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## MONEY WHERE YOUR MOUTH IS: INVESTING IN SINGLE MALT SCOTCH

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By: Mandy Hegarty

When it comes to alternative investments, fine wine is often hailed as a lucrative choice. But now there's another alcoholic beverage that is skyrocketing in value and offering a golden opportunity for investors.

Single malt scotch has long been a cherished spirit, inspiring an near-obsessive devotion in those who adopt it as their drink of choice. But in recent years it has become clear that premium single malt is not just a tasty tipple, but it's also a potential source of profit for those in the know. As bottles sell for soaring prices on the secondary market, it's frequently being referred to as "liquid gold". But can it live up to its new moniker?

### The Bottom Line

Data from valuations expert Whisky Highland suggest that whisky now offers tantalizing returns for smart investors. If you had bought the 1,000 best performing bottles



64-year-old Dalmore Trinitas

in 2008, you would have seen the value of your collection rise by a staggering 170 per cent. As prices climb at auction, distillers are also responding to demands at the top end of the market by offering ultra-exclusive bottlings. In 2010, Highland distillery The Dalmore released three bottles of its 64-year-old Dalmore Trinitas for £100,000 (\$163,670), while in June 2013 they teamed up with Harrods to offer a collection of rare bottles priced at £987,500 (\$1,616,241).

However, the bottom end of the market tells a different story, with the worst-performing bottles recording significant losses. The lowest 250 bottles have decreased by more than 50% over the last five years, which shows would-be buyers need do their research before whetting their whistle in the whisky market. With this in mind, we spoke to Andy Simpson, founder of Whisky Highland, for advice on investing in single malts.



### Selecting Stock

In a market flooded with blended scotches, Simpson wholeheartedly advises sticking to single malt. “It has that premium edge and rarity factor that collectors and investors typically go for. For example, a 1926 vintage Glenfarclas recently sold at auction for £6,600 (\$10,800). If you were to look at a similar blended whisky bottled in the 1920s, that would now probably be worth around £500 to £700 (\$820 to \$1,150).”

The quality of the product is crucial. “Stick to recognized and respected distilleries, such as The Macallan, Port Ellen, Balvenie, Ardbeg, The Dalmore and the likes,” suggests Simpson. “They produce exceptional quality liquid and that’s key. One man’s investment today may be another man’s drink in ten years’ time.”

Perhaps most importantly, scotch is subject to the simple logic of supply and demand. “Rarity drives the market. Pre-1970s distilled whiskies were produced in such tiny amounts that remaining bottles fetch a premium.

Limited editions and commemorative bottlings also attract high prices.” He cites the Macallan Royal Wedding release, which retailed for £150 (\$245) in 2011 and now fetches around £1,500 (\$2,455). Other recent examples include the Macallan Queen’s Coronation, which sold at £350 (\$573) on its release in May 2013 and has already appreciated in value to £700 (\$1,146); and Bowmore’s limited edition Devil’s Casks, which was priced at £50 (\$82) when released in October 2013, and has since spiked to £250 (\$409).

Patience is advised. These short-term returns are not the norm and single malts are rarely a liquid asset. “Investors should expect to hold onto whisky for 10 to 20 years before yielding such profits,” says Simpson.

Collectible whiskies can be bought from retailers or auctioneers, such as Bonhams. But caution is advised. “There are fakes and forgeries out there,” warns Simpson. “If you plan to bid at auction, you need to know what you are looking for. Especially

at an electronic auction, where you cannot physically hold the bottle.”

### Storing scotch

Once you have purchased your scotch, treat it right to keep it in top resell condition. “Keep it stored upright. You don’t want any liquid contact with the cork. The strength of the alcohol can ultimately corrode the cork, which leads to cork taint, evaporation and all kinds of nasty things. None of which improve the value of your bottle,” says Simpson. “Keep bottles at a constant temperature, out of direct sunlight, and away from thirsty guests!” And last but not least, Simpson urges investors to buy whiskies they personally enjoy. “If anything every happens to the market, at least you can commiserate in style with something that tastes fantastic!”

**Budding single malt investors can visit Whisky Highland’s website ([www.whiskyhighland.co.uk](http://www.whiskyhighland.co.uk)) for more information on all things single malt, including a handy whisky valuation library with over 52,000 bottles.**