



The Angels' Share

Wine investment has blossomed in recent years, but could whisky offer a better return? **Jessica Ng** investigates

An ice cube slips into the thick crystal glass. Condensation forms, and a solitary dewdrop slides down the outside of the tumbler, joining a gathering pool on the dark mahogany table. The sepia-toned room is filled with heavy wood accents that define the gravitas of the space. Cigar smoke permeates the room, percolating the heavy upholstery and creating a slight haze over the scene. A rich amber liquid within the glass gradually lightens with the melting ice – an alluring dram of fine whisky waiting to be savoured.

This is fast becoming a typical scene in Asia, where the demand for whisky has risen to rival the more mature markets of the UK and the US. And over the past few years, there has been a growing trend of aficionados ready to put their money where their mouths are and invest in whisky as well as drinking it.

“Whisky is the new red wine,” opines Maria Leung of Citigold Private Client. She explains, “There’s always been a loyal following for whisky. Traditionally, whisky was more for men. But I think now, whisky has also started catching on for women. That’s why people say whisky is the new red; I think this trend will continue.”

Leung explains, “Wine caught on the last few years, especially when Hong Kong waived the import tax, and it has now become the top auction market in the world. I think Hong Kong has overtaken New York as the top auction market primarily because of the proximity to China.” As China further develops its collective palate for luxury liquors, Leung concludes, “After wine, the next big thing is whisky.”

The number of whisky connoisseurs has been steadily climbing in Asia, with many realising that the drink is also

Left
Whisky can provide significant returns on each bottle - or barrel - if you invest wisely



a prime investment option. According to Ronnie Cox, the brand heritage director of BBR Spirits, “The concept of whisky collectors is in its infancy, although rapidly expanding.” In Europe, whisky collecting came into vogue in the 1980s. It then spread to the US, before recently finding favour in the East. Cox says, “Taiwan, Mainland China, Singapore and Hong Kong are all emerging markets following other countries such as the UK, Germany, the US and Italy.”

On the rise of whisky collectors in the region, Dr Thomas R Meier, CEO for Asia at Julius Baer, says that this trend is evidence of “how the high-net-worth community has started to mature and connect to the wider world.” Meier continues, “It shows quite clearly that the investor or the wealthy individual, also in China, has begun to open up. He’s picking up the global themes.”

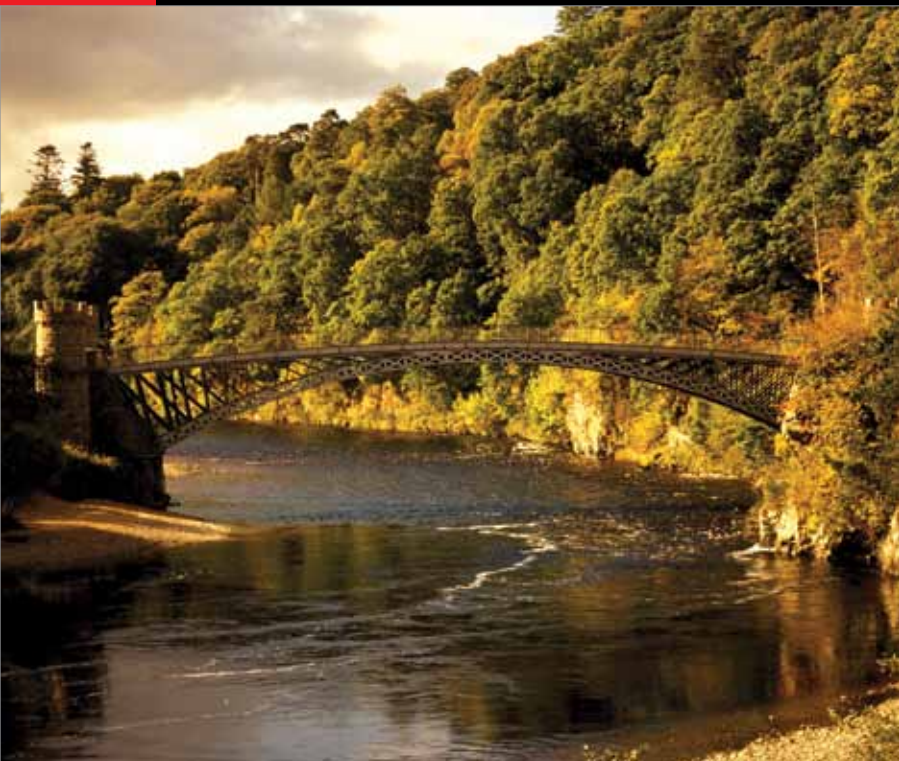
Having an enviable selection of drams at one’s disposal has long been a status symbol, and for the burgeoning nouveaux riches of Asia, this amber nectar is cottoning on. Meier observes, “It’s about trying to connect with what is, at first glance, very exotic. But it shows that these guys have

travelled. They have all of a sudden come across something they love; they develop a certain love for things unimaginable some years ago.”

However, it isn’t just the prestige that comes from amassing such high-end liquors; this heady ambrosia can also yield exceedingly high returns. Stephen Notman, the world’s youngest Keeper of the Quaich and the chief whisky adviser to Global Spirit Merchants, notes, “With a global base of avid drinkers growing, demand for specific Scotch whisky brands, ages and vintages has given rise to a collector’s market.” The top 10 vintage whisky brands have appreciated 402 per cent on average between 2008 and 2011, while gold rose at a comparatively meagre 146 per cent over the same duration.

For investments, just like for drinking, not all Scotch whisky is created equal. Notman defines investment-grade Scotch (IGS) as “single malts, such as The Macallan, Glenfiddich and The Dalmore.” He categorises IGS into three primary types: silent stills, contemporary trophy bottles, and antique vintage bottlings.

From Left
A selection of whiskies from Glenmorangie; The Macallan Whisky Bar & Lounge at Galaxy Macau has a magnificent selection



DRAMS TO BANK ON

Stephen Notman, Keeper of the Quaich, shares a few of his picks for investment-grade whisky:

1) Silent Stills (now-defunct distilleries): investor favourites include Port Ellen, Rosebank and Brora

2) Contemporary trophy bottles: Ardbeg, The Macallan, Glenfiddich and Bowmore are among the most sought-after by investors

3) Antique vintage bottlings: solid investments include every vintage of The Macallan from 1948 to 1986



Clockwise From Top Left

The River Spey in Scotland, from where The Macallan sources its water; vintage bottlings are in high demand; the Highland Park 50 Year Old could be a solid investment

Silent stills are defined as whiskies from once-popular, now-defunct distilleries, equating to a limited number of single malts that can never be produced again. Then there are contemporary trophy bottles, which are the rare, old and high-value offerings from iconic distilleries, which are often created in partnership with revered craftsmen. Daniel Lam, a wine specialist at Bonhams, explains why limited-edition bottles are in high demand. “High-value whisky often has a longer ageing period, which sometimes can be up to 70 years. During the storage period, even in a damp and cold warehouse, a significant proportion of whisky evaporates as the “angels’ share,” so the remaining elixir

will end up with sometimes less than 12 bottles.” This share can equate to a 1 to 2 per cent loss of volume per annum, making the remaining nectar indeed a residual gift from the gods.

Finally, there are the antique vintage bottlings, which Notman says are the “collectible series and vertical vintage collections” – every vintage of a certain brand within a certain timeframe, which diehard investors seek out. Respected wine and spirits expert and educator Ron Taylor adds, “Vintages in whisky are not like wine. It is more about history than one whisky vintage being better than another.” In other words, the historical significance of a dram can sometimes trump the brand.

**Above**

A selection of whiskies from iconic distilleries including The Macallan, Dalwhinnie, Glenfarclas, Lagavulin and The Balvenie

For the ultimate whisky enthusiast or investor, Cox of BBR Spirits suggests an alternative purchase: a cask of the amber liquid, which can fill 300 to 350 bottles. However, he says, “Purchasing casks is not always easy. Nowadays, few if any of the top distilleries will permit the sale of their spirit bearing their distillery’s name. They might sell the spirit to a third party under a different name, but it then loses most of its power as a collector’s item.” Taylor shares some other caveats to cask purchasing, which includes barrel quality (as “each barrel is different and there can be bad ones”) and barrel husbandry – the person who looks after the barrel while the ambrosia within matures.

For many, not succumbing to the lure of the golden liquid is heresy. Gerry Tosh, the international marketing manager of Highland Park, cannot fathom why anyone would “have no intention of drinking the product.” For Tosh, this is a completely alien concept, as he, like many others, prefers to “taste all the whisky they buy.” However, the avid whisky connoisseur with deeper pockets knows how to rectify this situation. These collectors try to purchase two bottles: one to save for investment, and the other to open and enjoy. After all, if angels can have their share, we mere mortals would surely be unwise not to follow suit. ■

MOST EXPENSIVE WHISKIES

At the time of writing, the record-holder for most expensive bottle of whisky sold at auction is a 64-year-old The Macallan in a Lalique cire perdue decanter, which auctioned at Sotheby’s for a staggering £291,125 in November 2010.

A bottle of The Dalmore 62, the last of 12 available, was sold at Singapore’s Changi Airport for £125,000 in September 2011.

Another offering, the final bottle of The Dalmore 64 Trinitas, was sold at Harrods in London for £120,000, just three months prior to the Singapore purchase. Two bottles of The Dalmore 64 Trinitas previously sold for £100,000 each in October 2010, one to an English buyer and the other to an American.