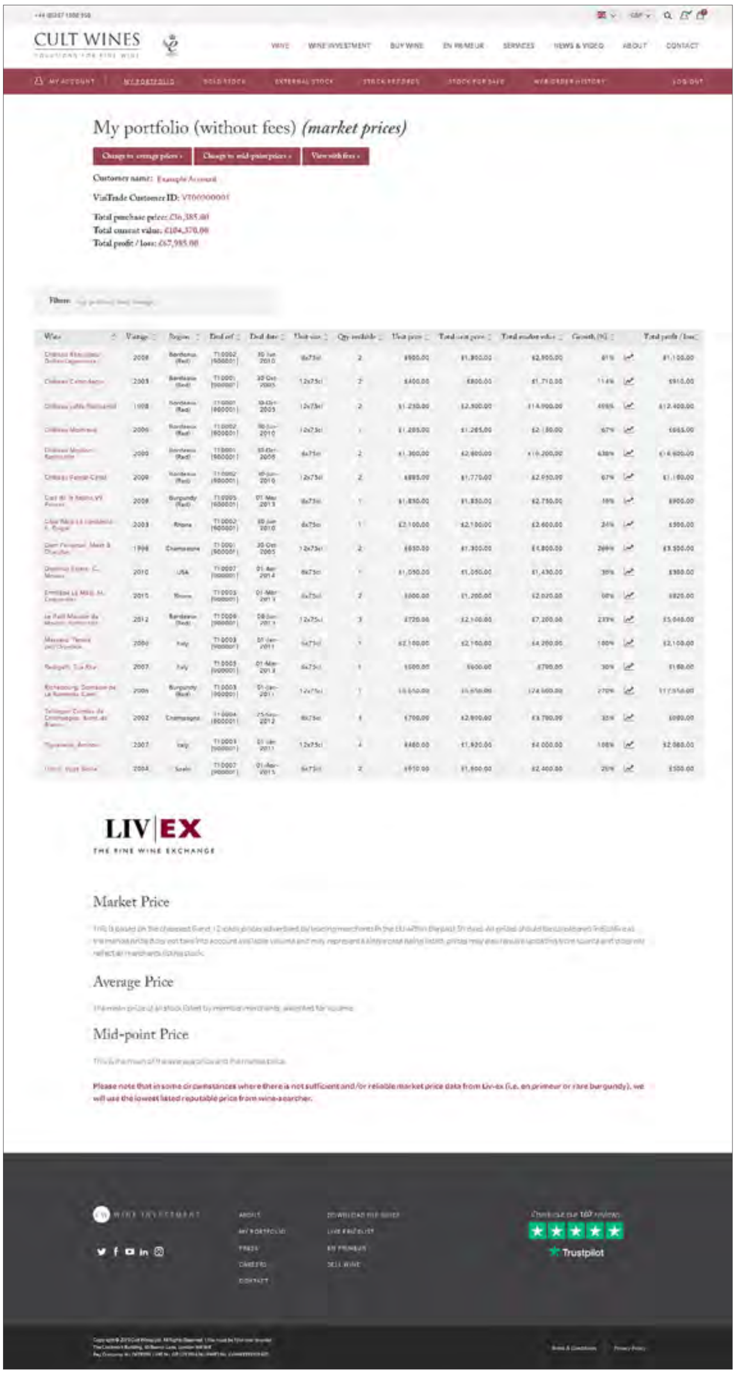
Username: info@cultwinesltd.com
Password: cultwines

Clients can expect to build up a personal relationship with their portfolio manager.

Typically, clients will request quarterly or annual statements on their account, but the team are on hand to assist at all times.

Whilst the portfolios are tailored to the individual, the wider stock management and buy/sale recommendations are decided by our investment team.

When a specific stock or strategy requires attention, this will be passed down to the client via their portfolio manager and discussed in relation to their specific holdings.



Cult Wines' holistic approach to the wine market means that clients receive all the information they could ever need to make the most out of their investment.

Selling Your Wine

How do I sell my wine?

One of, if not, the most crucial considerations when investing in passion assets is future liquidity. Cult Wines provides an end-to end-service, which enables clients to view fine wine as a viable and easily accessible addition to their traditional investment portfolio.

Cult Wines operates a dedicated trade and wholesale business, which has won a number of high-profile awards in recent years for their contribution to the international trade market. Most notably, the Queens award for international trade and enterprise in 2017, only the second time this award has been presented to a UK based wine company.

We currently work with a network of 400+ wine companies with a global reach across all key importers in North America, mainland Europe and the Far East. Additionally, we have established a vast database of traditional private collectors whom have access to our live stock list which is updated on a daily basis. At any one time, this will on average feature £3-4mil + of available stock which can be transferred to any destination across the globe within 2 weeks of purchase.

What is the process for selling my wine?

Clients can liquidate any of their holdings at any stage of the investment term. The typical process for listing stock would be following the portfolio manager's advice to sell a certain position, based on future investment forecasts and risk assessment undertaken by our investment team. This transaction would be approved as follows;

CONTACT

Portfolio manager contacts client with recommendation to sell, along with supporting rationale.

AGREE

Client agrees to sell. List price and reserve prices are then agreed.

LIST

Stock is then listed and made available to trade via various platforms.

SELL

Stock is sold and proceeds are transferred to client's sub account for refund/ re-investment.

PROCESS

Typical timeframe for selling stock 6-8 weeks*.

**please note this can vary depending on size of the portfolio and market conditions.*

Clients can view their current stock for sale with list and reserve pricing at all times, allowing them to track the ongoing liquidation of their wines.

Can I sell my wine through an auction platform?

In short, the answer to this question is yes but there are few, if any advantages to pursuing this over using our trade platform. Auctions fees are high and there is of course no guarantee of a sale at desired levels.


ESTABL
GRAND VIN
DE
CHATEAU LATOUR
PREMIER GRAND CRU CLASSÉ
2010
PAUILLAC
2013
Bourgogne
APPELLATION BOURGOGNE CONTROLÉE
CHARDONNAY
DOMAINE COCHE-DURY
C. & R. COCHE
MONOPOLE
1991
SOCIÉTÉ CIVILE DU DOMAINE DE LA ROMANÉE-CONTI
LA TÂCHE
APPELLATION LA TÂCHE CONTROLÉE
Bouteilles Récoltées
BOUTEILLE Nº 10408
ANNÉE 1991
Mise en bouteille au domaine
GRAND VIN
PREMIER GRAND CRU

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