

Whisky Investment and Market Report – Q4, 2021

Welcome to the Q4 2021 Single Malt Fund Trading Ltd report, where we comment on the latest developments in the rare whisky as well as broader industry markets and give an update on our trading operations.

Icons and Japanese bottles drive the market

The Rare Whisky 101 Apex 1000 ended the year with a very solid +13%, although the second half did slow down to +4%. Many brands saw a nice jump at the beginning of the year, possibly due to Chinese New Year, then settled down to more steady growth thereafter. Still, a full year growth of 13% after 2020's 7% increase was a welcome return to double digit growth for the rare whisky market.

In Q3, we reported on the prognosis from our friends at Rare Whisky 101 that prices at the top end of the market were set to return to strength. This does indeed seem to be the case. The following two trends highlight this trend:

- The Land of Rising Whisky prices continues to shine: the Japanese 100 index rose by a very impressive 34% in 2021, with the big names, Yamazaki (+39%) and Karuizawa (+32%) continuing to shine. This is even more impressive after a record-breaking year in 2020, which saw a Yamazaki 55 YO sell for US\$ 795,000.
- Icons drive the rest; the RW Icon 100 index, which tracks the crème de la crème of rare whisky bottlings, grew by 22% in 2021. The Macallan, despite a plethora of confusing releases, continues to dominate and impress. After a strong year in 2020 when The Macallan shone with double the growth of the market, the behemoth of the rare whisky world showed in 2021 that demand remains strong, with another powerful performance. A 25% YOY increase for The Macallan bears this out.

Diageo recovery continues apace

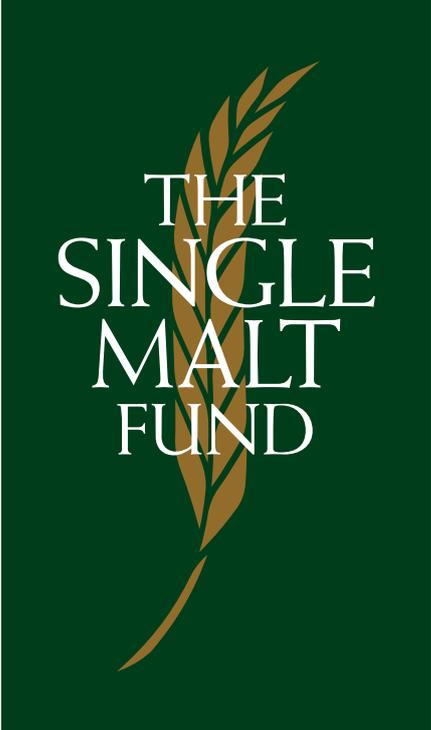
Hot off the press, Diageo has just published its interim report for the six months ending December 2021. The return to health is evident in a 20% increase in organic net sales and, more importantly and impressively, a 25% growth in organic operating profit. All categories performed well, although Scotch was mentioned as one of the key drivers. Also notable was the news that Diageo opened its first carbon-neutral whiskey distillery in the US in 2021 as well as breaking ground on a carbon-neutral distillery in China.

Sotheby's announce record results

The sale of the 80-year-old Glenlivet was one of many auctions that allowed Sotheby's to announce record sales for wines and spirits in its year-end report. In fact, the highlight of the year was, undoubtedly, the "Distiller's One of One" charity auction, which was held in December and comprised lots of never-to-be-repeated releases by the contributing houses. Also of note was a separate sale of the Dalmore, Decades No. 6 Collection. Highlights from Sotheby's were as follows, all of which were records in some way:

- Glenfiddich, The 1950s Collection: US\$ 1.4 million
- The Dalmore, Decades No. 6 Collection: US\$ 1.1 million
- Talisker, Cask of Distinction, 1978: US\$ 831,780
- Black Bowmore, Archive cabinet: US\$ 563,000

What was also very interesting from Sotheby's report was that 40% of wines and spirits buyers were new and one third were under the age of 40. That certainly bodes well for the rare whisky market.



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Gordon and MacPhail release oldest ever single malt Scotch whisky

In October, Gordon and MacPhail released an 80-year-old from Glenlivet Distillery, the oldest single malt Scotch whisky ever to be sold. As expected, there was considerable buzz around this launch, with only 250 bottles, priced at Eur 80,000 apiece made available. Decanter number 1, put up for auction at Sotheby's fetched a whopping US\$ 193,000.

Pat's Collection ends

After over a year, December saw the culmination of the sale by Whisky Auctioneer of "Pat's collection", one of the biggest ever seen. Over 9,000 bottles of some extremely rare and collectible whiskies were eventually sold. Quite an achievement!

Q4 Highlights

- Icons and Japanese bottles drive the market
- Diageo releases interim report
- Gordon & MacPhail release worlds oldest single malt Scotch whisky
- Sotheby's announce record results
- Pat's Collection sale ends