



Braeburn Whisky  
**2020 Market Outlook**

# Introduction to Braeburn Whisky

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Braeburn Whisky is a team of premier financial advisors specialising in the sale of whisky casks to investors around the globe. Innovative technology combined with a team of world-renowned financial experts allows the company to build whisky portfolios that protect wealth and deliver unparalleled returns to investors.

The whisky industry experts at Braeburn Whisky hand-select investment-grade whisky casks from iconic Scotch distilleries that have the best potential of giving clients the highest returns possible. Dedicated portfolio managers, access to a large network of buyers, monetisation support, and an exclusive client-only warehouse and tasting facility help Braeburn Whisky create the ultimate investor experience while keeping whisky cask investment easy and enjoyable.



# Market Outlook:

## COVID-19

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In the course of a few short weeks, the COVID-19 virus wreaked havoc on the global economy, bringing the world to a screeching halt seemingly overnight. Businesses were closed and people everywhere were isolated from the world around them. This also meant that bars and restaurants, the natural gathering places for friends to enjoy a dram together, closed their doors and/or severely limited their capacities.

Many distilleries had to close entirely or significantly reduce production in order to keep employees safe. Visitor centres also shut down and distillery tours were cancelled. Some distilleries opted to switch their focus from whisky distillation to making hand sanitizer in an effort to help the worldwide shortages. While there's no arguing that these actions were necessary for keeping people safe and helping overcome the pandemic, it has had a costly impact on the whisky industry as a whole.

The hospitality sector of whisky is undoubtedly losing out on profits in 2020. With people unable to travel, airports are seeing a drop in the whisky purchased at duty-free stores. Tourism has dropped significantly and people have had to make due at home instead of enjoying a dram out in local establishments. Considering that many smaller distilleries rely on tourism for over half of their income, this is especially detrimental. However, it isn't all gloom and there is hope for a fruitful future in whisky.



Most distilleries have been able to reopen at full or nearly full capacity after taking measures to keep their employees safe. While travel remains uncertain, visitor centres and distillery tours are expected to open with limited capacities using guidelines from the Scottish government.

Scotch distilleries don't expect any shortages in the bottles enthusiasts crave and have full confidence that tourism to their iconic production facilities will boost again. Because of the nature of how whisky is matured, the whisky people drink today has been years in the making. That means the whisky industry has several years to plan for the impact of the global shutdown. Distilleries can choose to age their casks for a shorter or longer period of time, depending on projected demands. They can also repurpose single malts into blended expressions if necessary.



## Market Outlook:

# U.S. Tariffs on Scotch Whisky

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The US has applied new tariffs to \$3.1 billion of European goods, of which Scotch Whisky is included (already with a 25% tariff). This will, undoubtedly, impact whisky cask investment but it could be beneficial for investors.

The new tariffs will make it difficult for Scotland and the people that work in the industry producing single malt whisky. However, it presents an opportunity for investors interested in whisky casks to support the industry and benefit financially on a longterm basis. Because the assets we handle are still liquid and have not yet been bottled, they can remain in their cask, maturing and improving in flavour and value the longer they remain there. By the time the whisky is in its prime, ready for sale, the world will be a different place. New leaders will revisit the approach to tariffs and likely take a more moderate stance on trade. The result is that casks purchased as an investment today could be subjected to little or even no tariffs by the time they are exported. Plus, the only

way investors are subjected to these tariffs is if they choose to bottle their casks and export them to the US. With Scotch becoming increasingly globalised and exports growing in countries like India, Mexico, Japan and Taiwan, it's important to consider Scotch within the worldwide parameters which it now spans rather than focusing solely on the US market.

Historically, recessions caused people to drink cheaper spirits, shifting demand to blended whisky. This can be sold at a lower price point and in current times, amplified by the tariffs, this will have the most profound impact on higher-priced spirits. Production has slowed down due to the pandemic, halting production at most distilleries. Combine this with an increase in the demand for Scotch Whisky, over the next 3-5 years, we'll see many distilleries being forced to use older, single malt expressions as a component in blended products. This will constrain supply, meaning far less single malt of this age, from current popular distilleries - upping the potential resale price significantly.

# The State Of Whisky Cask Investment

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Whisky cask investment is a beneficial option for investors, especially during times of global uncertainty. Whisky casks offer investors an opportunity to diversify their portfolios using a tangible asset. Choosing the right tangible assets can help safeguard wealth and hedge against the violent swings in the global economic stock markets like we've seen with the COVID-19 pandemic. Whisky casks in particular always have intrinsic value - they can be bottled and sold no matter what happens in the economy.

Perhaps the most attractive aspect of whisky cask investment is its unparalleled returns across economic cycles. Other types of investments can rise and fall in value due to consumer behaviour and ever-changing demands. Remember the tech bubble? On the contrary, whisky has been enjoyed

throughout history by everyone from royal families to the farmers that helped supply the barley. Even throughout the COVID-19 pandemic, the whisky industry has shown its support and transitioned into making hand sanitizers to help with worldwide shortages in the medical and consumer industries. Though other consumer products tend to come and go, it's clear (or, er, amber?) that whisky is here to stay.

Returns on whisky cask investments have averaged 12.4% capital growth per annum consistently over the past 10 years. This creates an excellent opportunity for investors looking to safeguard wealth, support an industry that they are passionate about, and take part in the ultimate journey as a spirit makes its way from production to bottle to be enjoyed by enthusiasts around the world.

## The Take-Away:

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During these unprecedented times, whisky investors must remember that they are not looking to sell in the current market or in the near future. It is expected that the COVID-19 pandemic will subside in the coming months and even the U.S. tariffs levied on Scotch are expected to be lifted when a different, more trade friendly administration takes control of the white house. The current situation could, surprisingly, improve the future sale of their whisky casks as they will become more limited, more desirable and inevitably, able to command a higher resale price. We encourage all investors to look beyond the headlines and explore the unprecedented opportunities created as a result of these challenging events.

# Choosing The Right Investment: Bottles or Casks?

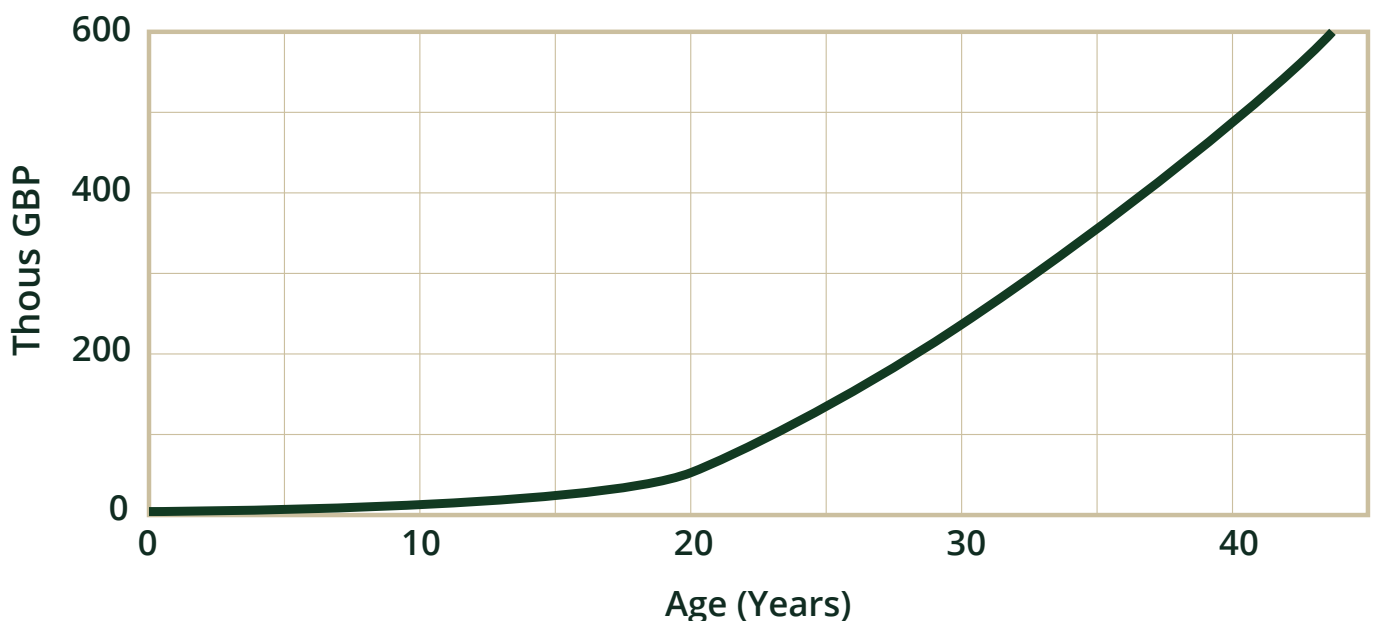
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While bottles of whisky ask investors to take a gamble on whether or not the whisky will be in demand later when the investor is ready to sell, whisky casks use the natural process of maturation to increase in value day after day. Bottled whisky undergoes no further ageing once it's outside of the cask. If the whisky is bottled at 8-years-old, it will always be an 8-year-old whisky.

Casks, on the other hand, allow extra flexibility to choose the age of the whisky when investors are ready to sell. The spirit will continue to mature and interact with its cask until it is bottled for consumption. All the while, the whisky is drawing in the flavours and characteristics that make it into an elite and prestigious expression. These well-aged casks are rare in the industry and can sell for top dollar when it comes time to monetise the investment. Independent bottlers and other investors alike know that well-aged casks create some of the most desirable spirits and can command the best prices when sold to consumers. That's what makes whisky cask investment so lucrative.

Investors can harness the power of maturation and use it to their benefit, ageing their cask as long as they wish before selling it on the secondary market for an unprecedented return. This puts the power back in the hands of the investor rather than in the hands of the market.

## Age Dependency of Cask Prices



# Choosing The Right Investment: Investment Categories

In order to help investors make sense of the world of whisky cask investment, we have divided all of our whisky investment products into 5 primary categories based on the age of the liquid. While there are a multitude of variables from which a whisky cask derives value, the age of the liquid is the key factor in determining the optimal holding period for the investment. Within each of these primary categories, investors can choose from a variety of casks from leading distilleries across Scotland. Most investors maximize returns by building a well-diversified cask portfolio spanning multiple categories and distilleries.

One of the most interesting aspects of whisky investment is that as holdings mature they transition up the hierarchy to become increasingly valuable. The liquid contained in a cask today will be an entirely different spirit with each additional year of aging. This dynamic is one of the most unique and lucrative aspects of whisky as an investment vehicle.

Category	New Make Under 3 Years	Emerging 3-10 Years	Intermediate 10-20 Years	Premium 20+ Years	Blue Chip 20+ Years
Investment	\$	\$\$	\$\$\$	\$\$\$\$	\$\$\$\$\$
Optimal Term	20+ Years	15+ Years	10+ Years	5+ Years	5+ Years
Annual Capital Growth	✓✓	✓✓	✓✓✓	✓✓✓✓	✓✓✓✓✓
Risk	✓ LOW	✓ LOW	✓ LOW	✓ LOW	✓ LOW
Liquidity	✓ HIGH	✓ HIGH	✓ HIGH	✓ HIGH	✓ HIGH
Stored in Government Bond	✓ YES	✓ YES	✓ YES	✓ YES	✓ YES

# Choosing The Right Investment: Macallan Distillery Spotlight

There's no two ways about it - Macallan is very much the darling of the Scottish single malt industry. Renowned worldwide for producing a highly selected and elite spirit, and maturing it almost exclusively in fine ex-sherry casks, Macallan's reputation for being the best is hard-earned. The prices commanded by sales of Macallan whisky are head and shoulders ahead of its closest competitors. The first and only bottles of Scotch to have sold for over £1m are from Macallan.

## Why We Love Macallan Casks:

- ▶ Known as the "Rolls Royce" among single malt.
- ▶ Consistently sells for record prices at auction
- ▶ Uniquely famous for small stills that create a profound flavour profile
- ▶ No added colouring keeps the whisky in its purest form
- ▶ Uses only hand-selected casks, crafted according to Macallan specifications

## Current Availability:

Contact us today for current cask availability.



SPEYSIDE



**Region:** Speyside

**Year Founded:** 1824

**Owner:** Edrington Group

**Capacity:** 15 million litres/yr

**Available Investments:** Blue Chip

**Projected Capital Growth:** 14-18%



# Choosing The Right Investment: Bowmore Distillery Spotlight

Bowmore is one of those names that everyone vaguely familiar with whisky will recognise. It has a long, rich history and can boast that it was the first distillery on Islay to obtain legal status back in 1779, the same year it was established. Bowmore has made a number of headlines over the past decade for releasing premium expressions that have been aged extraordinary amounts of time. These tend to fetch high prices at online stores and auctions around the world.



## Why We Love Bowmore Casks:

- ▶ Houses oldest existing warehouse in Scotland (Vault No. 1)
- ▶ Currently owned by Beam Suntory, who invest heavily in the brand
- ▶ Uses original warehouses and water sources since opening in 1779
- ▶ In-house floor maltings keep traditional distillation alive
- ▶ Released several highly sought after expressions since the mid-1990s

## Current Availability:

Contact us today for current cask availability.



**Region:** Islay

**Year Founded:** 1779

**Owner:** Beam Suntory

**Capacity:** 2 million litres/yr

**Available Investments:** Premium, Blue Chip

**Projected Capital Growth:** 10-14%

# Choosing The Right Investment: Caol Ila Distillery Spotlight

While whisky from Caol Ila was originally used mainly in blends such as Johnnie Walker, the increasing popularity of single malts has seen it become much more popular since they announced a range of three drams in the early 2000s. This range has grown exponentially in recent years, with many whisky-lovers around the world now stating that Caol Ila is their favorite Islay single malt. A bold statement, but one that is hardly surprising given the quality of whisky produced there.

## Why We Love Caol Ila Casks:

- ▶ Largest whisky-producing capacity on Islay, positioning the distillery for continued growth.
- ▶ A significant component in Johnnie Walker blends
- ▶ Only 5% of the spirit is dedicated to single malt market
- ▶ Produces peated and unpeated spirit
- ▶ Began releasing official bottlings only recently, in 2002

## Current Availability:

Contact us today for current cask availability.



**Region:** Islay

**Year Founded:** 1846

**Owner:** Diageo

**Capacity:** 6.5 million litres/yr

**Available Investments:** New Make, Emerging, Intermediate

**Projected Capital Growth:** 8-12%

# Choosing The Right Investment: Highland Park Distillery Spotlight

Highland Park started to gain momentum under the ownership of William Stuart who owned Miltonduff with his business partner James Grant. In the last two decades Highland Park has grown an extremely diverse and lucrative portfolio including their core range of non-age-statement and age statement whisky. Where the spirit is produced and how this affects the whisky itself is what gives Highland Park its unique individuality that has garnered fan support the world over.



## Why We Love Highland Park Casks:

- ▶ Part of Edrington's super premium spirit lineup, alongside The Macallan
- ▶ The distillery has an illicit past, but has flourished nonetheless
- ▶ The north-most distillery in the world, bringing distinct flavors
- ▶ Peat produced in Orkney's unforgiving weather conditions give the spirit a unique floral character, unlike any other in Scotland
- ▶ Uses cool maturation for a higher alcohol content and hand-turned malt for unique smokiness

## Current Availability:

Contact us today for current cask availability.



**Region:** Highlands (Orkney Islands)

**Year Founded:** 1798

**Owner:** Edrington

**Capacity:** 2.5 million litres/yr

**Available Investments:** New Make, Emerging, Intermediate

**Projected Capital Growth:** 8-12%

# Choosing The Right Investment: Craigellachie Distillery Spotlight

Craigellachie began as a joint project between a number of whisky elites that already owned the Lagavulin Distillery, but at that time which couldn't satisfy demand for single malt whisky to produce the blend White Horse. The distillery launched as the whisky boom was at its peak and became a mainstay in numerous blends. In 1998, Craigellachie was among a portfolio of distilleries sold to Bacardi. Since that time Bacardi has begun investing heavily in building the brands and it has started to pay as demonstrated by the growing fan base.

## Why We Love Craigellachie Casks:

- ▶ Owned by Bacardi, who are investing heavily in building the brand
- ▶ Located in the heart of Speyside, only a short walk from The Macallan and Glenfiddich distilleries.
- ▶ Possesses a lighter and fruitier flavor than the older distilleries in the area
- ▶ Growing in distribution and popularity across major export markets

## Current Availability:

Contact us today for current cask availability.



SPEYSIDE



**Region:** Speyside

**Year Founded:** 1891

**Owner:** Bacardi

**Capacity:** 4 million litres/yr

**Available Investments:** New Make, Emerging, Intermediate

**Projected Capital Growth:** 8-12%

# Get Started Today

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At Braeburn Whisky, we build fully customised whisky cask portfolios to help clients safeguard their wealth and maximise returns. Most importantly, we build relationships based on trust and always put the needs of our clients first. If you're ready to take the next step towards whisky cask investment, or just want to talk about Scotch, we'd love to help make easy and fun for you.



## Signup For Cask Alerts

Interested in the which distilleries we're partnering with week after week? Sign up for exclusive updates from our cask management team to hear about cask opportunities that you can take advantage of.

[Signup Now](#)

- OR -

## Schedule Consultation

Ready to take your first step on the journey to planet Scotch? Schedule a consultation with one of our cask portfolio experts today to find the perfect cask to start or grow your whisky portfolio.

[Schedule Now](#)



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