

WHISKY SELECT



Whisky Investment Guide

2014-2015



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A Few Words

Since starting my own collection of fine and rare whisky a few years ago and seeing the investment potential, I am beginning to see the Scotch whisky market advance further in attracting new customers across the globe. Special commemorative releases, limited editions with beautifully designed bottles along with celebrity endorsements help to raise the profile of investment grade whisky.

With over 100 Scottish single malt distilleries and in excess of 150 brands, WhiskySelect believes that more distilleries are set to follow the trend by releasing fine and rare whisky to take advantage of the drink's popularity with high net worth customers. This will provide fantastic opportunities to build a collection of Scotch whisky, at entry level prices, that has investment growth potential as it diminishes by availability and consumption.

Records for fine and rare bottles are constantly being broken at auction. In 2010 at Sotheby's New York, a bottle of Macallan 64 year old sold for \$460,000 and then in 2014, the Macallan 'M' sold for \$628,205. Other rare malts such as The Dalmore have been selling for around £120,000 (\$190k). Currently, there is a consensus that the trend is to escalate.

WhiskySelect caters for all levels of investors and connoisseurs of fine and rare whisky. Our objective is to become a major player for an emerging Scotch whisky investment market similar to that of the fine wine market. As we expand our services in offering unique content and resources online, we predict 2015 to be an exciting and rewarding year.



About Us

Since launching in September 2014, WhiskySelect has set goals to become a leading Scotch whisky investment company.

We aim to raise the awareness of Scotch Whisky as an investment by building an exclusive and exceptional portfolio range with our subscribers and clients that offer potentially high returns.

Currently we provide valuations and sourcing of limited edition, fine and rare Scotch whisky by delivering excellent customer service. In the coming months we will be launching additional services to strengthen our core business in this global investment market.

The History of Scotch Whisky

The term “whisky” is derived from a branch of the Celtic spoken language “aqua vitae” meaning “water of life”. The first evidence of whisky production in Scotland came from an entry in the Exchequer Rolls for 1494: malt is sent ...to Friar John Cor, by order of the King, wherewith to make aqua vitae.

The infinitely complex and subtle drink has changed little over the centuries. Although whisky was being produced in the 12th century, it wasn't until the 16th century that they discovered the transformation of the drink when storing the alcohol in oak casks over time.

The three simple ingredients needed to create this “liquid sunshine” are: soft, crystal clear spring water; quality barley harvested from the north of Scotland, England and South Africa; and the finest brewer's yeast.

The finest ingredients, the unique size and shape of the copper pot stills, the sherry and bourbon oak casks and the warehouse locations all contribute to the distinctive colour and flavour. The world's finest Scottish whisky distilleries are situated in 4 regions:

ISLANDS (ISLAY & SKYE): where the wild Atlantic meets raw natural beauty creating a powerful smokiness flavour with hints of black pepper in its whisky.

HIGHLANDS: majestic rugged peaks and heather covered moorland bring a smooth and floral whisky taste.

SPEYSIDE: lush, fertile valley along the river Spey known as the `golden triangle` of distilleries add fruity and delicate notes to their whisky.

LOWLANDS: a softer landscape with rolling fields giving a light, fresh and floral flavour whisky.





Each distillery has its own set of rules in extracting the 'heart' of the distilled alcohol to make a unique and special whisky. However to have the title of a Scotch whisky, by law, the spirit must mature in casks for a minimum of three years in a Scottish location and bottled with a minimum alcohol level of 40% ABV.

The fundamentals behind the world's greatest whiskies are relatively simple; fine, rare, limited edition single malt whisky is a tangible asset, a luxury product that many aspire to own, collect and invest in.

For many people it's likened to "liquid" gold. Interest in single malt whisky is growing amongst emerging markets in Russia and China. Most important is supply, which is limited to 'single cask' bottles so they are limited releases by definition; becoming more rare and precious as they diminish by consumption. A collection in rare limited edition whisky is an excellent commodity to store, preserve and grow wealth.

With the emergence of new markets expected over the next decade, it has never been a better time to begin your collection.

Investment In Scotch Whisky

Investment grade Scotch whisky is by no means a new phenomenon however it has always been overshadowed by more mainstream alternative investing routes such as wine, art and precious metals.

The main reason why fine and rare Scotch whisky climb in value is simply a case of market forces; growing demand for a decreasing stock of bottles means that the prices are going up. With collectors, connoisseurs and mainstream investors on the rise, this results in a significant upward price pressure.

Diversification of your portfolio is an absolute must in investing and you can't take it too far. Many successful investors are also keen collectors in alternative investments. Rare and fine whisky doesn't lose value as it gives pleasure; and pleasure is the real 'gold standard' for collectors.

Like other luxury goods in the wake of the stock market crash of 2008, investors have been diverting a portion of their capital into non-monetary, and highly-portable, assets. As history has shown, equities, bonds and currency can collapse, but a bottle of Macallan 1946, 52 Year Old will always hold its value due to its unrivalled quality.





A Thriving Market

Limited edition, fine and rare Scotch single malt whisky is currently going through a boom phase with online auctions in the UK seeing over a 370% increase in Scotch whisky bottles traded in 2013 compared to levels of 2010. However the Scotch whisky investment market is still in its infancy. In comparison the wine markets yearly auction sales were \$337m in contrast to \$5m of investment grade whisky. Sales are growing at a rate of 20% per year and by 2020, the market expects a worth over \$27m. This highlights the growth potential of this industry as distilleries battle to increase their market share.

In the coming years, WhiskySelect predicts the demand and consumption of rare and fine whisky will grow in Asia-Pacific, Russia and new emerging countries with spending power. The rising popularity of mainstream brands will only serve to push prices of investment grade Scotch whisky higher.

Return On Investment

Whisky now accounts for more than 25% of the entire UK's entire food and drink overseas market. Fine and rare malt whisky appear buoyant wherever you look on the price spectrum. Release prices of investment grade bottles can start from as little as £60 (\$95) climbing to 6 figure sums.

According to recent analysis by an investment house, a £100,000 (\$159k) investment in the top 10 performing whisky bottles back in 2008 would be now worth more than £400,000 (\$636k), a gain of more than 300%. It is important to emphasise the same gain percentage can be seen whether you invest tens, hundreds or thousands in fine and rare Scotch whisky.

Macallan launched a trio of limited edition royal whiskies between 2011 and 2013 to commemorate the marriage of Prince William, the Jubilee and Coronation anniversaries. As illustrated in the table below, this investment would have been very profitable.

Macallan Royal Releases	Year	Bottles	Release price	2014
Royal Marriage	2011	1,000	£150	£1,700
Diamond Jubilee	2012	2,012	£350	£1,500
Coronation	2013	1,953	£350	£1,100
			£850	£4,300



ROI
1,133%

Royal Wedding
2011



ROI
428%

Diamond Jubilee
2012



ROI
314%

Coronation
2013

Starting Your Own Collection

If you are sold on investing in single malt Scotch whisky we can give you a few tips to get you started.

1. Choose your single malt whisky from well renowned distilleries as collectors enjoy the history and heritage behind the names. These include:

MACALLAN
ARDBEG
BRORA
DALMORE

PORT ELLEN
BALVENIE
BOWMORE
GLENLIVET

Some distilleries are now closed however they still have warehouses containing casks of ageing whisky. As they are no longer in production this provides an excellent opportunity to buy special releases from a dwindling finite supply. This is the case for Port Ellen and Brora.

2. Single malt whisky for investing tends to come from single cask releases and in limited supply. Limited editions to commemorate a special event can also perform well. Check out the investment house Whisky Highland for top performers and indexes.

3. If you can afford to, try and buy two bottles. This has two advantages; you can drink an exceptional bottle for free providing the remaining bottle doubles in value and you are reducing the supply out of the market which helps to push prices upwards!

4. In some cases, a free miniature bottle is given when you buy an investment bottle. Do not drink the miniature as there is a buoyant market for whisky miniatures. Instead, sell the miniature bottle at auction to reduce your investment capital on the regular bottle. That`s sound investing advice.

5. Storing your recently acquired rare single malt Scotch whisky is a lot easier than a fine wine. Simply keep it out of sunlight in an ambient temperature. If your whisky portfolio climbs in value you may want to invest in a secure vault.

Our Methodology

The price of investment grade Scotch whisky can be affected by a number of factors which goes beyond the name of the reputable distillery and historical prices. At WhiskySelect, we have a scorecard system which we use when evaluating a potential Scotch whisky for investment purposes.

As the Scotch whisky market grows there is a lot of statistical information and trading indexes available from which to base buying decisions. This helps to achieve our strategy of identifying certain whiskies that offer a higher return on investment over a short, medium and long term.

With so many distilleries releasing limited edition Scotch whisky, it can be overwhelming for an individual to keep on top of the whisky market and choose a potential winner among them. WhiskySelect has a number of advisors and experts in the Scotch whisky industry to bring their portfolio recommendations to our private clients and our eagerly awaited subscribers club.



Build Your Portfolio With Whisky Select

We invite you to visit our website in discovering ground floor buying opportunities in limited edition Scotch whisky. As an investor, collector or just to drink an exceptional fine whisky we would be happy to hear from you. Check out our Services page on what we offer at present and register you details so we can inform you when we launch our subscribers club.

Coming soon...

Our exclusive monthly newsletter will help to build your whisky portfolio. Our whisky recommendations are tailored to low, medium and high disposable income groups that provide the best opportunity for huge gains.

As a subscription club member you will have access to:

- Monthly recommendations of new high potential limited edition Scotch whisky that can provide amazing returns.
- Valuation updates of our portfolio recommendations.
- Email updates on important developments among our recommendations.
- 24/7 online access to all portfolio recommendations.
- Free valuations on your existing limited edition Scotch whisky.
- Discount on commission fees when selling your investment whisky via our trade partners.





Disclaimer

Past performance is not necessarily indicative of future performance and any references to specific investment whisky must be assessed by the potential investor.

Investment advice is based on information from trade services and in-house statistics, and other sources, which Whiskyselect believes to be reliable.

Trading advice reflects our judgement at a specific time and there is no guarantee of results. All material contained within this document is intellectual property of WhiskySelect and should not be reproduced or copied under any circumstances without consent.

WHISKY SELECT

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