

AN INVESTOR'S VIEW: MATTIAS SUNDSTRÖM

Mattias Sundström, founder of Swiss-based wine-investment consultancy Wine Wealth, is also personally invested in several tranches of The Wine Investment Fund.

Is wine primarily a passion or an investment tool for you?

Very much both. It started out as a passion and has been an interest for the past 20 years, in parallel with my day job as an investment banker and my more recent professional study toward the WSET diploma in wine. A few years ago, the press alerted me to the concept of actually investing in wine. I now run a wine-investment consultancy, where I work with wine-fund managers and act as investment adviser to qualified investors. I am essentially an introducer of wine as a form of investment.

Do you worry about this passion/investment parallel clouding your judgment?

I categorize wine into three different groups. The first is everyday drinking wines; the second, cellar or "passion" wines; and the third, investment-grade wines, where fund managers play a crucial role. I leave choosing wines for an investment portfolio entirely to the fund managers. I'm interested to see what's in there, but I wouldn't want to get involved. I trust their judgment implicitly. For example, I have a particular love for Burgundy wines, but I choose them for my cellar according to what I like to drink.

How does wine fit into your overall investment strategy?

I have other assets, too. Clearly it would be quite risky to put all your money into one asset class. Wine forms just one portion of my assets—perhaps a slightly higher portion than for other investors, because I feel comfortable with the asset class. It's important to show investors this by investing my own money.

What attracted you to the idea of a wine-investment fund?

One thing is that it's just a very different asset class, which in itself draws interest. Then the numbers speak for themselves: Returns are consistently high with relatively low volatility. Though it is not entirely unaffected, wine holds up remarkably well to general market stress—the credit crunch, for example—compared to other asset classes. Following periods of stress, wine has recovered better and has persistently outperformed other asset classes year in, year out. There's the diversification factor as well; wine has been found to have low correlation with financial markets.

Have your investments so far been lucrative?

Very lucrative since I first invested in 2005. I'm very, very pleased with the returns. Over the period I've been investing, I seem to have been fortunate with my timing. As a long-term asset, wine has returns of 13–15 percent, but the returns I've seen have been a couple of percentage points higher, so I'm a very happy investor.

Why did you choose The Wine Investment Fund for your personal investments?

At the time, they were the first fund that appeared on my awareness radar. I contacted them and eventually met the team. I was immediately comfortable with their investment process, with the Price Step Theory™, and so on. I suppose there was an element of "Who else is there?" but I don't put money into anything I don't understand or don't feel comfortable with. They have a clearly set-out strategy and a good track record, and the size of their team, as well as their assets under management, is reassuring.

Which other funds do you work with?

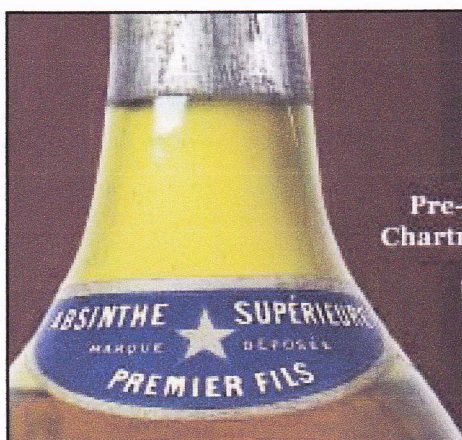
I point investors in the right direction depending on their preferences—for example, whether they want to invest in en primeur or not. Peter Lunzer originally came from The Wine Investment Fund, and I've known him for a number of years, so I feel comfortable with him. I know less about The Vintage Wine Fund, but I have a dialogue going with them, and I have met with Wine Asset Managers.

Are there any alternatives outside the UK?

Wine funds are mostly UK-based, with no serious contestants on the continent, which is somewhat surprising. Even in France, there's not really anything that resembles a proper wine fund. There are players that are somewhere between merchant and portfolio manager.

What do you drink at home on a Wednesday evening?

I wish I could open the DRCs and Echézeaux on a Wednesday! There are a couple of wines I follow—for example, those of Nicolas Potel. He's been a négociant for the past 15 years but now increasingly owns his plots of vineyards as proprietor of Domaine de Bellene. As a winemaker, he has a talent for transmitting the terroir: He makes brilliant wines from Bonnes Mares to Volnay. I've followed his wines for the past ten years and been fortunate enough to participate in one of his harvests. He's generous like that, and he lets people get their hands dirty.



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