

**RARE WHISKY MAKES
A STRONG 'V' SHAPED
RECOVERY AS DEMAND
REMAINS ROBUST.**

RARE WHISKY
THROUGH A GLOBAL PANDEMIC.
RARE WHISKY 101



**RARE | 101
WHISKY**

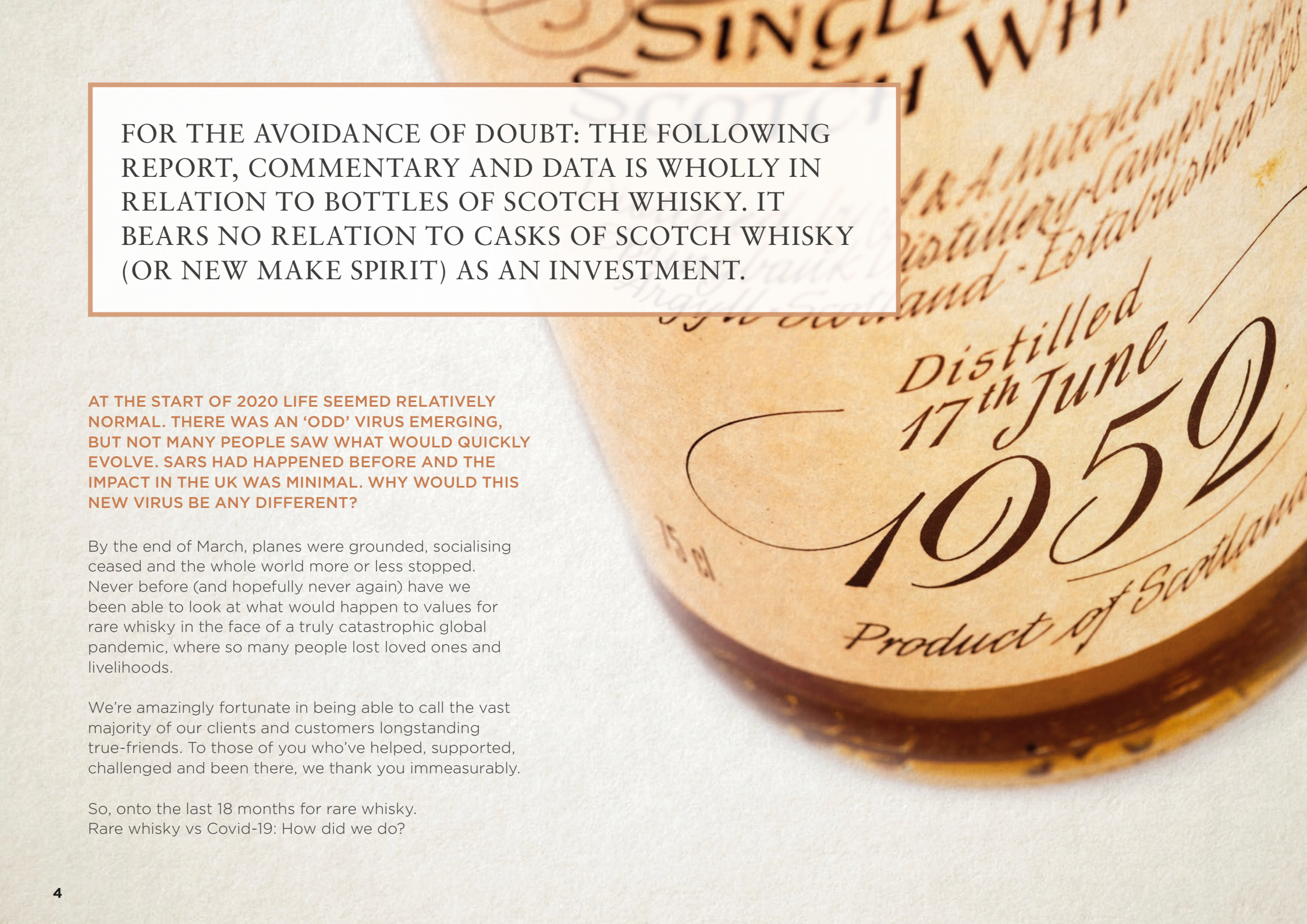
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COVID-19 AND ITS IMPACT ON RARE WHISKY

EXECUTIVE

SUMMARY



FOR THE AVOIDANCE OF DOUBT: THE FOLLOWING REPORT, COMMENTARY AND DATA IS WHOLLY IN RELATION TO BOTTLES OF SCOTCH WHISKY. IT BEARS NO RELATION TO CASKS OF SCOTCH WHISKY (OR NEW MAKE SPIRIT) AS AN INVESTMENT.

AT THE START OF 2020 LIFE SEEMED RELATIVELY NORMAL. THERE WAS AN 'ODD' VIRUS EMERGING, BUT NOT MANY PEOPLE SAW WHAT WOULD QUICKLY EVOLVE. SARS HAD HAPPENED BEFORE AND THE IMPACT IN THE UK WAS MINIMAL. WHY WOULD THIS NEW VIRUS BE ANY DIFFERENT?

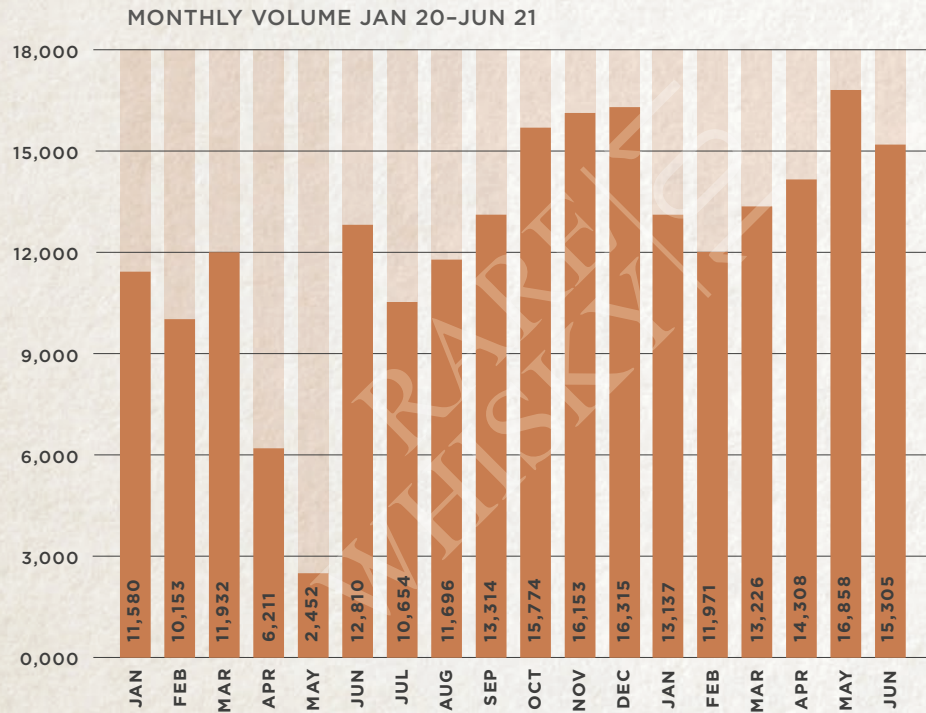
By the end of March, planes were grounded, socialising ceased and the whole world more or less stopped. Never before (and hopefully never again) have we been able to look at what would happen to values for rare whisky in the face of a truly catastrophic global pandemic, where so many people lost loved ones and livelihoods.

We're amazingly fortunate in being able to call the vast majority of our clients and customers longstanding true-friends. To those of you who've helped, supported, challenged and been there, we thank you immeasurably.

So, onto the last 18 months for rare whisky.
Rare whisky vs Covid-19: How did we do?

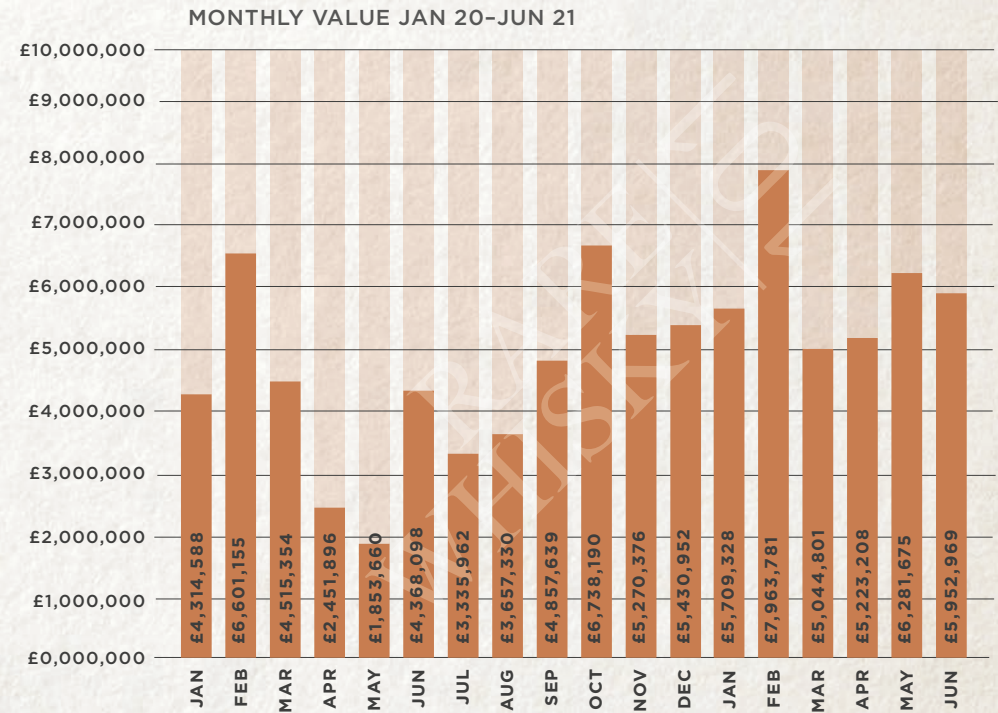
'V' SHAPED RECOVERY FOR RARE WHISKY

MONTHLY VOLUME ANALYSIS



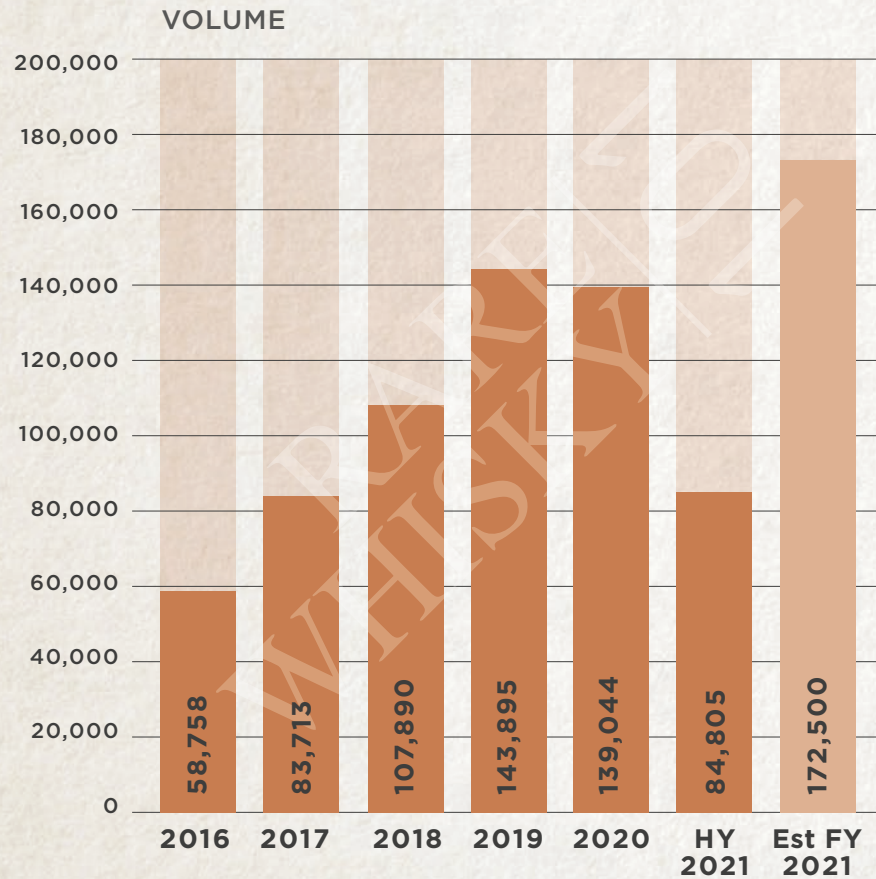
The volume and value of rare single malt Scotch whisky sold at auction in the UK experienced a classic 'V' shaped recovery following the easing of lockdown in the UK with May 2020 the low point on both Volume and Value. 2021 appears to continue the trend of increasing interest in the UK secondary market.

MONTHLY VALUE ANALYSIS

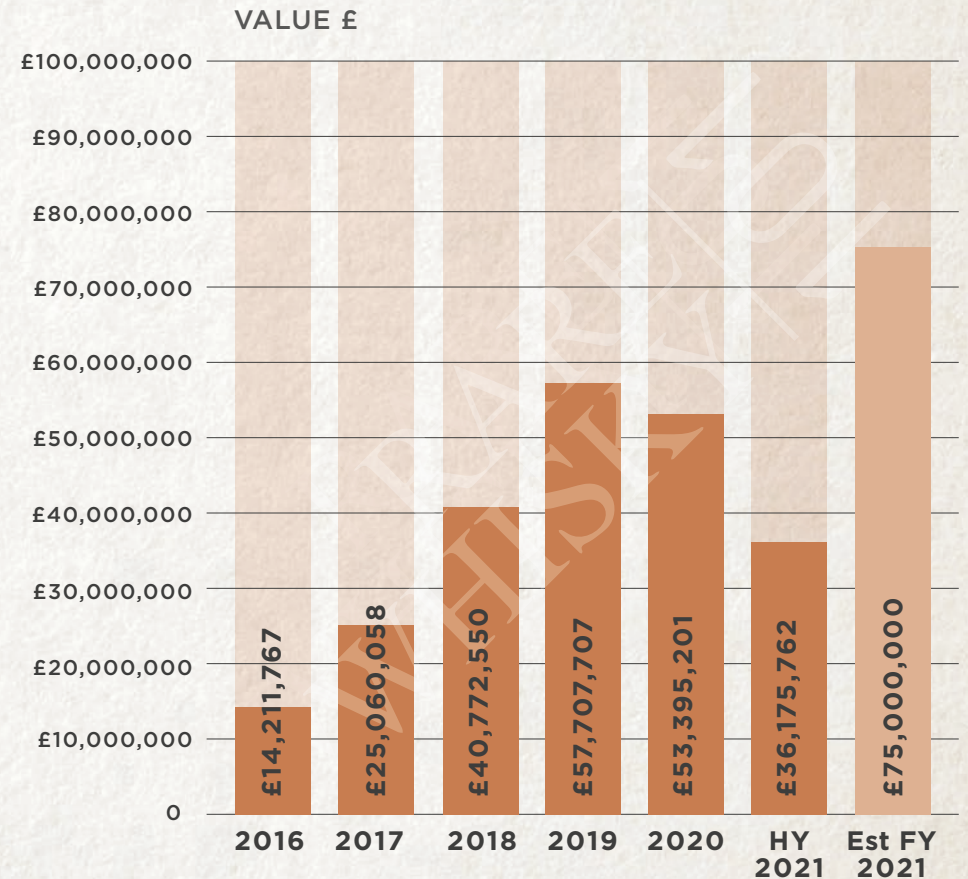


November and December 2020 were record breaking months from a volume perspective with both months seeing more than 16,000 bottles of single malt Scotch whisky sold at auction in the UK for the first time (previous record April 2019 = 15,830). May 2021 surpassed that at 16,858; 59.73% ahead of 2019's previous May record of 10,554.

VOLUME & VALUE ANALYSIS

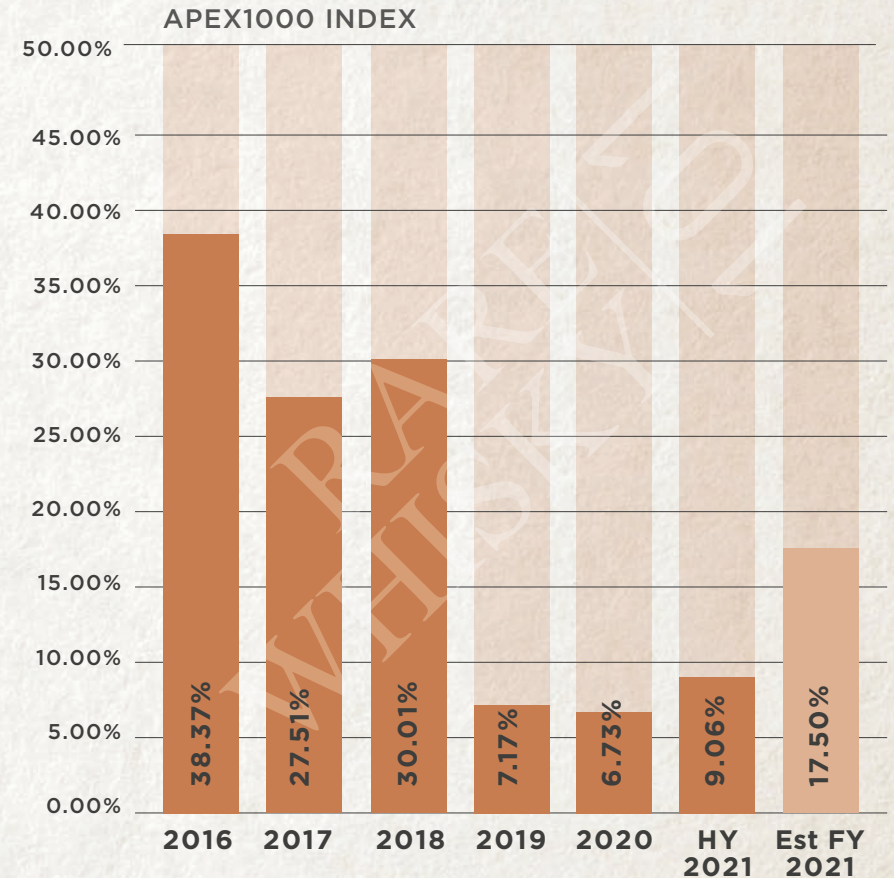
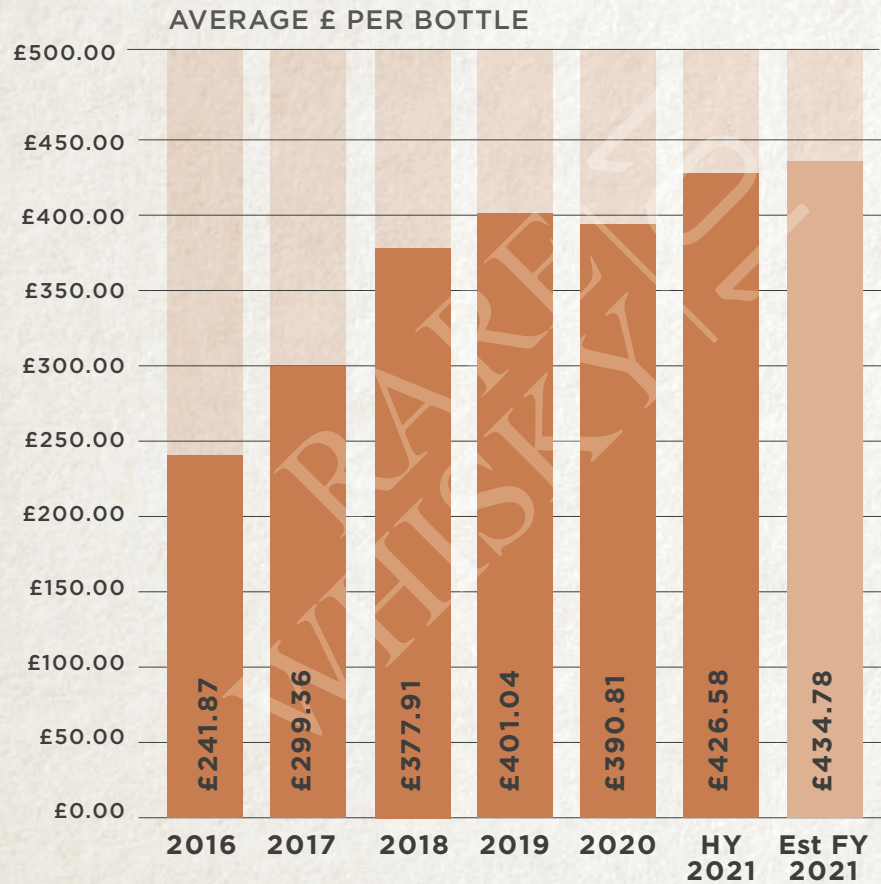


The overall number of recorded bottles of Single Malt Scotch whisky sold at auction in the UK in 2020 decreased slightly by 3.37% to 139,044 (2019 = 143,895), encouragingly the first half of 2021 suggests the full year estimate will break all records, 172,500 bottles.



The recorded £ value of collectable bottles of Single Malt Scotch whisky sold at auction in the UK in 2020 decreased by 7.47% to £53,395,201 (2019 = £57,707,707). The current 2021 full-year forecast is £75,000,000, an increase of 29.97% on 2019's record.

AVERAGE BOTTLE VALUE & APEX1000 INDEX



The average per-bottle price declined by 2.55% from £401.04 in 2019 to £390.81 in 2020 and has quickly re-bounded to £426.58 at the 30th June 2021 half year point. Our expectation is that this measure of the market increases slightly as we move into the final half of 2021 and closes at £434.78 – a new record.

After two years of relatively modest growth, our broadest measurement of the market, the Apex1000 Index, closed the half-year 2021 up 9.06% with a full-year estimate of 17.5% growth in investment values. This is a positive recovery after a turbulent 18 months.

SUPPLY

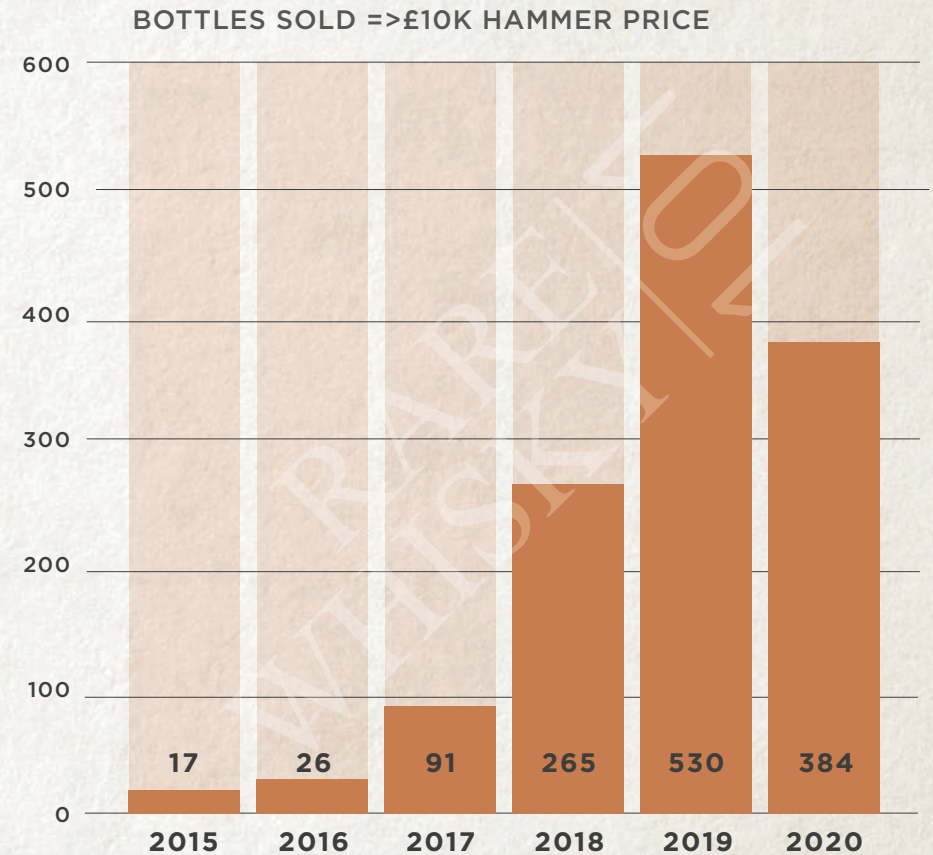
AND DEMAND 2020

PURE VOLUME SUPPLY THROUGHOUT 2020 DIPPED MARGINALLY BY 3.37% ON 2019'S RECORD BREAKING YEAR, TAKING THE 2019 RECORD HALF YEAR VOLUME OF 71,544 IN COMPARISON TO 2021'S 84,805. IT CERTAINLY APPEARS SUPPLY HAS RE-ESTABLISHED ITSELF FOLLOWING BOTH COVID AND BREXIT. COMPARING THESE TWO FIRST-HALF YEAR RESULTS SHOWS 2021 IS UP 18.53% ON 2019'S RECORD HALF YEAR.



NUMBER OF BOTTLES SOLD

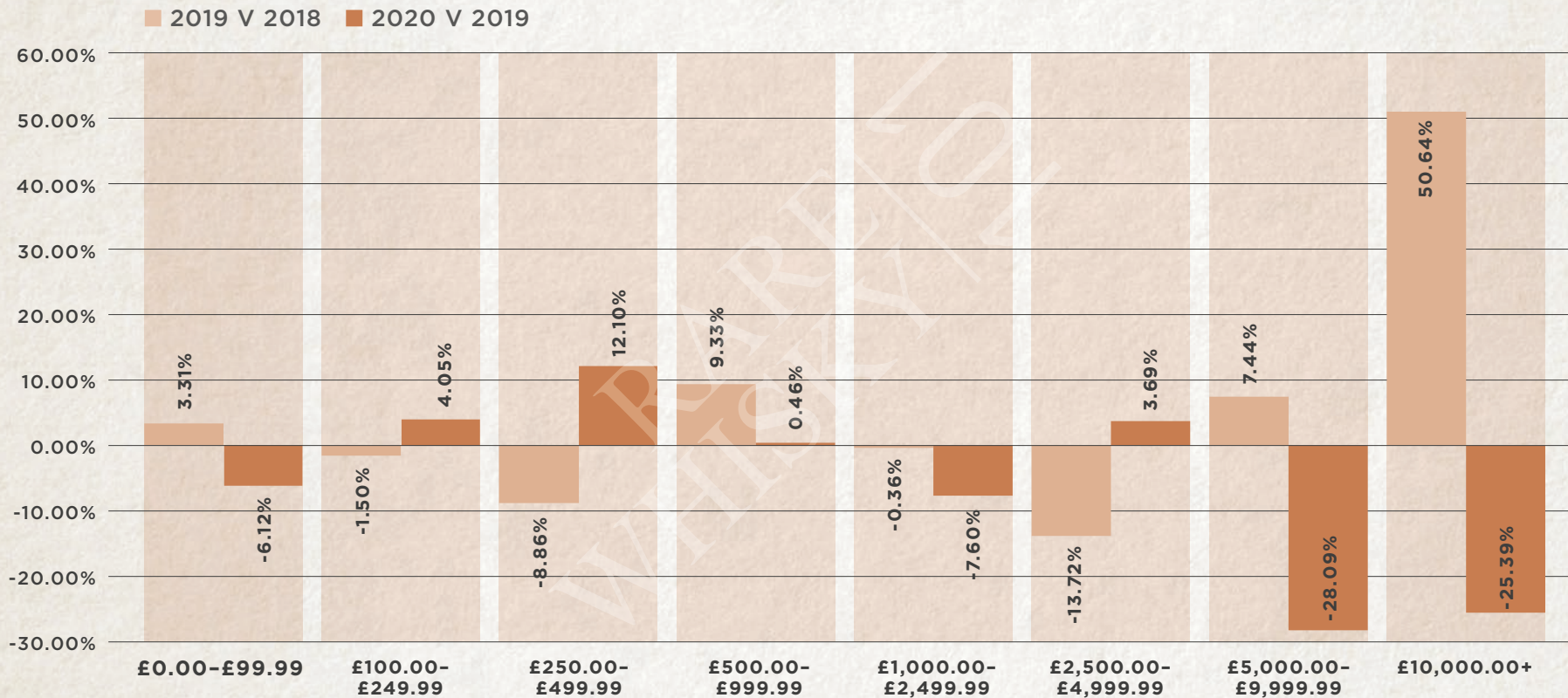
ONE COULD REALISTICALLY ASSUME THERE ARE SOME WHO *NEED* TO SELL THEIR COLLECTIONS DUE TO CURRENT FINANCIAL PRESSURES. WE'VE SEEN AN INCREASE IN LOWER VALUE BOTTLES ENTERING THE MARKET AND A DISPROPORTIONATE DECLINE IN HIGHER VALUE BOTTLES OFFERED FOR SALE, THUS THE MAKE-UP OF THE MARKET FROM A VALUE SEGMENT PERSPECTIVE HAS CHANGED.



The massive increase in the number of bottles selling for more than £10,000 dipped drastically through 2020. The chart right shows the number of bottles fetching =>£10,000 at auction over the last six years. When comparing 2019 with 2018, there was an increase of 50.64%. When 2020 is compared with 2019 there's a 25.39% decrease.

PRICE BAND COMPARISON

The table below shows a variety of price bands with comparisons over the last two full calendar years.



From a price-point perspective, popularity appears to be increasing in the more affordable £250-£1,000 segment in the secondary market, particularly £250-£499. Interestingly, this price-point is not particularly well served by brand owners in the primary/retail market for collectable bottles. Everything 'seems' to be about 'the most expensive' and the 'oldest'.

We sense a genuine upswell in consumer/collectors who are prepared to pay premium prices but not £20,000 for a 50 year old.

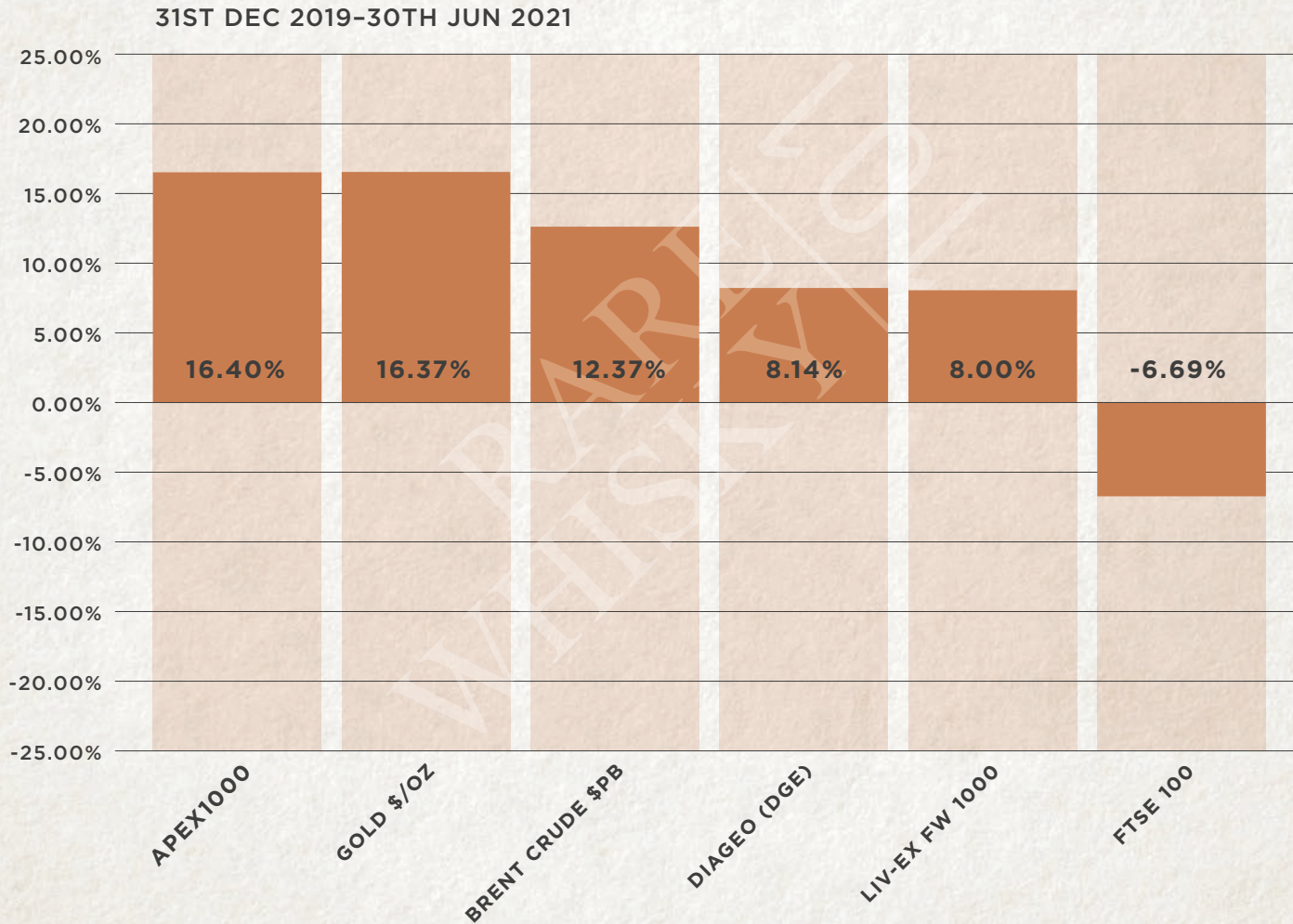
Brands no longer simply need a 'recruitment' dram (a house 10 or 12), they now require a recruitment-*collectors* dram for those looking at the next step on the ladder in terms of rarity and quality, but will not pay vast prices at the moment. The aspirations of brands to price for success should consider demand from buyers in the secondary market.

INVESTMENT COMPARISON 2020

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

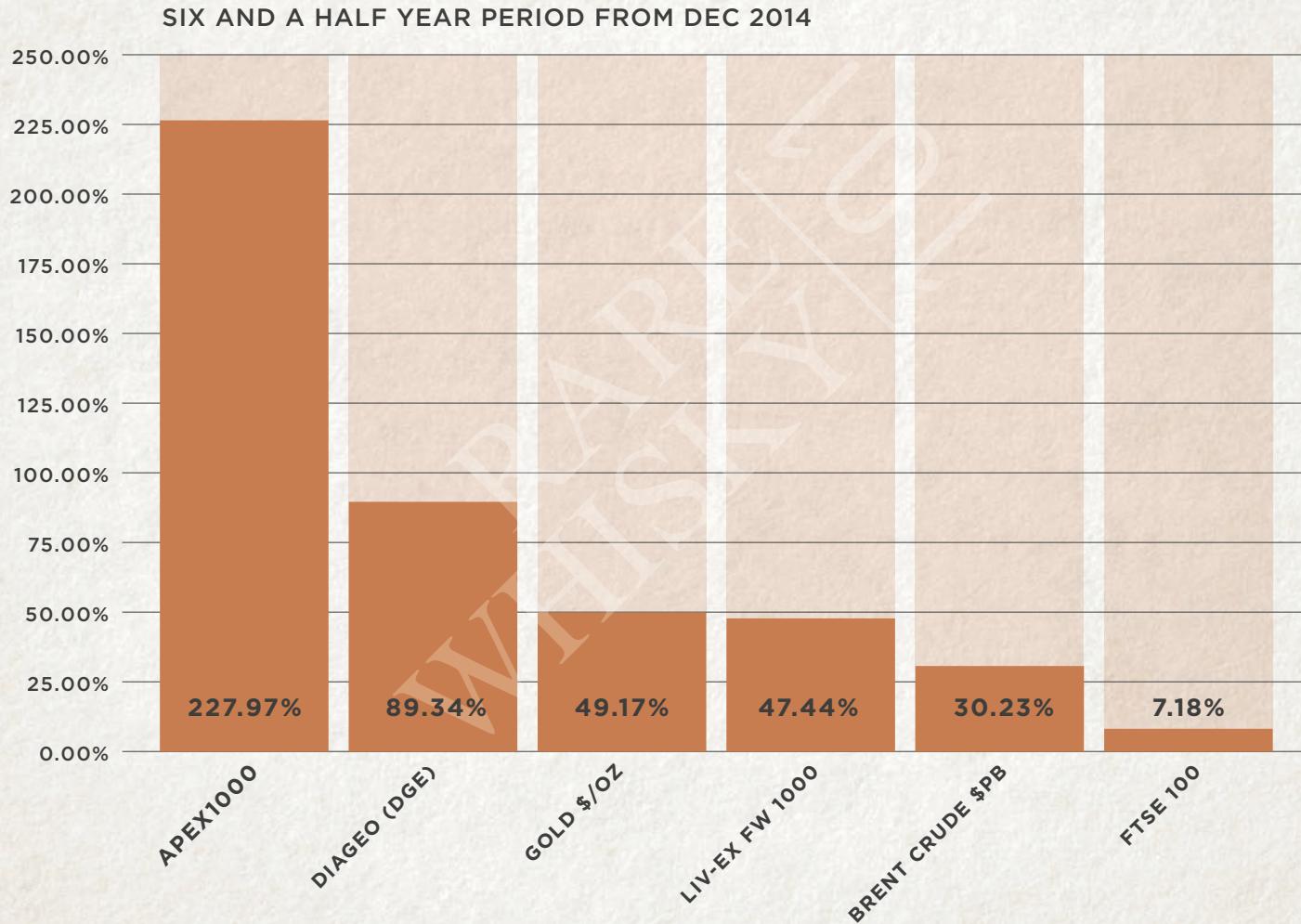
WE CONTINUE TO PROVIDE THESE AS A RUNNING COMMENTARY ON SCOTCH WHISKY'S PERFORMANCE AS AN ALTERNATIVE ASSET-CLASS IN ITS OWN RIGHT.

INVESTMENT COMPARISON – 18 MONTHS FROM DEC 2019



Over an 18 month extended period, the Apex1000 Index fractionally edged ahead of gold by 0.03% where it regained its number one place. Over an extended six and a half years, since the 31st of December 2014, Scotch whisky's leading performance is comfortably cemented.

INVESTMENT COMPARISON – 6½ YEARS FROM DEC 2014





MARKET

SHARE 2020/21

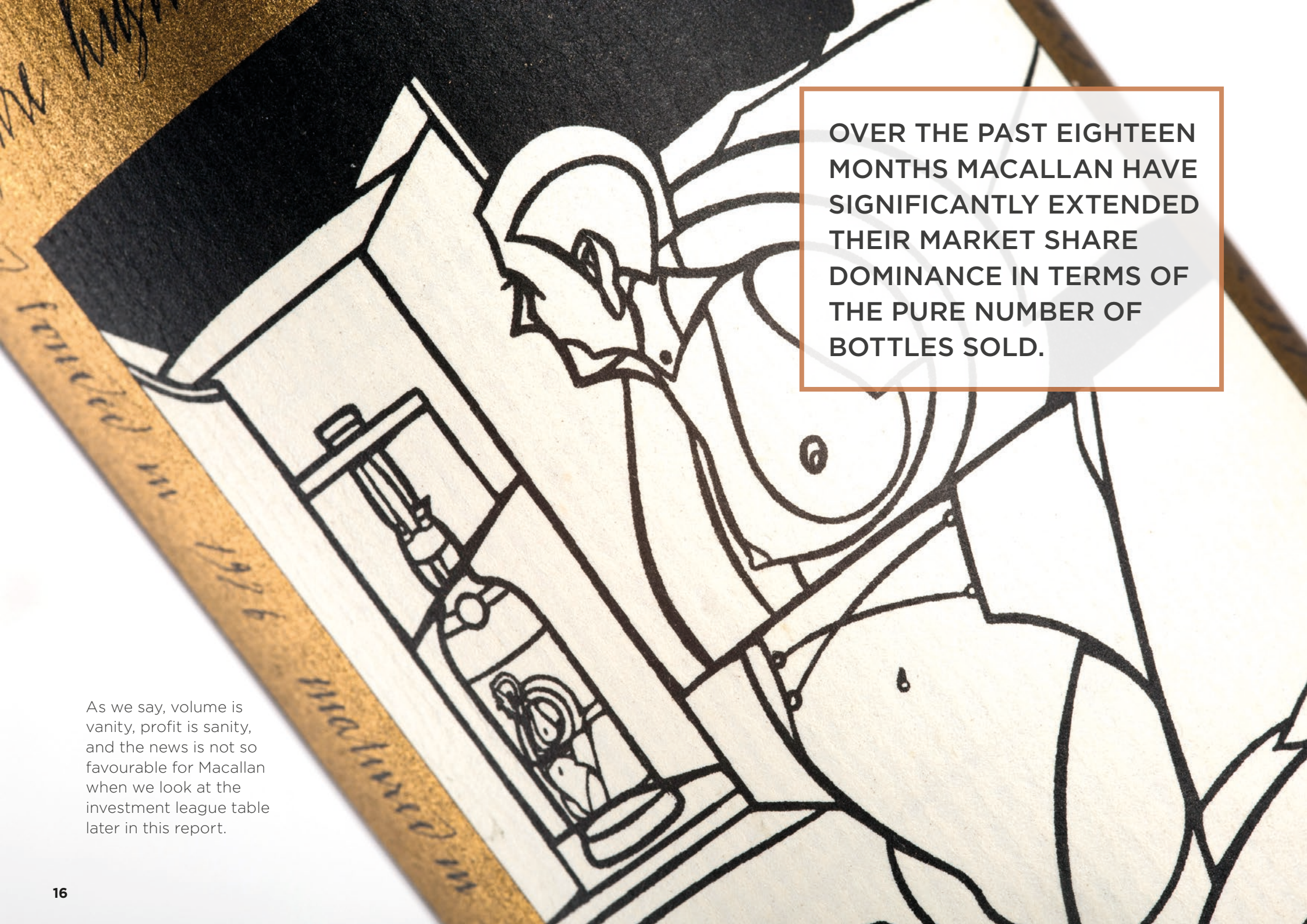
VOLUME

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 THE PAST EIGHTEEN MONTHS. THIS IS THEN RANKED AS A LEAGUE TABLE AND COMPARED TO THE FULL YEAR 2019.

TOP 10 VOLUME MARKET SHARE

RANK	TOP 10 - FY 31ST DEC 2019	%	TOP 10 - TO 30TH JUN 2021	%	18 MONTH MOVEMENT
1	MACALLAN	15.62%	MACALLAN	18.91%	=
2	ARDBEG	4.93%	ARDBEG	6.21%	=
3	HIGHLAND PARK	4.41%	SPRINGBANK	4.11%	UP 7
4	BOWMORE	3.81%	BOWMORE	3.01%	=
5	LAPHROAIG	2.96%	HIGHLAND PARK	2.91%	DOWN 2
6	GLENFIDDICH	2.90%	GLENDRONACH	2.26%	UP 1
7	GLENDRONACH	2.74%	LAPHROAIG	2.17%	DOWN 2
8	LAGAVULIN	2.72%	GLENFIDDICH	2.14%	DOWN 2
9	BRUICHLADDICH	2.64%	BRUICHLADDICH	2.14%	=
10	SPRINGBANK	2.62%	LAGAVULIN	2.10%	DOWN 2

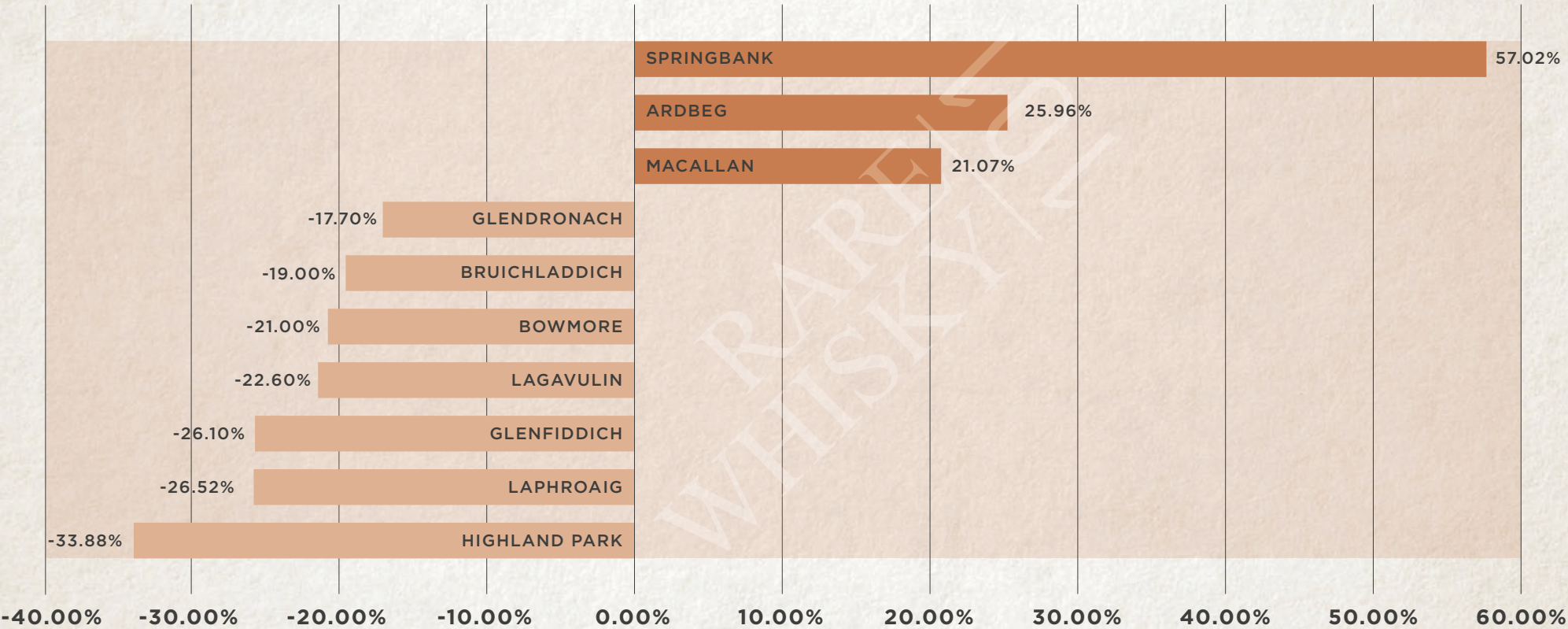


OVER THE PAST EIGHTEEN MONTHS MACALLAN HAVE SIGNIFICANTLY EXTENDED THEIR MARKET SHARE DOMINANCE IN TERMS OF THE PURE NUMBER OF BOTTLES SOLD.

As we say, volume is vanity, profit is sanity, and the news is not so favourable for Macallan when we look at the investment league table later in this report.

% CHANGE IN VOLUME SHARE

TOP 10 DISTILLERIES: % CHANGE IN VOLUME MARKET SHARE FY 2020



The change in volume share for the top 10 distilleries is charted above, with the top three brands all gaining additional market share, while everyone else lost out slightly. To some degree, that is purely a symptom of the large shares taken by the top three brands who now account for a combined 29.23% of the market.

Interestingly, the top 10 overall accounted for 45.35% in 2019 and 45.98% in the 18 months to end June 2021 – a minor change but with large movements at a brand level.

VALUE

USED IN CONJUNCTION WITH VOLUME, THE £ VALUE 'SHARE-OF-WALLET' FIGURES CAN BE INSIGHTFUL FOR THE COLLECTOR/INVESTOR. 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 over an 18 month period against their 2019 results.

There is almost no stopping Macallan's utter dominance of the collector's market (we're not saying the investors or drinkers market). With virtually £43 out of every £100 spent at auction in the UK on single malt Scotch whisky being spent on Macallan.

TOP 10 VALUE MARKET SHARE

RANK	TOP 10 - FY 31ST DEC 2019	%	TOP 10 - TO 30TH JUN 2021	%	18 MONTH MOVEMENT
1	MACALLAN	39.53%	MACALLAN	42.79%	=
2	BOWMORE	8.59%	BOWMORE	6.31%	=
3	ARDBEG	4.06%	ARDBEG	5.44%	=
4	SPRINGBANK	3.06%	SPRINGBANK	4.37%	=
5	PORT ELLEN	3.01%	PORT ELLEN	2.41%	=
6	LAPHROAIG	2.96%	LAPHROAIG	2.21%	=
7	HIGHLAND PARK	2.65%	GLENFARCLAS	1.82%	UP 2
8	LAGAVULIN	2.06%	HIGHLAND PARK	1.68%	DOWN 1
9	GLENFARCLAS	1.89%	GLENDRONACH	1.51%	UP 3
10	BRORA	1.82%	LAGAVULIN	1.51%	DOWN 2

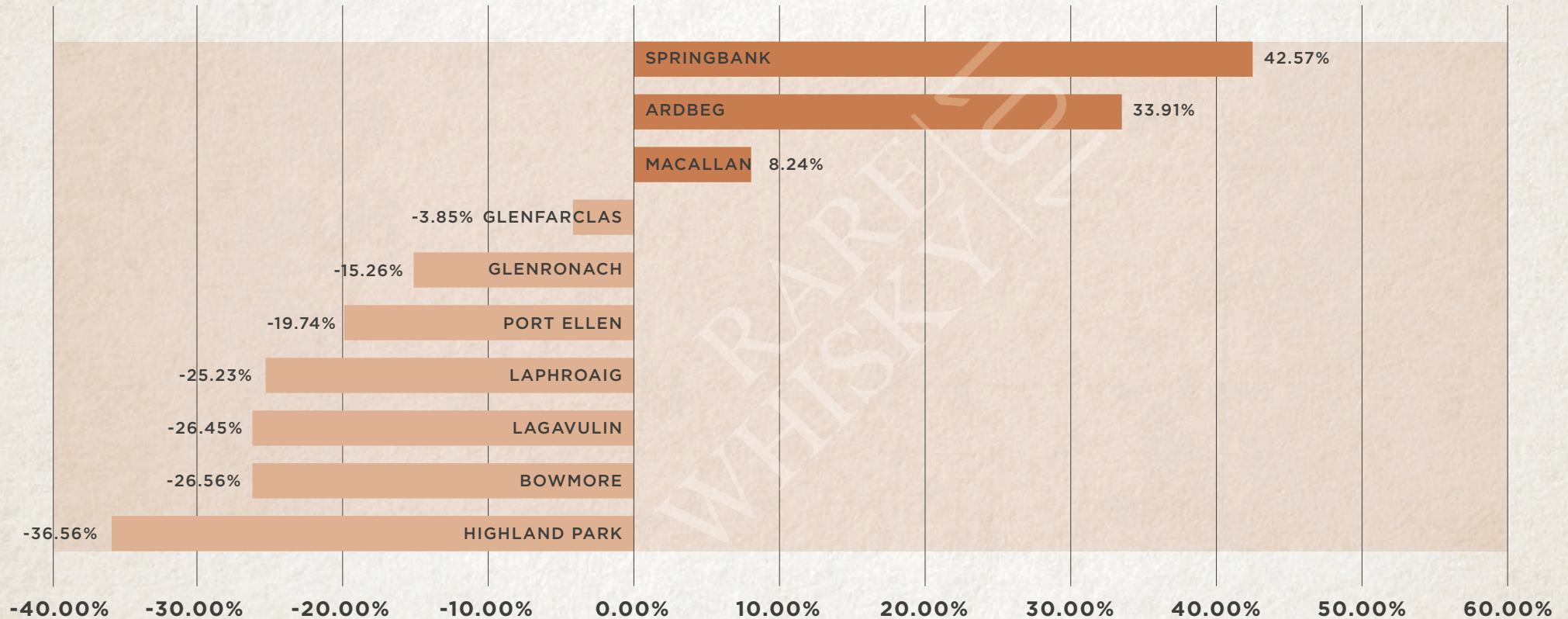


**SPRINGBANK FEATURE
AS THE HIGHEST MOVER
IN BOTH THE VOLUME
AND VALUE RANKINGS.**

An exceptional trading period for the brand has seen their popularity go from strength to strength.

% CHANGE IN £ VALUE SHARE

TOP 10 DISTILLERIES: % CHANGE IN £ VALUE MARKET SHARE FY 2020



The annual change in £ share of wallet for the top 10 distilleries is above, where Springbank put in a stellar performance over the eighteen month period. Interestingly, Bowmore lost significant market-share in both volume and in £ value.

The most significant market-share loss from both a volume and a £ value perspective is Highland Park. Has the sheer volume of single casks and limited releases had the same effect on collectors as when Bruichladdich flooded the market with limited releases in 2009?

More broadly, we see many of the “peaty” drams lose share – Bowmore, Port Ellen, Laphroaig, Highland Park and Lagavulin – is this a move away from Peat for some buyers?

RARE WHISKY

COLLECTORS

RANKING





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.

It was only a matter of time, but we have the first 'new distillery' entering the ranks as we welcome Daftmill to number 23 and Ardnamurchan to number 28.

We'll be taking a closer look at the impact newer distilleries have had on the market in future reports where we'll look at market share capture and also investment values.

RANK	31ST DEC 2019	30TH JUN 2021	MOVEMENT (18 MONTHS)
1	MACALLAN	MACALLAN	=
2	ARBEG	ARBEG	=
3	BOWMORE	BOWMORE	=
4	HIGHLAND PARK	SPRINGBANK	UP 3
5	LAPHROAIG	HIGHLAND PARK	DOWN 1
6	GLENFIDDICH	LAPHROAIG	DOWN 1
7	SPRINGBANK	GLENDRONACH	UP 5
8	LAGAVULIN	LAGAVULIN	=
9	GLENMORANGIE	GLENFARCLAS	UP 4
10	PORT ELLEN	GLENFIDDICH	DOWN 4
11	BALVENIE	BRUICHLADDICH	UP 3
12	GLENDRONACH	BALVENIE	DOWN 1
13	GLENFARCLAS	BUNNAHABHAIN	UP 7
14	BRUICHLADDICH	CAOL ILA	UP 3
15	GLENLIVET	GLENLIVET	=
16	ARRAN	GLENMORANGIE	DOWN 7
17	CAOL ILA	ARRAN	DOWN 1
18	DALMORE	CLYNELISH	UP 1
19	CLYNELISH	PORT ELLEN	DOWN 9
20	BUNNAHABHAIN	DALMORE	DOWN 2
21	TALISKER	SPRINGBANK (LONGROW)	UP 10
22	BRORA	TALISKER	DOWN 1
23	ABERLOUR	DAFTMILL	UP 65
24	MORTLACH	ROSEBANK	UP 1
25	ROSEBANK	ABERLOUR	DOWN 2
26	GLEN GRANT	MORTLACH	DOWN 2
27	GLENROTHES	GLENALLACHIE	UP 80
28	GLENGOYNE	ARDNAMURCHAN	UP 104
29	BRUICHLADDICH (OCTOMORE)	BEN NEVIS	UP 16
30	BRUICHLADDICH (PORT CHARLOTTE)	GLEN GRANT	DOWN 4



RARE WHISKY

INVESTORS

RANKING

INVESTOR RANKINGS

RANK	31ST DEC 2019	30TH JUN 2021	MOVEMENT (18 MONTHS)
1	SPRINGBANK	SPRINGBANK	=
2	ROSEBANK	ROSEBANK	=
3	BRORA	DALMORE	UP 3
4	BEN WYVIS	BRORA	DOWN 1
5	KILLYLOCH	GLENURY ROYAL	UP 18
6	DALMORE	PORT ELLEN	UP 4
7	BOWMORE	LOCHSIDE	UP 2
8	GLENUGIE	GLENUGIE	=
9	LOCHSIDE	ST MAGDALENE (LINLITHGOW)	UP 3
10	PORT ELLEN	MILLBURN	UP 5
11	MACALLAN	BEN WYVIS	DOWN 7
12	ST MAGDALENE (LINLITHGOW)	ST MAGDALENE	UP 2
13	CLYNELISH	CONVALMORE	UP 11
14	ST MAGDALENE	BOWMORE	DOWN 7
15	MILLBURN	DALLAS DHU	UP 1
16	DALLAS DHU	ARDBEG	UP 2
17	GLENLOCHY	CRAIGDUFF	NEW ENTRY
18	ARDBEG	GLENISLA (GLEN KEITH)	NEW ENTRY
19	LAPHROAIG	GLENLOCHY	DOWN 2
20	GLEN ORD	CAOL ILA	UP 39
21	COLEBURN	SPRINGBANK (LONGROW)	UP 8
22	GLEN ALBYN	LAPHROAIG	DOWN 3
23	GLENURY ROYAL	GLEN ALBYN	DOWN 1
24	CONVALMORE	GLENDRONACH	UP 4
25	MORTLACH	GLENFARCLAS	UP 13
26	BRACKLA (ROYAL)	GLEN ELGIN	UP 13
27	GLEN GRANT	OBAN	UP 24
28	GLENDRONACH	MACALLAN	DOWN 17
29	SPRINGBANK (LONGROW)	BANFF	UP 1
30	BANFF	GLEN ORD	DOWN 10

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.

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.

Springbank retains its #1 position and has proved itself as the collectors and investors choice throughout the Covid pandemic.

Dalmore have entered the top three for the first time in many years as their large back-catalogue of aged spirit and limited editions has further attracted connoisseurs, collectors and investors to the brand.

AT THE END OF 2019, MACALLAN EXITED THE TOP TEN INVESTORS DISTILLERIES FOR THE FIRST TIME.

Over the past eighteen months, Macallan may have extended their market share, but their investment values have tumbled as the brand rests at number 28. Values have picked back up slightly over recent months; however, have too many no-age-stated (NAS) bottles confused the market? Has 'ballot-fatigue' switched collectors to other more easily accessible brands? Is there a disconnect between price and perceived value - from a connoisseurs, collectors and investors point of view. More detailed research is needed to drill down here.

We undertook a small piece of internal research in December 2020 where we looked at a large retailers range of Macallan NAS releases. There were 12 different releases ranging in price from £45 to £6,250. How can that vast range of difference ever be communicated to a consumer? Like we say, confusing. We're confused and we're used to this market more than most.

WORTHY OF MENTION, THAT FROM A PURE INVESTMENT PERSPECTIVE, THERE ARE ONLY TWO PRODUCING DISTILLERIES IN THE TOP TEN. SPRINGBANK AND DALMORE ARE SURROUNDED BY GHOSTS! SILENCE, IT APPEARS, IS INDEED GOLDEN.



A hand holding a glass of whisky inside a crystal ball, with smoke in the background. The scene is dimly lit with a warm, orange-brown color palette. The text is overlaid on the left side of the image.

CRYSTAL BALL
GAZING
WHAT NEXT?

MACALLAN'S SECONDARY MARKET WOES CONTINUED THROUGH 2020.

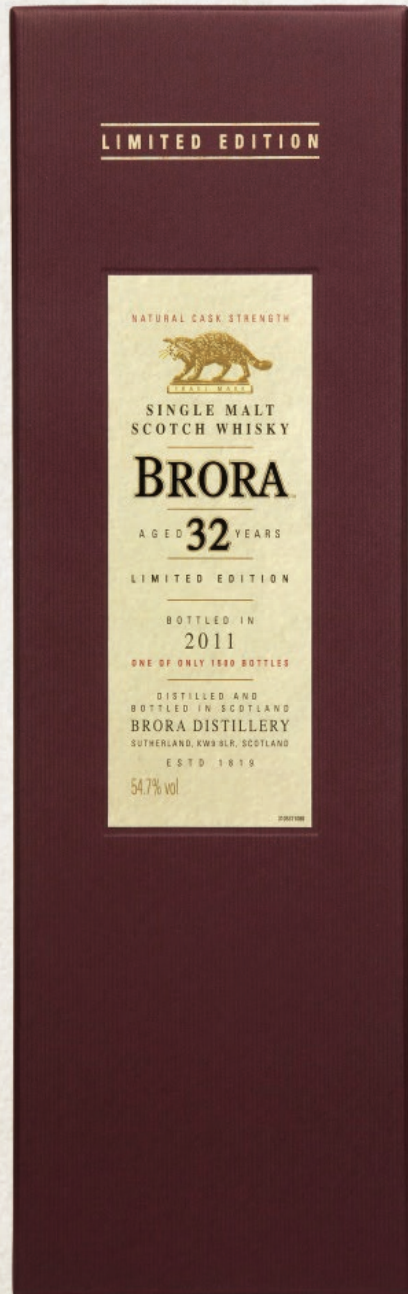
WE'RE JUST NOT SURE A CONSUMER/BUYER WILL UNDERSTAND THE RANGE OF NAS MACALLAN GOING FROM £45 TO £6,260 ACROSS TWELVE DIFFERENT SKU'S. PRIMARY MARKET CONFUSION AND FATIGUE SEEMS TO BE FILTERING INTO THE SECONDARY MARKET. WHERE CONFUSION EXISTS, IN OUR OPINION, WE SEE PEOPLE MOVING TO BRANDS WHICH PROVIDE GREATER CLARITY AND MORE TRANSPARENCY THROUGH THE PRICE LADDER.

The stress seen in the higher value price bands is interesting. To some degree, that was to be expected as the global pandemic frayed nerves and created uncertainty. We see this segment as gradually returning to pre Covid levels of trade over the coming two to three years as alternative assets and collectables become increasingly meaningful as stores of wealth.

Another interesting evolution we've started to see is where a full/complete collection of bottles is becoming worth more than the constituent parts (i.e. the individual bottles sold separately).

Until recently only really the Macallan Fine & Rare collection was worth more as a set than the individual bottles, but we're now seeing premiums being paid to acquire a 'pre-packed' complete collection. For many new buyers into the rare whisky market, time is more important than money, so building a collection from scratch using several auction houses, contacts and retailers can be a painstaking task.

As the collectables/alternatives markets continue to attract wealth, we see this relatively recent trend as only continuing. There is, however, an elastic relationship between time vs money, where buyers will only pay 'so much' for a collection. The other upside is that the rarest or earliest releases from distinct collections will, we believe, gather pace faster than before as separate items.



VALUES FOR BOTTLES FROM SILENT DISTILLERIES ALSO SEEM TO BE VERY RESILIENT.

That sheer 'value of scarcity' means bottles will only become rarer as the primary market isn't being fed with new stock.

Releases from distilleries such as Banff, Glenury Royal, Glenugie, Convalmore, Coleburn, Millburn, Glenloch and even Littlemill are fewer and fewer as casks dwindle (or have already run dry!). The 'big-three' (Brora, Port Ellen and Rosebank) have also moved into very different territory from a pricing perspective. No longer included in any annual special releases, these are now very much the trophies of the collectors world. Of course, the resurrection of new distilleries at Brora, Rosebank and Port Ellen may have some impact and we will watch with interest. For the true Ghosts - distilleries never to return- we see continued upside here as stock (both maturing and bottled) has either run out already, or will run out soon.

Whatever the future holds for bottles of rare whisky as a pool-of-value, the pandemic has shown us that physical assets have become ever more popular. Could this have led (or lead) to an artificial inflation of values? We can't answer that, and whisky is a super-speculative investment, so is at the whims of market 'fashions'. Whatever happens to investment grade values, is almost irrelevant noting that's almost a symptom/by-product of the levels of global consumption. And (anecdotally) with global consumption levels of rare whisky at an all time high, we see no reason upward pressure will not continue for the right bottles.

We remain cautiously optimistic... and yes, even for rare (old school) bottles of Macallan!

Andy & David



