



WESTGARTH

Wine Investment Brokers



“Alexander Westgarth has been advising me on my wine purchases for almost a decade. Indeed it was he who first explained the concept of fine wine investment to me. Thanks to his friendly advice, wisdom and knowledge I have been able to create a valuable portfolio of classic Bordeaux vintages, which now forms a major part of my assets.”

John, Castle Douglas, Scotland

“Although I was unsure at first, investing in fine wines has proven to be a wise decision, which in some cases has yielded a substantial four-figure percentage gain over a handful of years. I’ve found the whole process extremely enjoyable and I’m now in the fortunate position of being able to drink some of the finest wines on the planet and still sell the rest on for much more than I put into the market.”

Rod, Santa Cruz, Bolivia

“When I was first contacted about investing in wine, the money in my bank account really wasn’t doing anything, so I decided to take the plunge. Seven years later I’m happy that I was given the opportunity.”

Phillip, Boxford, England

Welcome to Westgarth

For Proven Investment Performance, Choose an Asset that's more than Just Delicious

Fine wine offers you a sound and lucrative investment. While traditional investors have only fairly recently discovered this, collectors have known about wine's profit-making value for hundreds of years. Through the centuries, shrewd wine lovers have been selling part of their collections as a way of subsidizing their consumption.

A renaissance in the market over the last two decades has let the secret of fine wine out, and the mainstream investment community has pricked up its ears. The word on fine wine is that it's not just for the privileged few: wine is an ideal choice for everyday investors looking to diversify their portfolios. Choose wine and you'll benefit from a proven market that is stable, relatively detached from the mainstream, and consistently shows double-digit returns. What's more, wine offers you a great hedge against inflation.

Westgarth's fine wine brokerage service gives you simple access to an asset that's not only delightful but can deliver you substantial gains. Acting as agents, we take care of sourcing your wine and we'll also organize

storage and insurance, while you remain in complete control over your investment. Thanks to our links with the UK, you'll benefit from the most developed secondary fine wine market there is. You'll also enjoy access to Corsham Cellars, the world's leading wine storage facility. Keeping your wine in unparalleled conditions allows you to secure a fast and fruitful sale once you've reached your investment goals or need a quick turnaround.

We bring you the advantage of our many years of experience in UK wine investment, along with a sound knowledge of the US financial services industry. We continually monitor the London International Vintners Exchange (Liv-ex) and many other third party fine wine authorities, ensuring our advice to you is always informed by the latest trends in the market.

At Westgarth we place great value on building a personal relationship with you. Our priority is to listen closely to your specific needs and then tailor a bespoke portfolio to meet them. Through this winning strategy, we have had the honor of fulfilling the dreams of many investors. We look forward to learning how we can help you fulfill your aspirations.

...a performance analysis of fine wine since 1950 indicates an average annual return of 15%.

William Beck, Financial Times special report, May 20, 2008





How to Succeed in Wine Investment

To invest successfully in fine wines, three factors are paramount: expert knowledge, access to wines of distinction, and the security and infrastructure of the UK market.

Knowledge

Specialist knowledge is critical to achieving a great return. For many years this knowledge was unavailable outside certain circles. In the Internet age, third party opinions are rife but information can be hard to verify. By opting for Westgarth's brokerage service, you can be confident that your investments will be backed up by accurate, professional advice, maximizing your profit-making opportunities.

Westgarth keeps a close eye on the London International Vintners Exchange (Liv-ex). Founded in 1999, this is a global online trading platform that allows merchants not only to trade fine wines but to track their price history. Our steadfast attention to Liv-ex ensures that our clients benefit from advice informed by the very latest trends in the market.

Although various indices have been created in the past, the Liv-ex100 has become the industry benchmark. The Liv-ex100 tracks the top 100 investment wines. The Liv-ex50 tracks the last 10 vintages of the five First Growth wines.

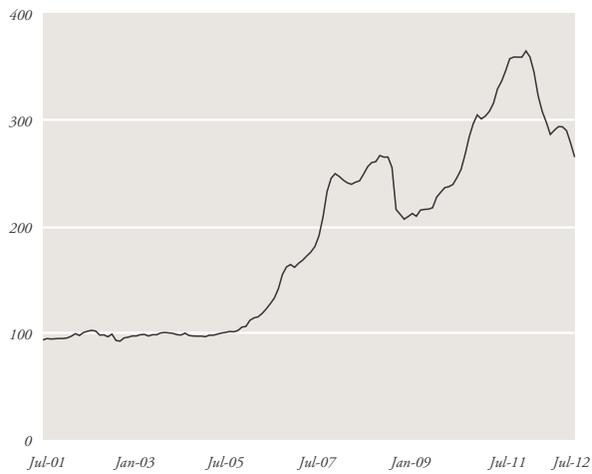
Access to the finest wines and the largest secondary market

At 30 years of age the company's founder Alexander Westgarth has already achieved an impressive 10 years of experience as a wine investment broker in London. The contacts he has established during this period have opened up access to vast quantities of the most prized wines—including those controlled by négociants, wholesalers and private collectors. As a Westgarth client, you'll be able to reap the rewards of an exclusive selection of wines with a strong potential for capital gain.

The Westgarth team's blend of experience and youth means that we're not only in a perfect position to offer you smart advice, we'll also be able to see your investment all the way through to fruition in the future. When you come to sell your wine, the Westgarth service offers you an open door to the UK market—the most liquid and developed secondary wine market in existence. With access to the largest market, you'll gain the biggest scope for financial success too.

Live-ex's Fine Wine 100 Index, the London International Vintners Exchange tracks the price movement of the world's 100 most sought after wines.

William Lyons, The Wall Street Journal, September 19, 2010



Liv-ex's Fine Wine 100 Index

What Westgarth Will Do for You

You'll find Westgarth's service-oriented approach to trading straightforward yet effective. We will act as your agents to source and secure your wine for you. Once purchased, we will arrange via Nexus Wine Collections one year of storage and insurance in the world's foremost facility, Corsham Cellars. World-class maintenance ensures that when you come to sell, your wine's provenance will quickly secure the optimum prices.

Unlike other wine investment companies, our fees are completely transparent. We sell you wine at the price we paid for it, simply adding a 15% management fee. This fee is a one-time charge, payable on purchase, and covers the complete sourcing and storage package detailed above. With Westgarth you'll know straight away the cost of managing your investment, as there will be no extra, hidden charges waiting for you later on down the line—even when the time comes to sell.

As a Westgarth client, you will receive:

- **Accurate, unbiased advice:** As agents we do not carry stock ourselves, and have no vested interest in recommending any particular type of wine. Our neutral position leaves us free to offer advice without bias, keeping the client's needs always our top priority.
- **Up-to-date information:** Keeping you informed of market trends and opportunities on a regular basis, we will act as your ears and eyes to the market.

- **One year of storage and insurance:** Through Nexus Wine Collections, we will cover the first year of storage and insurance at Corsham Cellars for the wines you purchase. (Nexus' terms and conditions will apply. After the initial one-year period, you will be responsible for any fees payable to Nexus.)
- **Full ownership:** Once your wine is bottled and held in your account, it will be owned solely by you, allowing you to sell it to anyone you wish.

For bottled purchases, all wine cases will be clearly labeled with HM Revenue & Customs approved rotation numbers. Wines will be held in your account, and not in the company account on your behalf.

For En-primeur purchases, your wine will be delivered directly from our suppliers into your private account immediately after bottling — without us ever having custody.

- **The option to sell through us:** We can sell your wine for you commission-free, although you are under no obligation to use this service. (Third party fees may apply.)
- **Free photographic condition reports:** On all cases purchased at a price of \$7000 or more.



Wine is one of the last great commodities in the world to be dragged out of the dark ages and traded on a global index.

Claer Barrett, The Financial Times, December 5 2011

The Beauty of Fine Wine as an Investment

Though it's viewed by the majority as simply a pleasure, fine wine offers you much more. It's a reputable, common-sense investment with unique benefits. These are based on the simplest of economics: supply and demand.

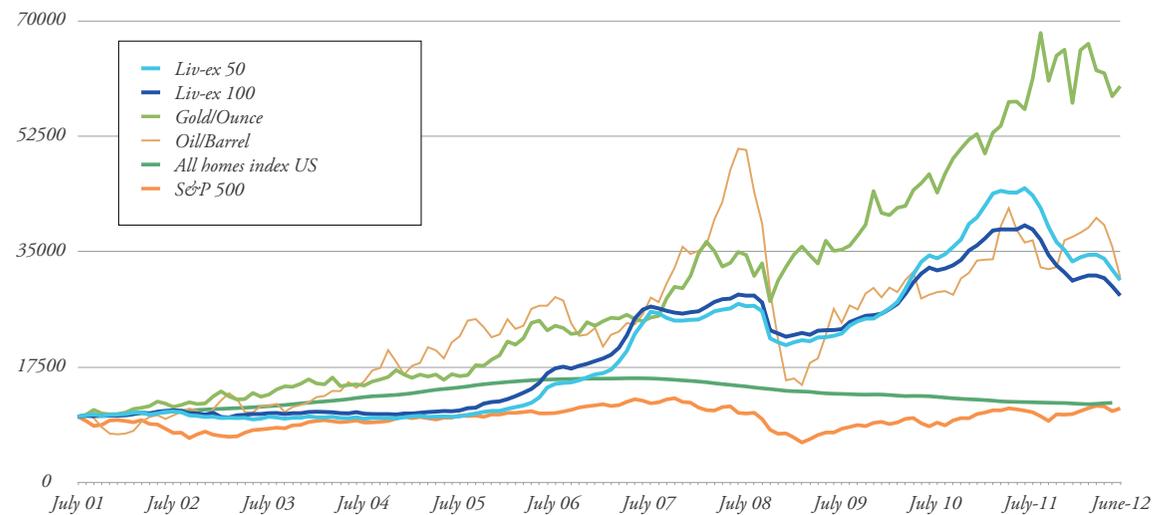
- The supply of fine wine is limited, and its quantity decreases as it's consumed
- Meanwhile, the demand for fine wine is consistently rising pushing up its price
- Wine has a proven history of high capital growth; over the last 10 years, it has been one of the best performing asset classes
- The fine wine market is regarded as stable
- Wine offers the reassurance of a medium to long-term investment
- Wine is a physical asset and therefore offers excellent inflation protection
- Fine wines tend to improve over the course of their drinking window
- The richest people in the world will continue to drink the world's finest wine, regardless of the economic climate

What all these factors add up to is a promising outlook for your wine's profitability in the future.

Fine wine is also a better investment than equities and commodities...

Wine not only managed to weather the recession and the stock market crash, it thrived in comparison with the others.

Jeremy Gaunt, Reuters, March 1, 2011



Graph comparing a \$10,000 investment in wine against different assets: oil, gold, s&p500 Us property index, liv-ex 100 and liv-ex 50

Creating the Perfect Portfolio

To maximize your return on investment, Westgarth recommends that you invest primarily in the five Bordeaux First Growth wines: Lafite Rothschild, Latour, Margaux, Mouton Rothschild and Haut Brion. We source and sell these five along with Petrus, Ausone and Cheval Blanc—collectively known as the ‘Big Eight.’ Due to their history of superior performance, these eight wines should be the backbone of every portfolio.

History of the Bordeaux Classification

Bordeaux was classified into its ‘Growths’ in 1855 as Napoleon III prepared for the Great Exhibition in Paris. Judged by merchants of the time, wines were tiered according to their price and quality—from First Growths for the top ranking wines, down to Fifth Growths.

Although these historical rankings remain much the same today, it’s worth noting that the quality of certain estates has changed. This is why the price of a Bordeaux wine does not necessarily relate to its ‘growth status,’ Pontet-Canet and Lynch-Bages, for example, are both ‘Fifth Growth’ wines but widely used as investment vehicles today. Although neither Pomerol nor Saint-Émilion was included in the 1855 classification, today these estates produce some of the finest wines in the world.

Selecting your wine

Westgarth remains open to all categories of Bordeaux, as well as fine wines from Burgundy, Italy and California. We only select the very finest award-winning wines with established investment performance records, competitive pricing and a proven secondary market. In doing so, we ensure for you a portfolio based on prudent decision-making, with strong indicators of moneymaking potential.

Though there are many top quality vineyards—some renowned, others almost unknown—we believe there is little substitute for the consistency, reputation and tradition that the top chateaux maintain. For example, a twelve-bottle case of 1982 Lafite Rothschild was originally available for \$275 and now, 30 years later, trades at above \$60,000—an annual return of 20%.

If you had purchased one case of each of the five first growth wines in August 2001, ten years later your investment would have increased annually by 19.70%.

Chateaux 2000 Vintage	Aug 2001 Release Price \$	Aug 2005 price \$	Aug 2010 price \$	Aug 2011 price \$	Annualized compound return
Lafite Rothschild	3061	4747	27397	34144	27.28%
Latour	3571	5374	14409	18335	17.77%
Margaux	3353	5372	13429	15241	16.35%
Mouton Rothschild	3061	4299	12075	17606	19.12%
Haut-Brion	3061	4210	8441	11934	14.58%

Source: Liv-ex.com; compound interest calculated annually over 10 years

For reliable investment-grade wine, look only to France, principally select wines from Bordeaux, and a few from Burgundy and the Rhone Valley.

Michelle Lodge, CNBC, January 26, 2012



Proven Strategy for Investment Success

When the demand for a particular wine outstrips its limited supply, the value of that wine rises. As with all investments, the key to success is being able to judge the right time to buy the right wine for the right price—to buy relatively cheaply and accurately predict a value increase. Westgarth's expert knowledge and experience of the UK wine market can help you make this scenario a reality.

Some might argue that today's market is driven more by brand than by the wine critics. That's why at Westgarth we place so much emphasis on being aware of the trends happening in today's marketplace.

The traditional times to purchase wine are en primeur, when it is still in the oak barrel, or just after it has been bottled.

En Primeur

Sometimes referred to as a 'wine future,' en primeur is unbottled wine which has not yet left the chateau. During its two years of aging in the barrel, a fine wine develops more quickly than it does in the bottle. The en primeur stage is often the least expensive time to buy, but can also be the most speculative.

Westgarth spreads risk across different fine wines in any given en primeur campaign. For example, by purchasing a single case of each of 2008's 'Big Eight' vintage in spring 2009 and selling in spring 2011, we achieved for our clients an annualized return of 40%.

We'll create for you a balanced fine wine portfolio, spread across regions, and between physical (bottled) stock and en primeur. Depending on a client's risk tolerance, the spread will be a structured mixture of:

- The very best examples of the very best chateaux
- Value examples of the very best chateaux
- Trend purchases

Westgarth recommends that you hold your wine for a minimum of five years, after which time—depending on the strategy—some can be sold to create organic growth. Many of the most successful investors have retained ownership of their fine wines for 10 to 15 years, selling to restaurants once the optimum drinking age has been reached.

Ex-finance types swear by a rigorous analytical approach usually resulting in risk-averse Bordeaux-only portfolios.

Ella Lister, The Financial Times, June 19, 2012

En Primeur return of the Big Eight from the 2008 vintage:

<i>Chateaux 2008 Vintage</i>	<i>En-Primeur release price spring 2009</i>	<i>Bottle price Spring 2011</i>	<i>Annual en-primeur growth</i>
<i>Lafite</i>	<i>3109</i>	<i>22066</i>	<i>166%</i>
<i>Latour</i>	<i>4847</i>	<i>13686</i>	<i>68%</i>
<i>Margaux</i>	<i>2665</i>	<i>9263</i>	<i>86%</i>
<i>Mouton</i>	<i>2665</i>	<i>13269</i>	<i>123%</i>
<i>Haut Brion</i>	<i>3151</i>	<i>9013</i>	<i>69%</i>
<i>Ausone</i>	<i>11822</i>	<i>14187</i>	<i>10%</i>
<i>Cheval Blanc</i>	<i>5170</i>	<i>6676</i>	<i>14%</i>
<i>Petrus</i>	<i>30038</i>	<i>36719</i>	<i>11%</i>

Source: Liv-ex.com

The Influence of Wine-Tasting Greats

Because successful wine investment depends on a high demand for the wine you've invested in, it is important to pay close attention to the world's leading wine critics. These individuals hold real power to influence global buying trends.

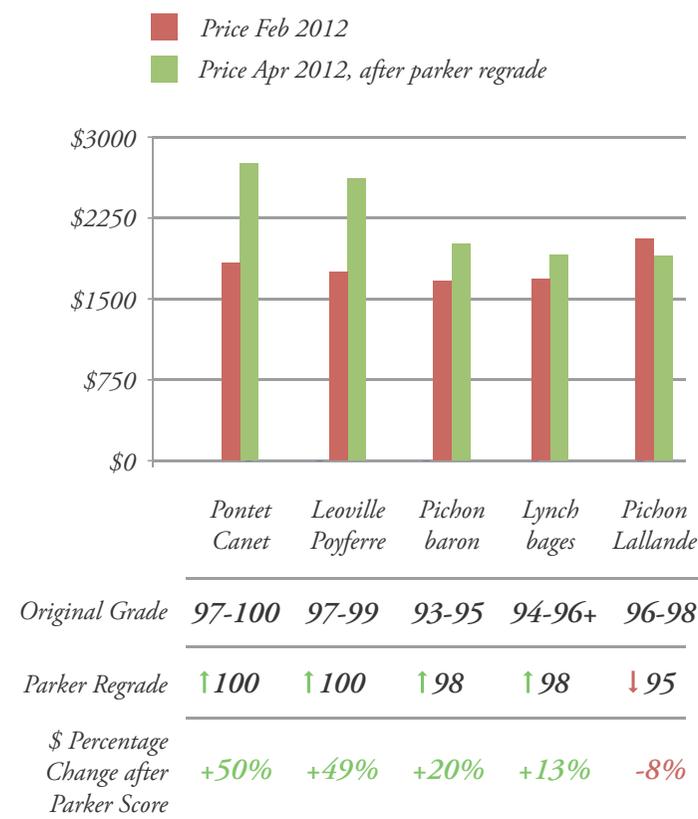
Westgarth will only source wines that all the top tasting professionals agree on. However, there is one outstanding critic we pay particular attention to, and that is Robert Parker Jr. Parker is by far the most influential critic in the world, and has held the greatest authority over the market for decades.

Robert Parker established a new wine scoring system in the 1970s, in the belief that the traditional 20-point system did not give enough flexibility to truly differentiate a wine's quality. Parker scores range from 50 to 100. Under his system, investment grade wines are scored 90-95 for those considered 'outstanding' and 96-100 for those deemed 'extraordinary'.

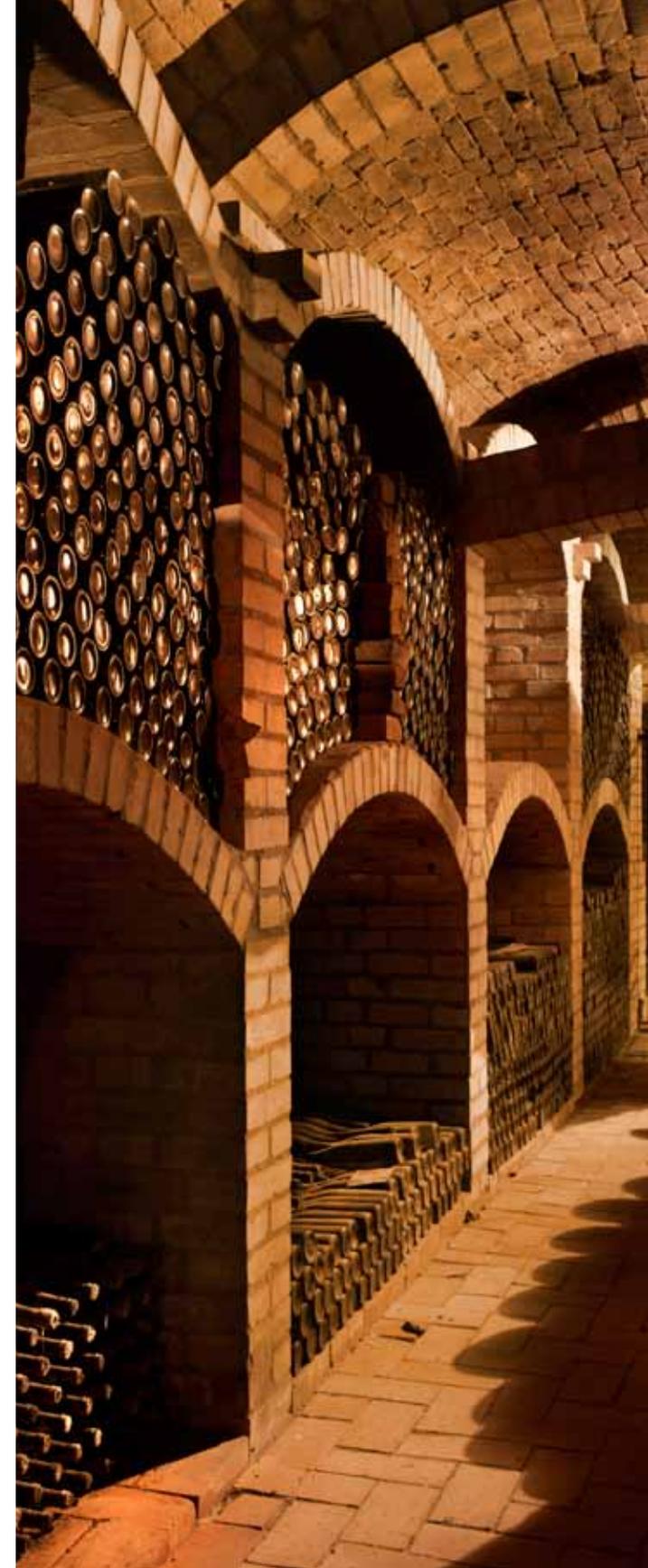
The importance of Parker points cannot be stressed enough. According to recent research there is a strong correlation between a highly rated Parker wine and its subsequent return on investment.

Wine Investment Guide, Decanter, December 18, 2008

You can see from the bottle tasting of the 2009 vintage (below) that Robert Parker scores can have a considerable effect on the price of a wine. However, there are other highly prominent critics that we also listen carefully to: Jancis Robinson, James Suckling, Neal Martin and Jeannie Cho Lee. Any of these wine-tasting experts may one day take Parker's place.



Source: Liv-ex.com and erobertparker.com





Keeping fine wine stored in a quality cellar like Corsham can add as much as 20% come auction day.

Jamie Merrill, The Independent, January 13, 2012



Corsham Cellars and the UK

The arrangements we make for the storage of your purchased wines depend on the stage at which they are bought. En primeur wines are stored in Bordeaux at the chateaux. If physical stock, or once it becomes physical, your wine will be stored at the world's greatest wine storage facility: Corsham Cellars in the UK.

Corsham Cellars is a Government-bonded warehouse in Wiltshire. Through Nexus Wine Collections, we're able to secure highly sought-after, preferential storage inside the old Bath stone mine, which currently contains \$1.5 billion of wine owned by collectors worldwide. This historical facility situated 100 feet below the ground was originally used by the military as a bombproof ammunition store.

The Cellars offer an exceptional environment for wine storage: the temperature is at a perfect constant, natural light and vibration are non-existent, and humidity and fresh air are controlled to be at their optimum. Use of this unrivaled storehouse will allow you to preserve your wine at its best and maximize its sale value.

The UK market is the global pinnacle of wine investment, with its epicenter in London home to Liv-ex, and a host of fine wine investment specialists and funds. The United Kingdom's 900-year love affair with wine began when Bordeaux came under English rule in the time of Henry II. It is due to this ingrained passion that wine is traded in a more established and serious way on the UK's secondary market than in any other country.

Another prime advantage of UK wine investment is the benefit of the 'in-bond' system. In-bond wines are stored in a select group of warehouses regulated by HM Revenue & Customs. These wines have not yet officially landed in the UK, and so haven't had VAT tax paid on them. VAT becomes payable once wines are delivered anywhere in the UK—but if you choose to sell your wines in bond, you will never pay this tax. For this reason, storage in bond gives you the potential to make significant savings.

The result of the UK Government's stringent regulation of the market is highly traceable wine provenances and an outstanding level of protection—instilling you with confidence in your investment.

Key benefits of UK storage and sale:

- The UK has the world's largest secondary market for fine wine
- Wines can be traded on the London International Vintners Exchange
- Wines stored in the UK are exempt from VAT tax if kept 'in bond'
- Government tax regulations enable a wine's provenance to be traced in full.
- Wines stored and sold in the UK will have avoided the risk of damage associated with long distance travel
- Holding wines in British pounds could be a hedge against a weakening US dollar



WESTGARTH

Wine Investment Brokers



WESTGARTH

Wine Investment Brokers

Tel: +1 855 345 3844

Web: westgarthwines.com

Email: info@westgarthwines.com

Head office

Westgarth
475 Washington Blvd
Venice
CA 90291
United States
Tel +1 855 345 3844
Fax +1 310 396 5359

UK office

Westgarth
Tocher House
Start Hill
Bishops Stortford
CM22 7TA
United Kingdom
Tel +44 (0)1279 719199

Disclaimer

Westgarth is not registered as an investment advisor and not regulated by the Security and Exchange Commission or any state securities regulatory agency. Westgarth does not offer financial advice on any asset other than wine. Investing in wine involves risk as prices fluctuate. We advise you to seek independent financial advice before investing in wine.

Westgarth does not buy or sell alcohol for consumption within the United States.

Westgarth Wine Investment Brokers Inc. Californian Corporation number 3470223 doing business as Westgarth.