



**THE 2019 HALF YEAR
COLLECTORS AND INVESTORS
SINGLE MALT SCOTCH REVIEW.**

RARE WHISKY 101

RECORD BREAKING VOLUMES
FOR RARE SCOTCH WHISKY SALES.



RARE | 101
WHISKY

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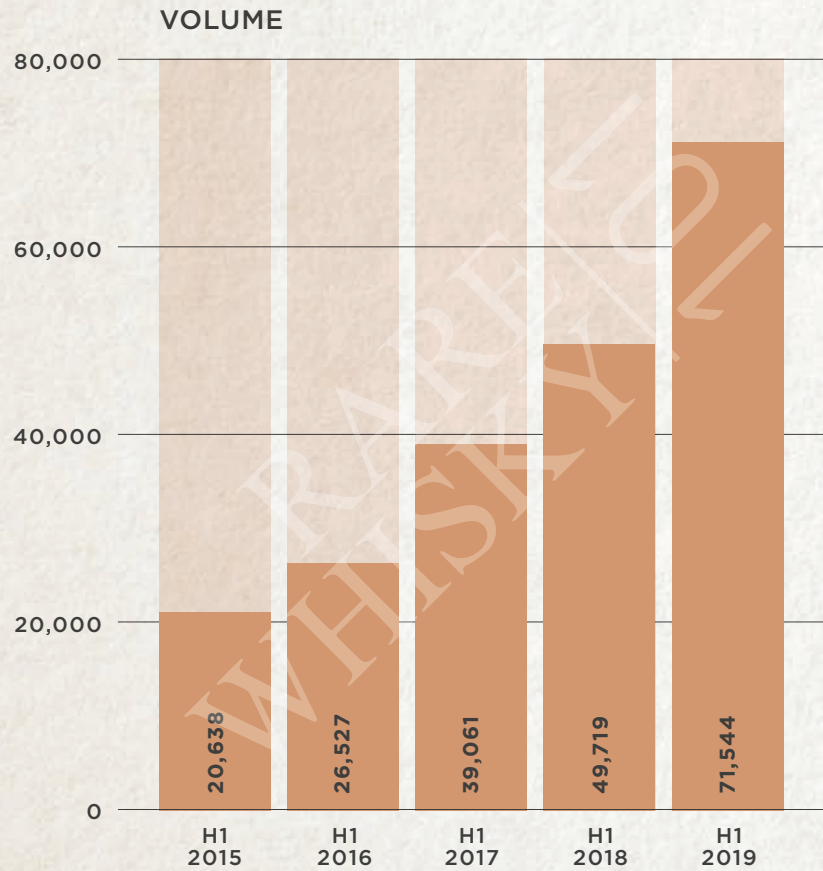
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HALF YEAR 2019

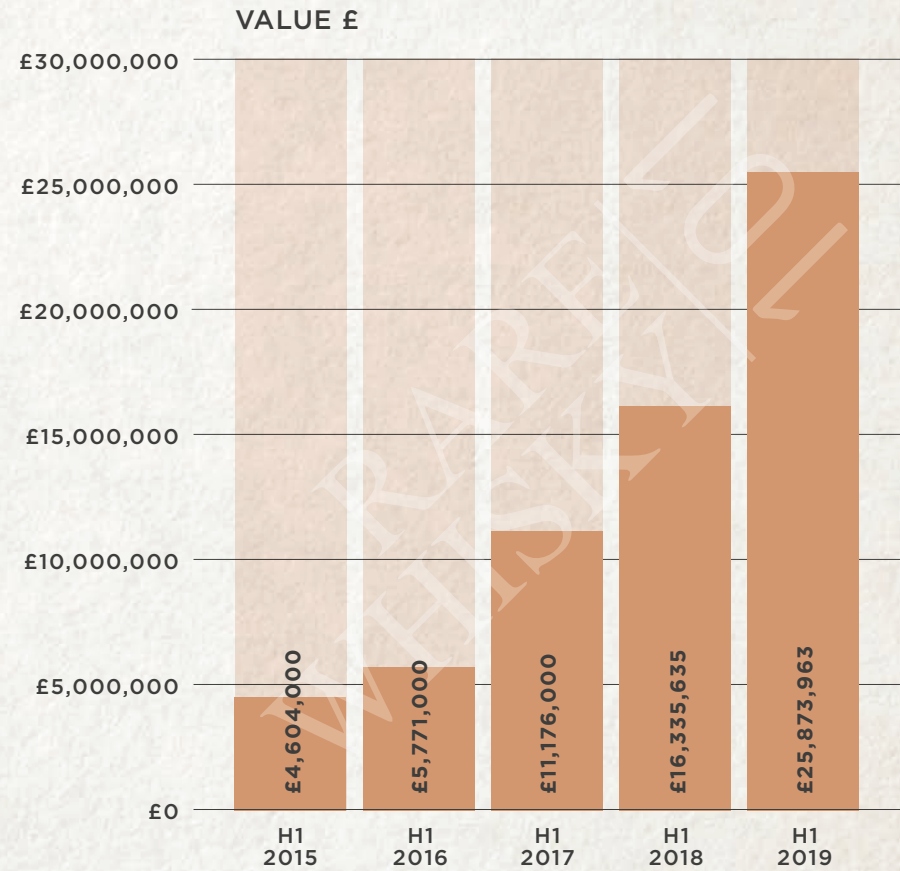
Executive SUMMARY

SPRINGBANK BECAME THE NUMBER ONE DISTILLERY IN THE INVESTOR RANKINGS, CLOSELY FOLLOWED BY SILENT DISTILLERIES BRORA AND GLENUGIE. MACALLAN'S LATE 2018 DIP CONTINUED AS THEY MOVED FROM 4TH AT THE END OF 2018 TO 7TH.

VOLUME & VALUE ANALYSIS



The number of bottles of Single Malt Scotch whisky sold at auction in the UK in H1 2019 increased by 43.90% to 71,544 (49,719 were sold in H1 2018).

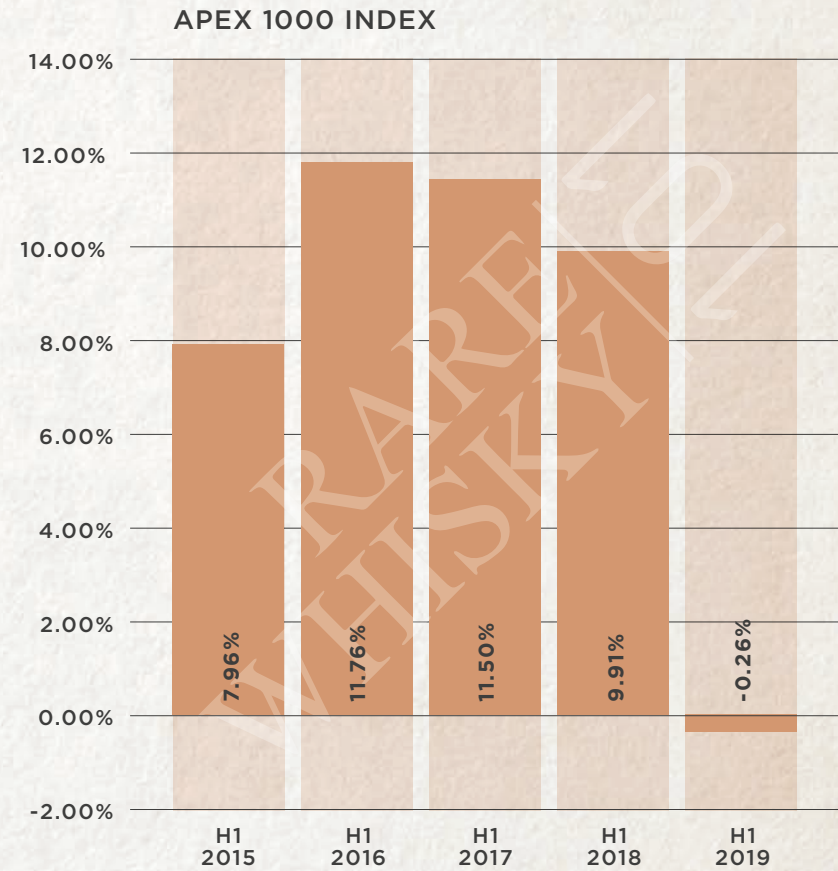


The £ value of collectable bottles of Single Malt Scotch whisky sold at auction in the UK in 2018 rose by 58.39% to a record high of £25,873,963 (H1 2018 value was £16,335,635).

AVERAGE BOTTLE VALUE



While the average per-bottle price is up in H1 2019 (£361.65) compared to H1 2018 (£328.56), it dropped 4.30% from December 2018's record high of £377.91.



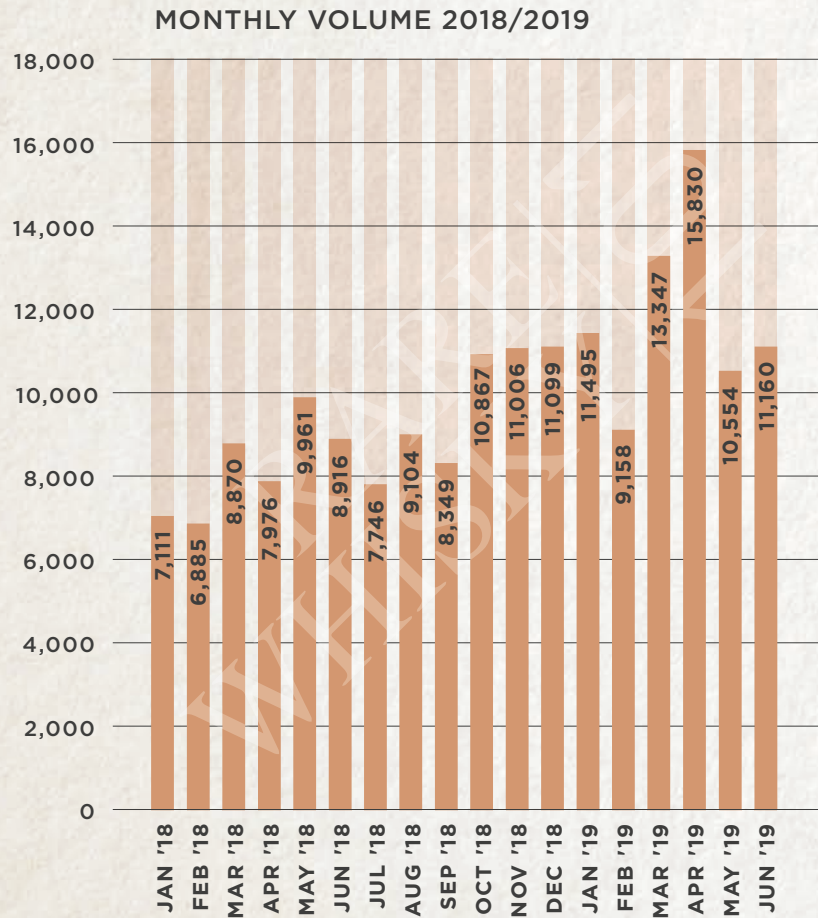
The Apex 1000 index crystallised its first ever half year loss, dropping by 0.26%.

Supply AND DEMAND

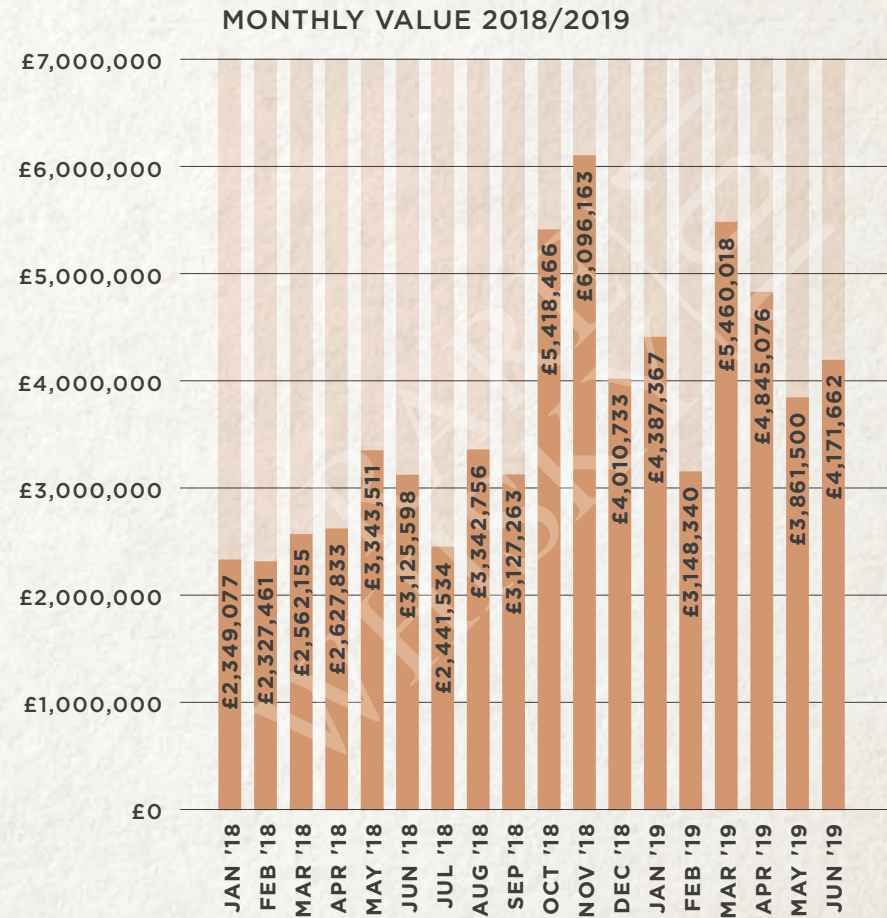
THE FIRST HALF OF 2019 SAW VAST SUPPLY ON THE AUCTION MARKET. IN OUR OPINION, OVERSUPPLY.

PUTTING THAT INTO CONTEXT, BEFORE 2019, WE HAVE ONLY EVER SEEN MORE THAN 10,000 BOTTLES SOLD IN A MONTH DURING THREE MONTHS (OCTOBER, NOVEMBER AND DECEMBER 2018). BY CONTRAST, THROUGH THE FIRST SIX MONTHS OF 2019, THERE HAS ONLY BEEN ONE MONTH WHERE LESS THAN 10,000 BOTTLES HAVE BEEN SOLD (FEBRUARY).

MONTHLY VOLUME & VALUE ANALYSIS



Supply peaked in April 2019 with more than 15,000 bottles sold and has subsequently settled back to around 11,000 bottles per month.



In value terms, with £25,873,963 spent at auction in the UK on Single Malt Scotch whisky, that is more than the whole of 2017 (£25,060,058) and is 58.39% higher than the first half of 2018's £16,335,635.

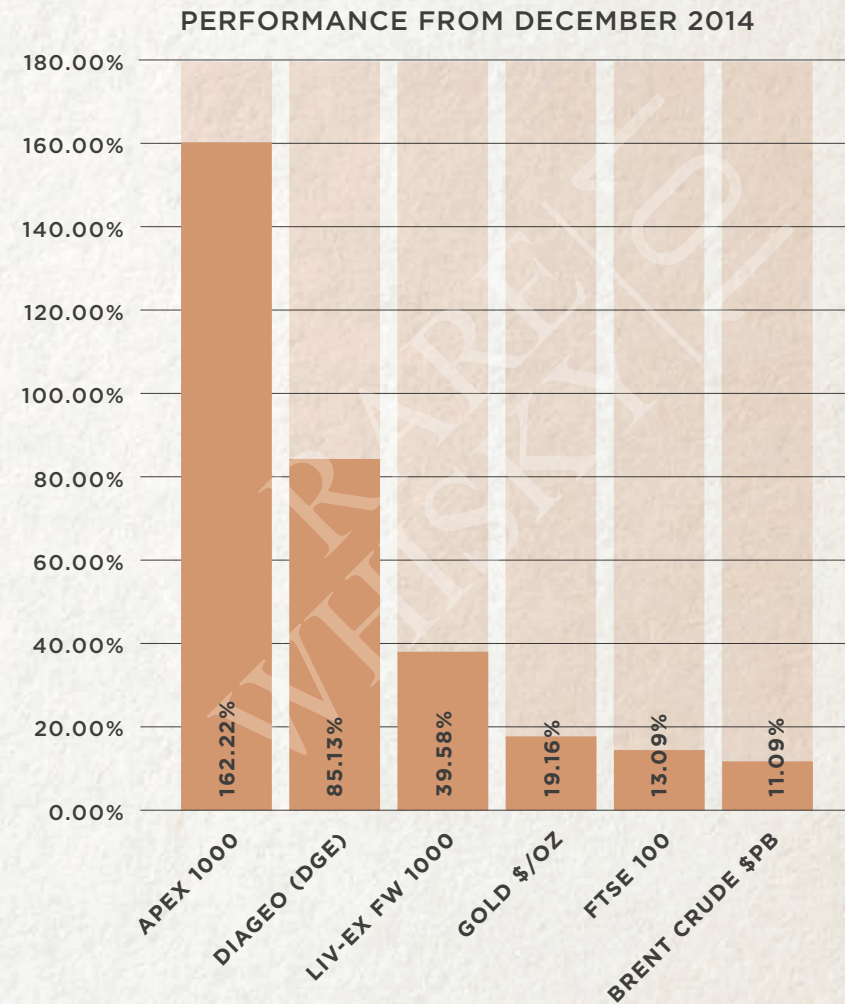
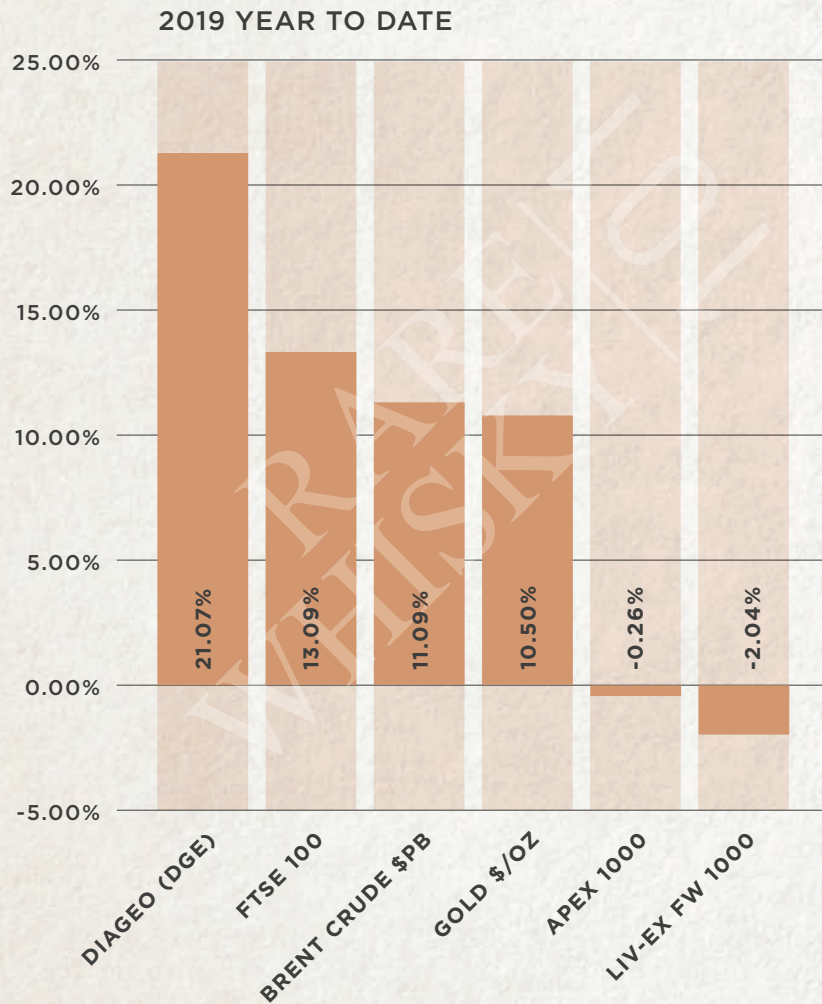
Investment

COMPARISON

THIS COMPARISON STARTED
AT THE END OF 2015 OBSERVING
PERFORMANCE FIGURES FROM
THE 31ST OF DECEMBER 2014.

WE CONTINUE TO PROVIDE
THESE AS A RUNNING
COMMENTARY ON SCOTCH
WHISKY'S PERFORMANCE AS
AN ALTERNATIVE ASSET-CLASS
IN ITS OWN RIGHT.

THE HALF YEAR FIGURES ARE CHARTED ALONGSIDE A RUNNING TOTAL.



In our 2018 year-end report we stated “With 2019 threatening even greater economic uncertainty with the only known being the vast unknowns for the next twelve months, what these charts look like at the end of 2019 is anyone’s guess.”

For the first time, we have seen a dip in the market for rare Scotch, with most other asset classes/investments significantly outperforming Scotch whisky. We will come to more detail as to why a little later.

While Scotch whisky has underperformed against other markets and traditional investments throughout the first half of 2019, the longer-term performance is still remarkable.

January saw a dip in the Apex1000 index by 2.01%, and from January to April, the index flatlined, yielding a marginal increase of just 0.49%. From April to June the index returned to slightly more significant growth of 1.29%, moving from 825.92 points to 836.55.

MARKET SHARE **Volume**

NUMBER OF BOTTLES SOLD.

EACH DISTILLERY IS MEASURED ACCORDING TO ITS PERCENTAGE OF MARKET SHARE OF THE NUMBER OF BOTTLES SOLD AT AUCTION IN THE UK OVER THE COURSE OF H1 2019. THIS IS THEN RANKED AS A LEAGUE TABLE AND COMPARED TO THE FULL YEAR 2018.

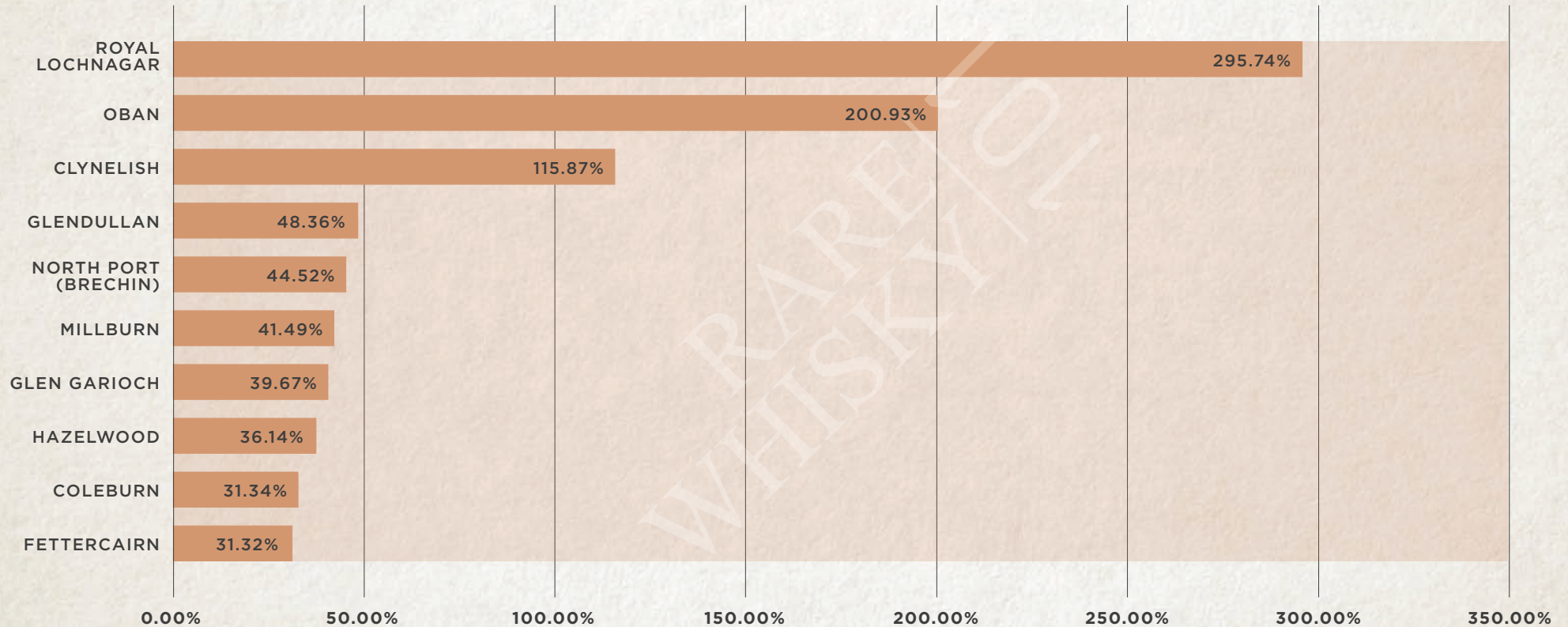
TOP 10 VOLUME MARKET SHARE



RANK	TOP 10 - FY 2018	%	TOP 10 - HY 2019	%	MOVEMENT
1	MACALLAN	13.85%	MACALLAN	16.62%	=
2	HIGHLAND PARK	5.61%	HIGHLAND PARK	4.72%	=
3	ARBEG	5.02%	ARBEG	4.65%	=
4	BRUICHLADDICH	4.10%	BRUICHLADDICH	4.01%	=
5	BOWMORE	3.72%	BOWMORE	3.79%	=
6	SPRINGBANK	3.63%	GLENFIDDICH	3.28%	UP 2
7	GLENDRONACH	3.57%	LAPHROAIG	2.85%	UP 2
8	GLENFIDDICH	3.26%	GLENDRONACH	2.80%	DOWN 1
9	LAPHROAIG	3.09%	SPRINGBANK	2.49%	DOWN 3
10	GLENMORANGIE	2.92%	LAGAVULIN	2.44%	UP 3

Macallan have extended their grip on the market and now almost 17 in every 100 bottles bought at auction in the UK are from this famed distillery.

THE TOP 10 DISTILLERIES WHICH INCREASED THEIR VOLUME MARKET SHARE IN H1 2019 ARE BELOW.



As a percentage increase in market share through H1 2019, it is a Diageo clean sweep of the top three places. The reach of Game of Thrones is now so vast, it even powers the UK whisky auction market! Royal Lochnagar has also been driven by the Royal Cask release.

It is fascinating to see three silent distilleries increasing their market share by such large amounts. Fettercairn's re-pack and re-release appears to have also influenced the secondary market.

TOP 10 VALUE MARKET SHARE

If volume for a particular distillery remains static or increases and the £ value declines, this could signal a softening in the market for bottles from that distillery.

Conversely, if volumes decrease but values increase or remain the same, this could indicate a hardening of prices and increasing demand.

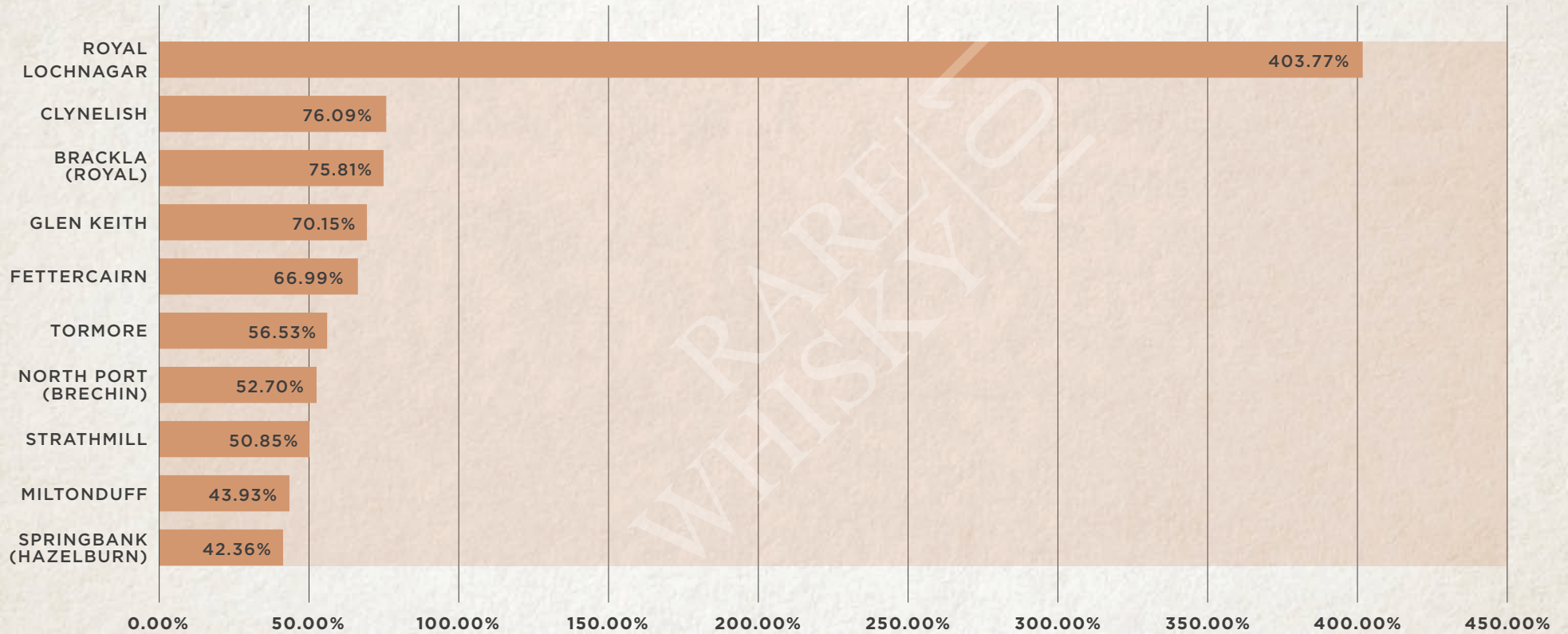
As with volume, the top 10 distilleries are ranked and then measured against their 2018 results.

While Macallan's share in the number of bottles increased by almost 20%, its share in overall value fell very slightly. Macallan's average per-bottle price fell from £1,039.53 in 2018 to £807.60 in H1 2019. Clearly the effect of a number of Macallan 1926 bottles sold last year has an impact, but we will look at Macallan in more detail later in this report.

Laphroaig's continuing allure saw it move up two spots, trading places with Highland Park who move down two places.

RANK	TOP 10 - FY 2018	%	TOP 10 - HY 2019	%	MOVEMENT
1	MACALLAN	37.79%	MACALLAN	37.11%	=
2	BOWMORE	7.58%	BOWMORE	8.79%	=
3	ARDBEG	4.26%	ARDBEG	4.38%	=
4	PORT ELLEN	3.39%	PORT ELLEN	3.41%	=
5	HIGHLAND PARK	3.36%	LAPHROAIG	3.22%	UP 2
6	SPRINGBANK	2.81%	SPRINGBANK	3.02%	=
7	LAPHROAIG	2.66%	HIGHLAND PARK	2.69%	DOWN 2
8	GLENFARCLAS	2.34%	GLENDRONACH	2.04%	UP 1
9	GLENDRONACH	2.28%	LAGAVULIN	2.00%	UP 3
10	GLENFIDDICH	1.95%	GLENFARCLAS	1.90%	DOWN 2

THE TOP 10 DISTILLERIES WHICH INCREASED THEIR VALUE MARKET SHARE IN H1 2019 ARE BELOW.



RARE WHISKY

Collectors RANKING

THE COLLECTORS RANKING IS A LEAGUE TABLE BASED ON AN EQUAL WEIGHTING FOR VOLUME AND VALUE SOLD AT AUCTION IN THE UK USING ALL DATA FROM THE ENTIRE DATABASE RATHER THAN THE ANNUAL NUMBERS USED FOR SHOWING MARKET SHARE.

COLLECTORS RANKING



The top nine distilleries remain firmly entrenched as we hit the 2019 half year point. Port Ellen just edges ahead of Glenmorangie to make up the top ten.

Following on from the 2018 full year report where we highlighted increasing trade in Bunnahabhain, yet again we see a move up the tables.

Increased levels of trade see two of Diageo's brands emerging as winners at the half year as Clynelish advances an impressive four places and Mortlach moves up two.

RANK	31ST DECEMBER 2018	30TH JUNE 2019	MOVEMENT (HALF YEAR 2019)
1	MACALLAN	MACALLAN	=
2	ARBEG	ARBEG	=
3	BOWMORE	BOWMORE	=
4	HIGHLAND PARK	HIGHLAND PARK	=
5	BRUICHLADDICH	BRUICHLADDICH	=
6	LAPHROAIG	LAPHROAIG	=
7	GLENFIDDICH	GLENFIDDICH	=
8	SPRINGBANK	SPRINGBANK	=
9	LAGAVULIN	LAGAVULIN	=
10	GLENMORANGIE	PORT ELLEN	UP 1
11	PORT ELLEN	GLENMORANGIE	DOWN 1
12	BALVENIE	BALVENIE	=
13	GLENDRONACH	GLENDRONACH	=
14	GLENFARCLAS	GLENFARCLAS	=
15	ARRAN	GLENLIVET	UP 1
16	GLENLIVET	CAOL ILA	UP 1
17	CAOL ILA	ARRAN	DOWN 2
18	DALMORE	DALMORE	=
19	TALISKER	TALISKER	=
20	ROSEBANK	BUNNAHABHAIN	UP 2
21	BRORA	ROSEBANK	DOWN 1
22	BUNNAHABHAIN	BRORA	DOWN 1
23	ABERLOUR	MORTLACH	UP 2
24	GLEN GRANT	ABERLOUR	DOWN 1
25	MORTLACH	CLYNELISH	UP 4
26	GLENGOYNE	GLEN GRANT	DOWN 2
27	GLENROTHES	GLENROTHES	=
28	KILCHOMAN	GLENGOYNE	DOWN 2
29	CLYNELISH	KILCHOMAN	DOWN 1
30	SPRINGBANK (LONGGROW)	SPRINGBANK (LONGGROW)	=

RARE WHISKY

Investors RANKING

THE INVESTORS DISTILLERY RANKING IS BASED 80% ON THE PURE % INCREASE IN VALUE FOR ALL BOTTLES, WITH A SMALL 10% WEIGHTING ON THE HIGHEST AVERAGE PRICE (ALL BOTTLES) AND THE OVERALL HIGHEST PRICE (10%) OF A SINGLE BOTTLE.

INVESTORS RANKINGS

This league table is where we place the most emphasis for brands being sought out by connoisseurs, collectors and investors. It is a temperature test for demand and a measurement of which bottles are increasing, and equally decreasing, most in value.

A phenomenal half year result for Springbank as this independent icon takes the top spot for the first time. A broader north-bound step-change in the prices of the older vintage bottles (Local Barley etc) has really had an impact. A few years ago (depending on the variant) these were trading at around the £500-£600 mark. Now, they are between £2,000 and £3,000 per bottle, and much more for one of the earlier variant sherry casks.

Following some huge price spikes at the end of 2018, Bowmore prices have softened. That said, demand is still exceptionally strong among collectors and investors.

Dalmore move up an impressive four places and advance in front of Macallan who dip a further three places to number seven.

Following 2018's huge jump of twenty-two places, Laphroaig values have settled a little as the distillery moves down seven places to number thirteen.

RANK	31ST DECEMBER 2018	30TH JUNE 2019	MOVEMENT (HALF YEAR 2019)
1	BOWMORE	SPRINGBANK	UP 2
2	BRORA	BRORA	=
3	SPRINGBANK	GLENUGIE	UP 2
4	MACALLAN	BOWMORE	DOWN 3
5	GLENUGIE	BEN WYVIS	UP 2
6	LAPHROAIG	DALMORE	UP 4
7	BEN WYVIS	MACALLAN	DOWN 3
8	KILLYLOCH	PORT ELLEN	UP 4
9	CLYNELISH	ROSEBANK	UP 4
10	DALMORE	ARDBEG	UP 1
11	ARDBEG	CLYNELISH	DOWN 2
12	PORT ELLEN	KILLYLOCH	DOWN 4
13	ROSEBANK	LAPHROAIG	DOWN 7
14	ST MAGDALENE	ST MAGDALENE	=
15	GLENLOCHY	MILLBURN	UP 6
16	GLENURY ROYAL	GLENLOCHY	DOWN 1
17	DALLAS DHU	LOCHSIDE	UP 5
18	GLEN ORD	DALLAS DHU	DOWN 1
19	GLEN GARIOCH	GLEN ELGIN	UP 12
20	COLEBURN	COLEBURN	=
21	MILLBURN	SPRINGBANK (LONGROW)	UP 3
22	LOCHSIDE	GLEN ORD	DOWN 4
23	CONVALMORE	GLENURY ROYAL	DOWN 7
24	SPRINGBANK (LONGROW)	GLENDRONACH	UP 1
25	GLENDRONACH	CONVALMORE	DOWN 2
26	BANFF	MORTLACH	UP 2
27	LAGAVULIN	GLEN ALBYN	UP 8
28	MORTLACH	JURA	UP 5
29	GLENESK/HILLSIDE	GLEN GRANT	UP 5
30	HIGHLAND PARK	BANFF	DOWN 4

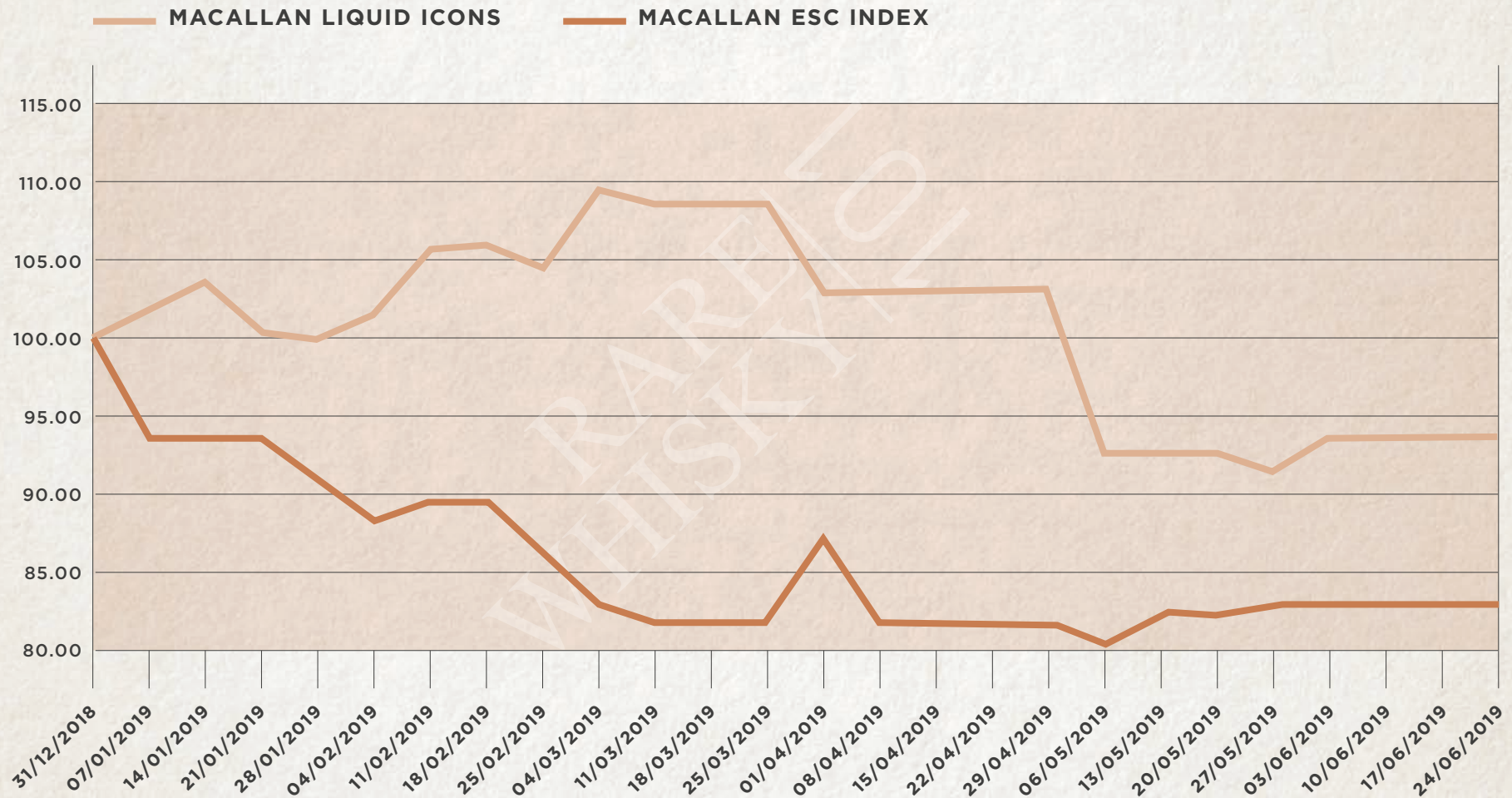
Macallan

SECONDARY MARKET WOES. ECHOES OF A 2009 BRUICHLADDICH?

WITH SUCH SIGNIFICANT PRICE INCREASES OVER THE LAST THREE TO FOUR YEARS, IT WAS ALMOST INEVITABLE THAT MACALLAN VALUES WOULD SOFTEN AT SOME POINT. THROUGH THE LAST HALF OF 2018, THERE WERE SOME TRULY GARGANTUAN PRICES PAID FOR CERTAIN BOTTLES AND PRICES PHYSICALLY COULD NOT KEEP INCREASING AT THE RATES THEY HAVE DONE PREVIOUSLY.

INEVITABILITY ASIDE, IN OUR OPINION, THERE WERE A NUMBER OF OTHER FACTORS AT PLAY TOO.

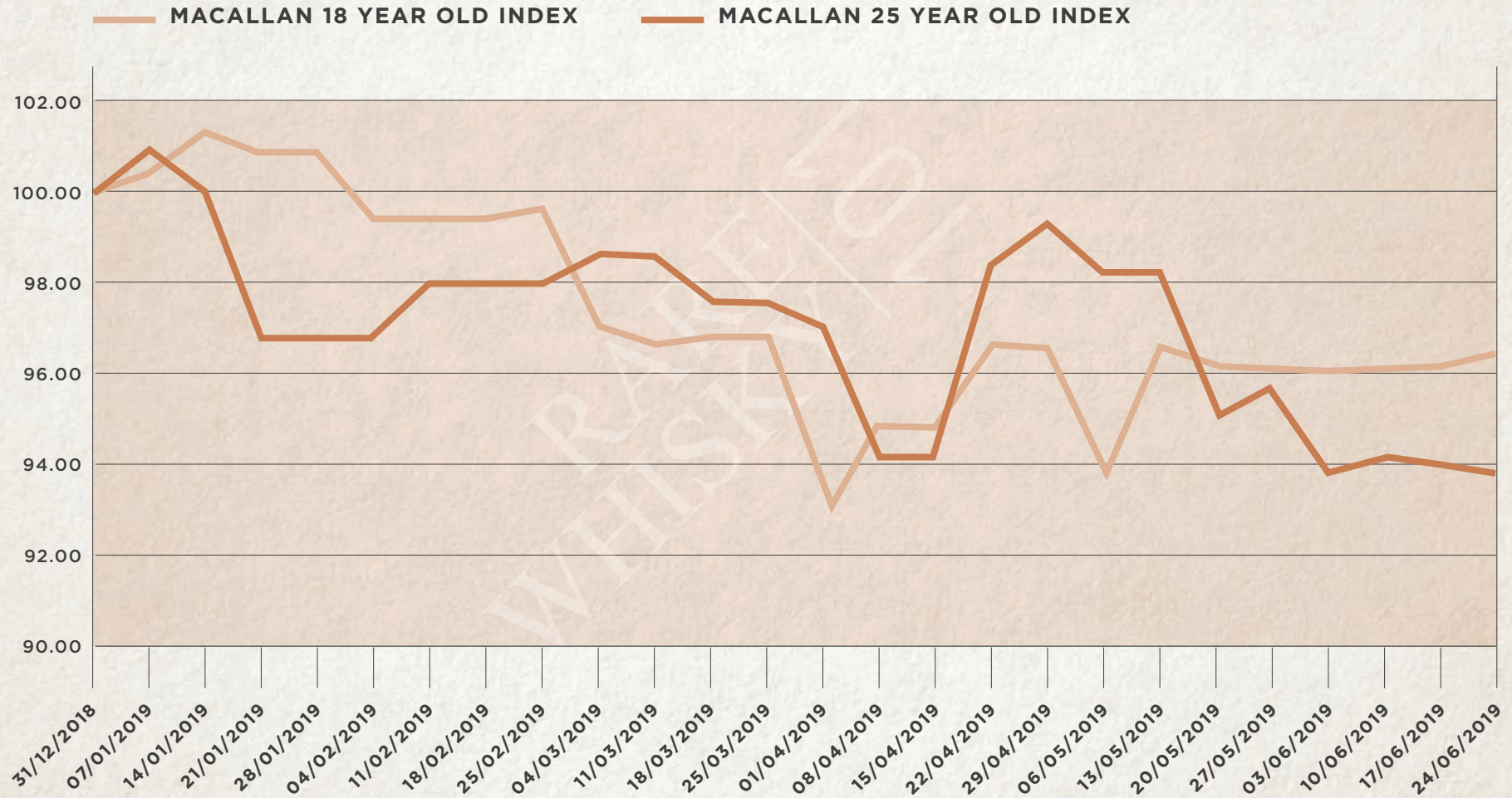
MACALLAN LIQUID ICONS AND EXCEPTIONAL SINGLE CASKS INDICES



It was fascinating to watch prices for Bruichladdich dip in 2009 following a massive programme of new 'limited' releases. With so many different releases, collectors did not have the time, space, cash or desire to pursue each and every bottle. To some degree we are also seeing that with Macallan. If we take a detailed look at the new Exceptional Single Cask series and chart a graph for the first six months of 2019 it serves as an almost perfect case study.

The index had dropped by 17.21%. What we suspect is happening is that collectors simply cannot collect the bottles because there are too many, too widely geographically distributed. So, are collectors turning away? It is too early to tell, but even some of the liquid icons have dipped by 6.20% after making good progress in the earlier months of the year.

MACALLAN 18 AND 25 YEAR OLD INDICES



The hugely collected vintage 18 and 25-year-old Macallan's have also re-traced slightly through the first half of 2019.

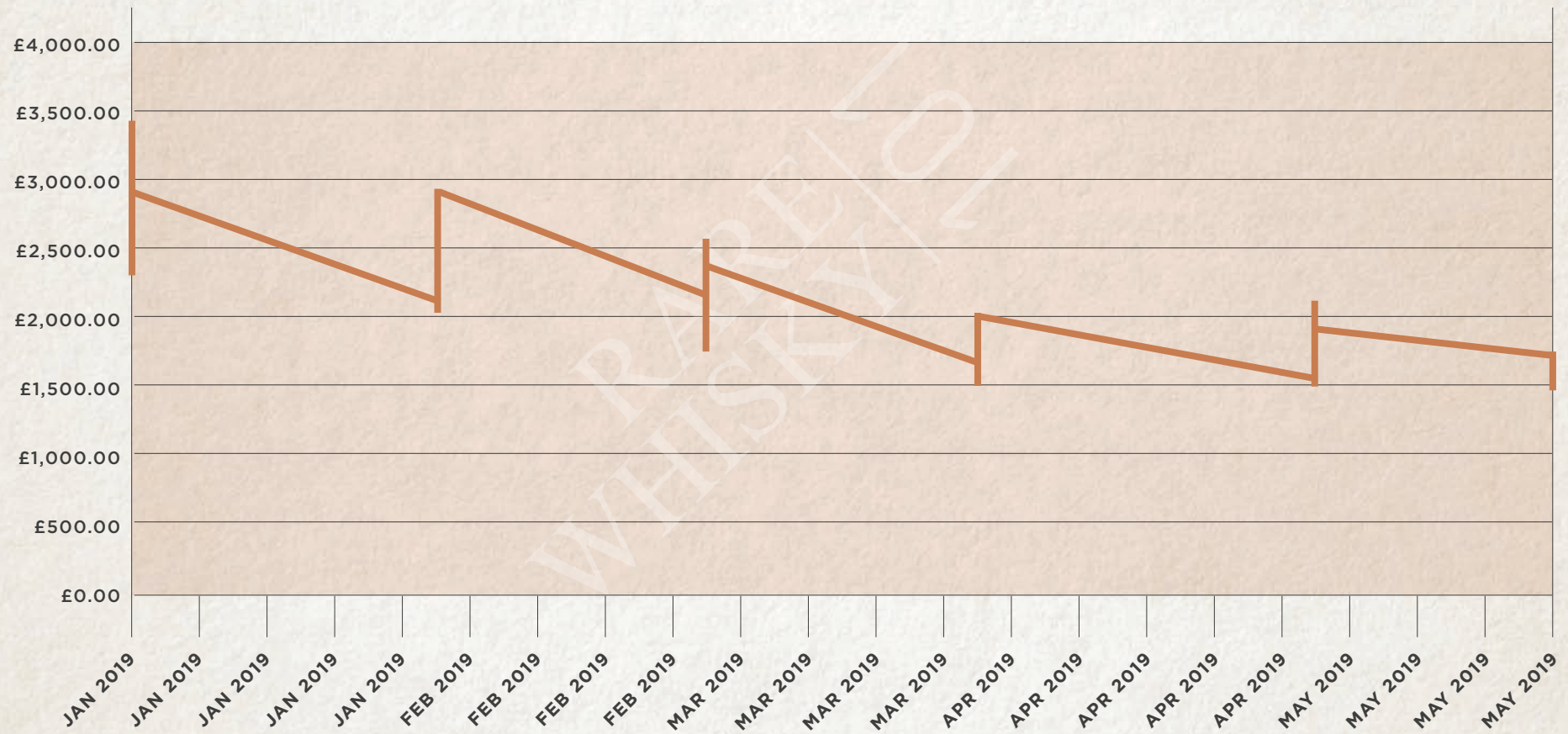
Heavily traded bottles have also seen a fairly dramatic decline over recent months. Taking a look at the distillery-exclusive Macallan Genesis, the first sale in the UK in August 2018 was £4,800. At the end of June 2019 prices were around the £1,500 point, so comparing auction price to auction price, this bottle has lost almost 70% of its value in less than twelve months. Adding balance and context, the original retail price was £500, so anyone who bought from new is still well ahead. It is one of the first rules of 'investing' in rare bottles: never ever buy the first few bottles which appear at auction.

With such a vast market share, if Macallan values fall back, then the whole market will too. Again, for balance, Macallan price rises have also underpinned the rare whisky market for many years.



Image from Whisky Auctioneer Ltd

MACALLAN GENESIS



The chart shows the Macallan Genesis bottle's performance over H1 2019. The vertical lines show the monthly trading range and the diagonal/horizontal lines show the first to last sale in the month. The trading range has narrowed vastly, but at a far lower pricepoint.

What goes up

MUST STILL GO UP?

SO, IS IT JUST MACALLAN CAUSING THE BROADER INDICES TO STUTTER OVER THE FIRST HALF OF 2019? CLEARLY, IT IS NOT, ALTHOUGH THAT HAS BEEN A FACTOR.

Oversupply

As already mentioned, we saw vast supply in the early months of 2019. January and February are traditionally the worst times of the year to sell bottles of whisky as everyone is still nursing festive hangovers both literally and financially. To have massive volumes of stock on the market in these early months was, we suspect, a touch too much.

Auction Fatigue

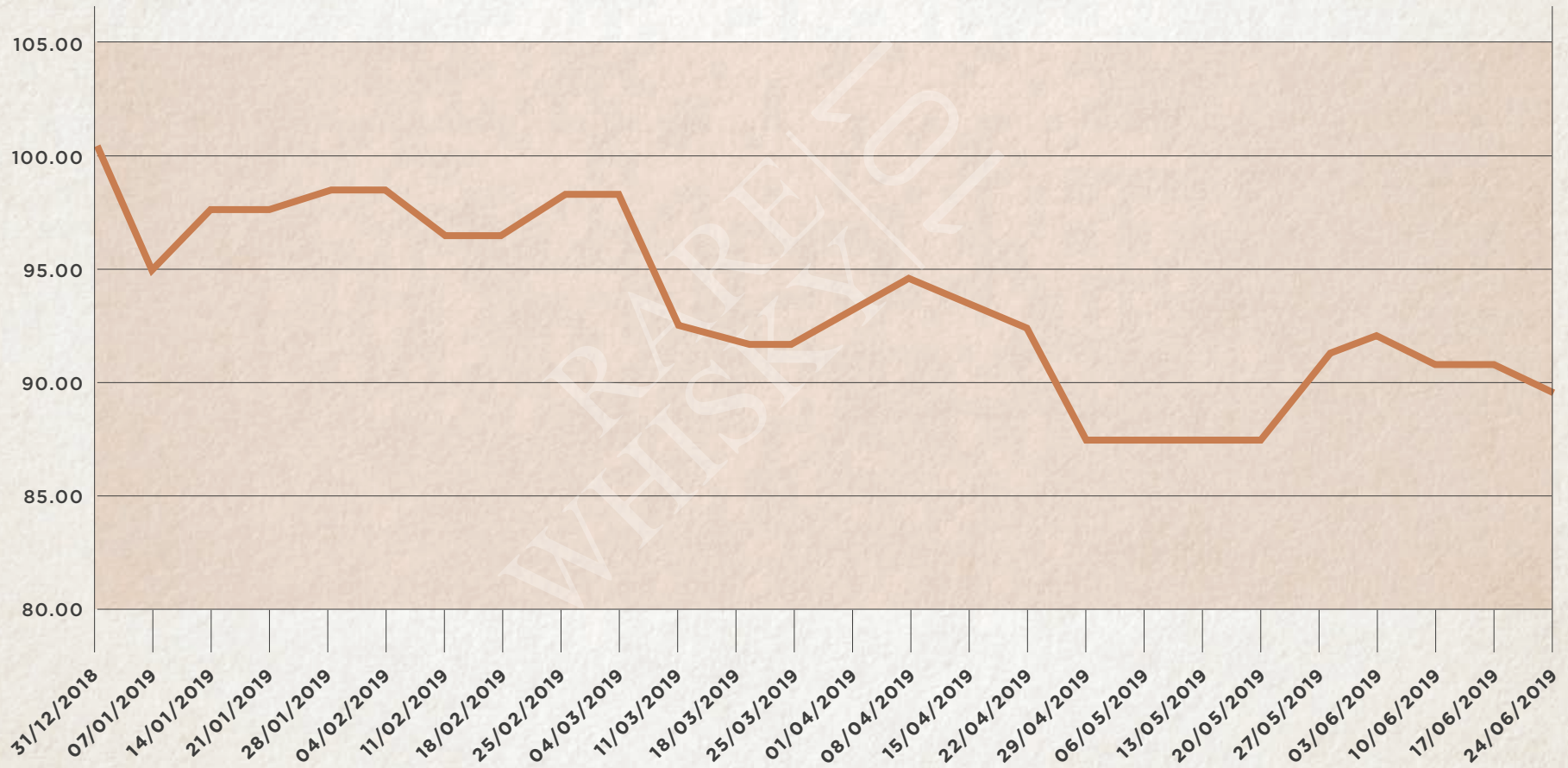
Speaking to fellow collectors around the world, it looks like the number of whisky auctioneers could have reached saturation point. We are also starting to see vast differences between prices achieved at different auction houses. What we are being told is that collectors are picking one or two auctions they favour and then sticking with them as there are simply too many to be able to buy from them all. This, in turn, creates the 'spiky' nature of the results of certain bottles. Acquiring exciting stock is always what an auctioneer needs to do; if that supply dries up because sellers receive lower prices or if competition is simply too great, then we could see smaller, less well-established auctions falling by the wayside. We are already seeing price competitiveness coming into play.



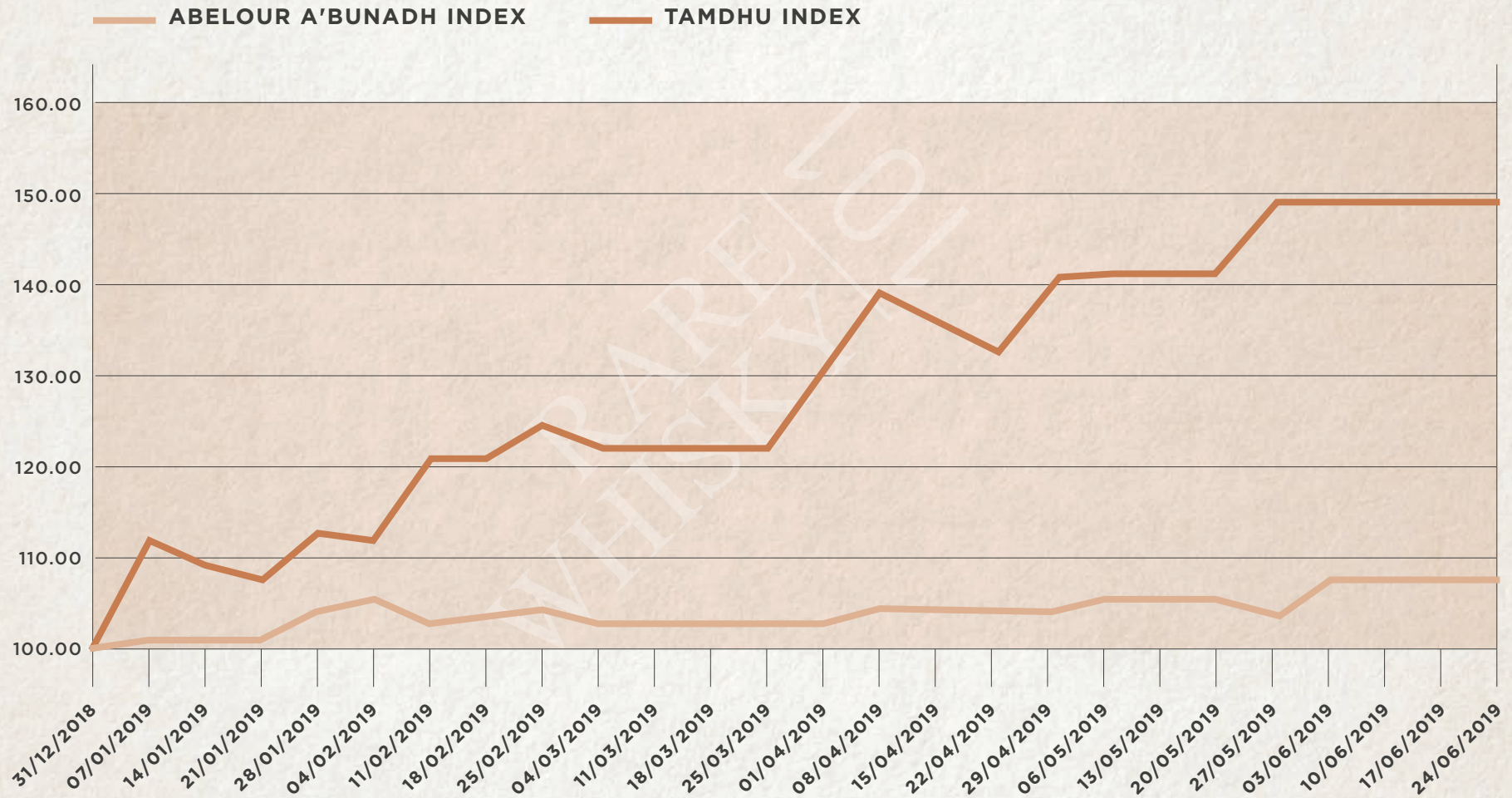
THE NEXT **Big Thing?**

CERTAIN OTHER LARGE BRANDS HAVE SEEN SOME DOWNSIDE IN THE FIRST HALF YEAR OF 2019. IF WE CHART BALVENIE'S SINGLE CASK RELEASES, THE DCS COMPENDIUM, WE SEE A -10.24% PERFORMANCE SINCE THE START OF THE YEAR. WHILE SOME BRANDS HAVE FALLEN OUT OF FAVOUR WITH COLLECTORS AND INVESTORS, OTHER MORE CONTEMPORARY, LESS WELL-KNOWN BRANDS AND OTHER BOTTLES ARE PERFORMING WELL.

BALVENIE DCS INDEX



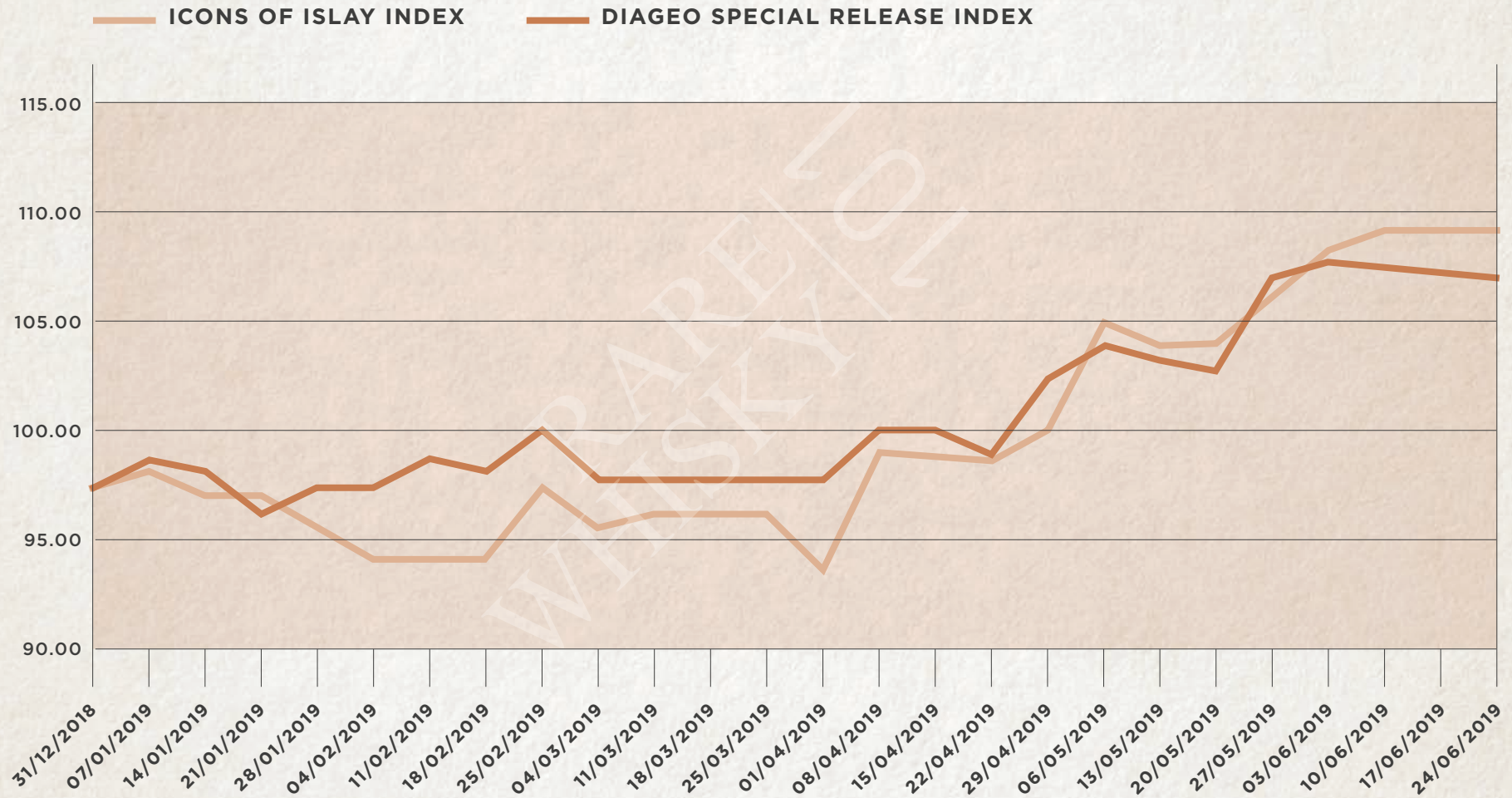
TAMDHU OB AND ABERLOUR A'BUNADH INDICES



As a trend we are seeing increasing numbers of drinkers, collectors and investors turning to smaller less well-known producers, particularly for their sherry fixes. If we chart an index following Tamdhu's limited releases, and Aberlour's A'bunadh bottles, there's good growth in values year to date. The earlier releases of Aberlour A'bunadh have increased by 7.17% and a small basket (there have not been many so far) of limited releases by Tamdhu have performed by an exceptional 48.35%.

The price-point for bottles in the above indices are also more accessible to far more buyers. Even the long-discontinued bottles of Giovinetti seven-year-old Macallan now cost more than £300 at auction and around £750 on a retail basis; the pull and allure of the brand remains vast despite an overall dip in prices on the secondary market.

ICONS OF ISLAY AND DIAGEO SPECIAL RELEASES INDICES



Tracking twenty iconic peated Islay bottles also shows demand and price increasing as our 'Icons of Islay' index is up 11.72% at the half year. Tracking 88 of Diageo's annual special releases shows the broad collection is up 9.83%.

The vast majority of the gains seen on these indices are from May onwards. This further cements our opinion that

early 2019 simply became saturated with supply over the first four months with strong growth returning more recently.

While the broader market might be showing stress, there are plenty of pockets of growth for those who do their research and time their market entry/exit well: as with all investments.

OPINION - **Flippers**

INTELLIGENT MARINE MAMMALS OR AN ACTUAL THING?

THROUGH THE FIRST PART OF 2019, THERE HAS BEEN FURTHER HIGHLIGHTING OF THE BOTTLE 'FLIPPER'. IN AN ARTICLE WE WERE INVOLVED WITH SOME EIGHT YEARS AGO, WE DESCRIBED THIS FORM OF INVESTING AS MORE AKIN TO DAY-TRADERS. SHORT TERMISM AND PROFIT ARE THE GOAL, THERE'S NO REAL LONG-TERM INVESTMENT AND IN MANY CASES, NO APPRECIATION OF THE PRODUCT.

While RW101 do not practice or advocate it, as the risks are significant, the flipper has become the bastard-orphan-investor of the whisky world. Seemingly no-one wants to say they are one, and no-one who actually has a passion for whisky appears to like them. Fair enough.

But are they a necessary 'evil' of the current whiskyverse?

Flippers provide a real-time current indication of a bottle's worth. They give a brand the opportunity to see what is in demand and what is not. If a bottle is successfully flipped for a higher price, the brand/distillery has left some arbitrage on the table, arguably selling through stock quicker and being provided with insight as to what works and what does not.

A brand should *want* their bottles to be flippable. Those first few (sometimes vastly inflated) sales at auction for the most recent limited edition from Glen-Twiddly-Dee Distillery provide a unique temperature test of how to appeal to consumers. It is vital consumer insight; like when old-co TVR would release a new car and the urban myth/legend suggests that the first ten or twenty sold would be their version of consumer research.



How many bits fell off? What part of the engine blew up first? Then they would fix those issues. Whisky brands can get the same understanding of what makes their bottles desirable, and if they track the longer-term performance on the back of the flippers. Like Macallan and the new Exceptional Single Cask series. Boom, then bust.

There is a current trend where some flippers will play the auctioneers against each other. As mentioned earlier, some auctions fetch very different prices for the same bottle, that in itself brings opportunities for the flipper.

The UK auction market saw its first successful cask-flip in 2019. Cask number 173 from Tullibardine sold through McTears in March for £2,200, then was successfully flipped through Whisky Auctioneer in May for £4,000. Assuming a UK based 'flipper', then the approximate profit would have been in the region of £750. It is impossible to know what the true profit would be as different bonded warehouses charge different amounts for different things. That then leads on to the next question - When is a flipper a revenue trader not an investor? That is a VERY different league. The cask flipper mentioned above should be registered with HMRC as a revenue trader and have a WOWGR (authorisation to hold duty suspended goods in a bonded warehouse).

And, sometimes flipping actually fails. A bottle of 21 year old Glenlivet sold at an auction in March for £535 (including premium, but excluding VAT on the premium). The exact same bottle was flipped in April for £326 (excluding 5% premium and VAT). That is a minimum loss of £225.30 (excluding the VAT-on-premium losses), or just over 42%. In reality, with the cost of transporting the bottle from one auctioneer to another (and possibly VAT losses if this is a UK/EU individual), that looks like roughly a 50% loss in just one month.

Flipping rubbish!

So, our opinion on the much maligned (rightly so?!) 'flipper' remains as it was all those years ago. If you spend your hard-earned cash on something, then it is up to you to do what you want with it. Don't let anyone say otherwise.

Keep it.

Sell it.

Drink it.

Clean the windows with it.

But if you can, and there is supply, it would be nice to buy two, so at least you can try what you flip.

Fake Bottle UPDATE

SOME INTERESTING
DEVELOPMENTS FOR FAKES.

WE HAVE COMMENTED ANECDOTALLY ABOUT THE NEW FAKES COMING TO THE MARKET IN ASIA. RUMOURED PALLETS OF BLUE LABEL MACALLAN 30. UNTIL RECENTLY WE HAD NEVER SEEN ONE OF THESE NEXT-GEN FAKES. EARLIER THIS YEAR WE WERE SENT AN IMAGE OF ONE. THEY ARE VERY, VERY GOOD FORGERIES.

The sender of the image offered to speak to us about it stating there were many of these in mainland China... As is usual, the call never happened and the email address, again as usual, is unidentifiable as a person. Obfuscation is the easiest thing online. Trail dead. Again.

As we already know, these things will travel. People will buy them, and they will turn up in a UK auction-house at some point. Separately, we have seen increased activity for fakes with Talisker. Old and rare bottles, but maybe a symptom of the growing brand presence across the globe?

The one frustration that we have had recently is the misguided belief that the old 'relic' style fakes are a one-off batch originating from Italy. We now know that not to be the case. There is (as there always would be noting the price increases) what we believe to be an ongoing programme of fakes and forgeries across different countries.

The 1878 Macallan from the Hotel Waldhaus am See carbon dated from 1970-1972. The Ardbeg 1885 carbon dated from 1990. The Laphroaig 1903 'Hollow of Proaig' carbon dated from 2007-2010. The 1903 Laphroaig also originated from a different country, and we have seen at least one other bottle (pre 1900) which we believe is from the same/similar batch and is, again, much more recent.

With values where they are at the moment, it is almost the perfect environment for increased numbers of fakes.



Crystal Ball GAZING

WHAT NEXT?

WHILE BOWMORE RELINQUISHED THEIR NUMBER ONE PLACE IN THE INVESTMENT LEAGUE TABLE, THE DISTILLERY REMAINS IN HUGE DEMAND AND WE SEE THAT DEMAND ONLY CONTINUING.

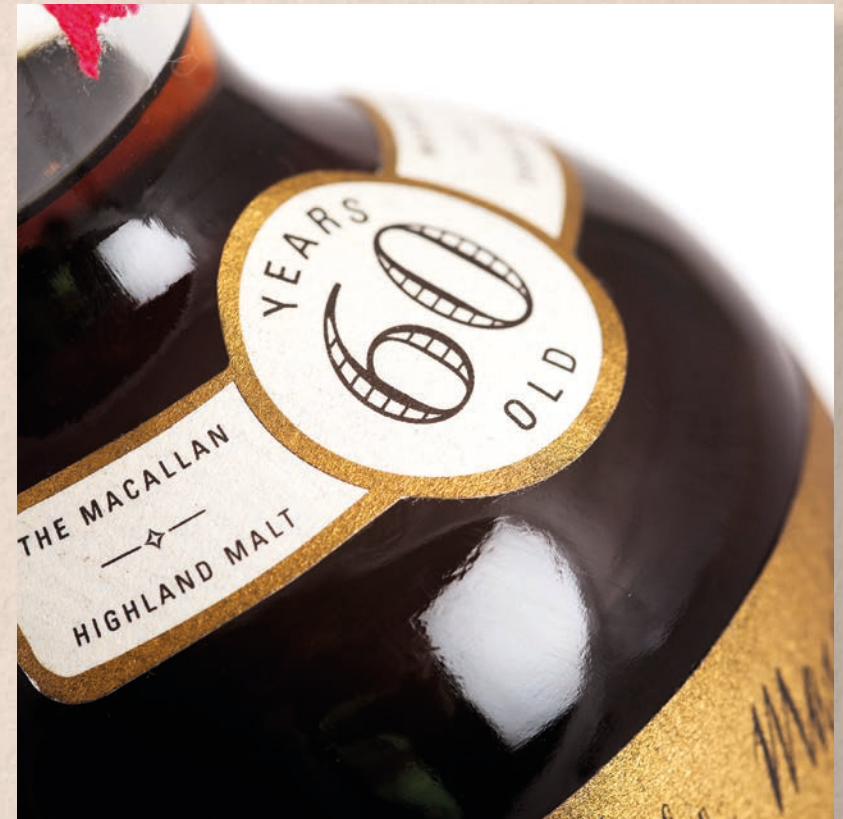
BLACK
BOWMORE
THE ORIGINAL ISLAY MALT
SINCE 1817
DISTILLED
1964
NEW LIMITED EDITION

Bowmore seem immensely capable of providing access at all price points to collectors and fans of the brand, from the affordable Feis Ile bottles to ultra-rare releases. They remain a strong buy recommendation.

Springbank appeals at many levels. There is no corporate bullshit, and they are a genuine supporter of what Scotch really is. From our perspective, their positioning in the investors league table is hugely well deserved. Springbank is also a strong buy recommendation.

Following on from our closing sentence from the 2018 annual report *“We’re seeing no sign of a slowdown of this pure, raw demand for both rare casks and rare bottles; however, to add balance, at the end of 2018 Macallan sneezed... What happens if it catches a cold?”*

Macallan actually did catch a cold. But that should not be particularly unexpected. The massive increases seen over recent years could not continue. At its peak a 1946 Select Reserve sold for £18,000 in 2018. The current average price in 2019 is £12,420. That is still a huge amount of value in one bottle of whisky.



We have said before that the investors market is reliant upon drinkers to decrease stock and increase rarity. The broader secondary market is also reliant upon collectors and investors to hoard bottles for sale to future drinkers (and collectors/investors). It is a circular symbiotic relationship. But when the balance of drinking, collecting and investing sways too much to one side of the equation something has to slip. For many, not all, but for many, Macallan became completely commoditised. It became something that, in our passionate and humble opinion, should never become a Scotch whisky distillery; It transcended being a drink and almost became a currency.

Prices escalated and fewer bottles were consumed (of contemporary Macallan) with more being sold on the open market for profit. As prices soared on an apparently endless crest of demand, that in itself drew out more supply. The realisation that patience is a whisky investors virtue has undoubtedly paid off for many... £4,800 for a bottle of Genesis last year or £1,500 now?

It will be fascinating to see how Macallan handle existence on the verge of being the first genuine

'luxury' Scotch whisky brand (we would still argue there is no such thing, and cannot be, but Macallan are as close as it gets). Will the volume and confusion of vast numbers of different 'limited' releases abate? Will collectors and investors look elsewhere for perceived, or actual, value? Interesting times.

From a secondary market collectors and investors perspective, this is genuinely the time of the challenger brand. Putting aside silent distilleries, (effectively, rarity will always generate demand) but, from a producing distillery perspective, there is a genuine opportunity for a serious challenger, or challengers, to Macallan's prowess at the moment.

In the UK secondary market, Springbank, Bowmore and Dalmore are all now more desired than Macallan from an 'investor's' perspective.

What of Mortlach? The Beast of Dufftown could have its day?

Clynelish? A very different spirit, but growing global appeal.

GlenDronach? GlenAllachie? Tamdhu?

Peated whisky from Islay continues to see demand outstrip supply. Could Islay become the 'mecca' of investment grade Scotch? In no particular order, but Caol Ila, Ardbeg, Bowmore, Lagavulin and Laphroaig... Peat combined with European oak/sherry casks is hard to do well. But when it is, it's utterly epic (Caol Ila Managers Dram).

There are many others we could name here. Let us be clear though, Macallan will always be the 'collectors' distillery. Nowhere is there such a back catalogue of great quality Scotch whisky with which to drive towards building a significant collection. The question is; have Macallan values simply paused for breath or is this a more protracted re-trace?

Maybe the perceived value 'investors' placed upon Macallan has led to a natural overheating then subsequent cooling of the market?

For the collector/whisky-investor, right now there's still plenty of value to be leveraged, just in different places than those traditionally sought.



