



CASK TRADE

MASTERS OF WHISKY APPRECIATION

A guide to Cask Investment

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Introduction to Cask Trade

Cask Trade is the first company to create a real trading marketplace for individual casks of whisky anywhere in the world. Our aim is to facilitate the buying and selling of casks amongst independent bottlers, investors, and enthusiasts.

We are a team of whisky professionals made up of masters of cask trading and whisky appreciation. Combined with our passion, we have over 25 years of knowledge and experience in valuing, tasting and managing the entire life cycle of a cask.

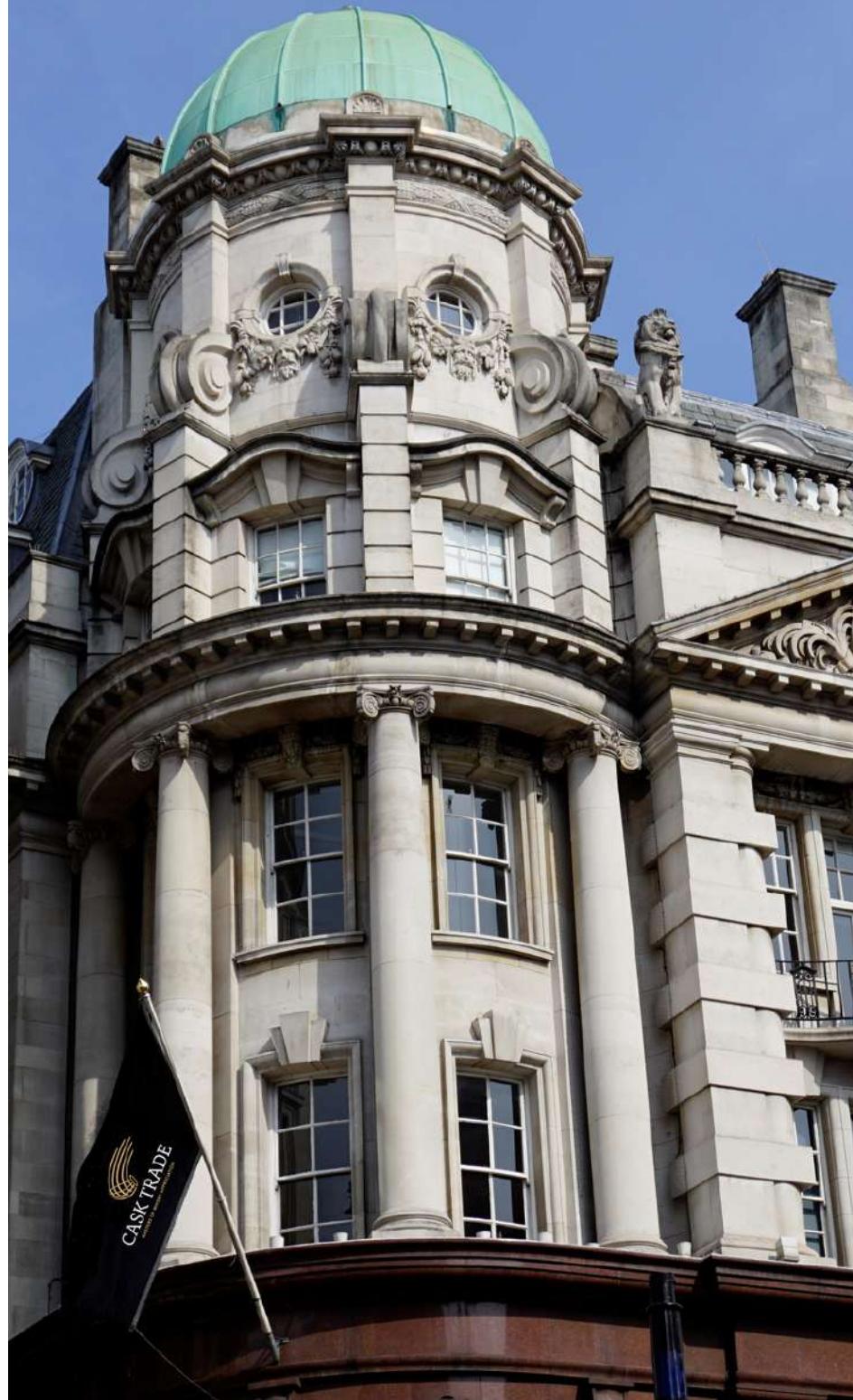
Our company is well-financed and holds all appropriate licenses and certification to enable us to safely store and manage casks across the United Kingdom and on behalf of customers around the world.

We have an exceptional stock list of fully owned casks, offering a wide variety of whisky of different sizes, ages and finishes from more than 60 distilleries across Scotland, as well as bourbon and rum.

Creating an open marketplace for all allows for simple trade and honest industry pricing. We manage the entire evolution of any cask, including samples, health-checks and the whole bottling process, with shipping worldwide.

We offer multiple in-house exit strategies, including re-selling to our international network of independent bottlers, other investors, as well as listing your cask for sale on our stock list or auction site at no cost to you.

We intend to make the whole experience of owning a cask an enjoyable and profitable journey.





Why Cask Trade?

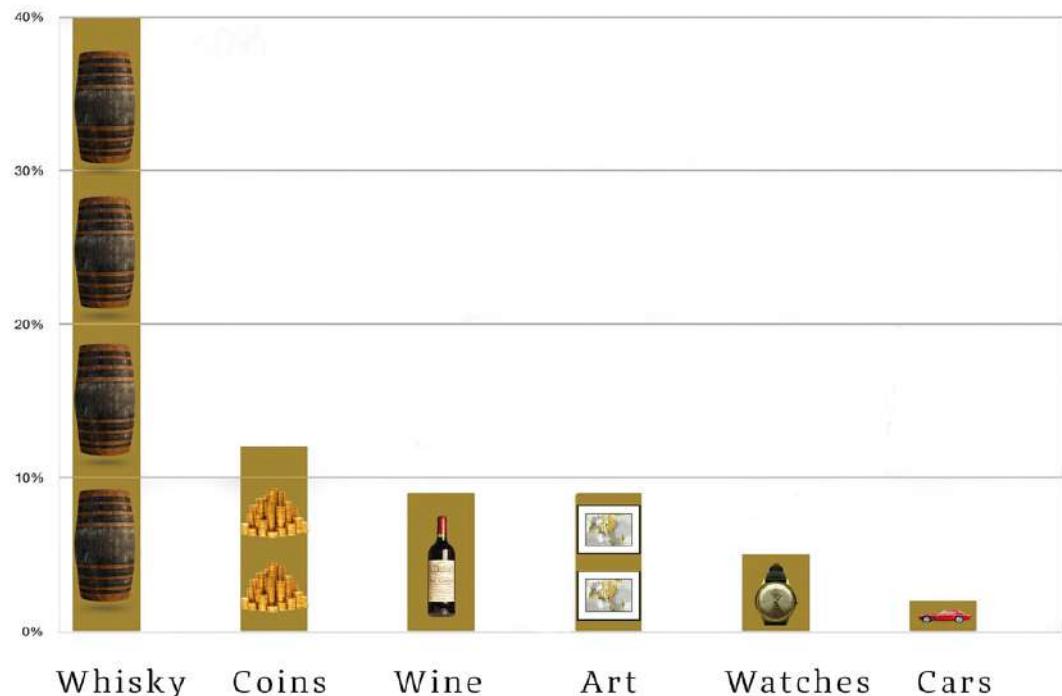
The most knowledgeable and experienced team in the industry, we manage every aspect of your cask's life cycle.

- Large inventory of unique single casks
- Stockists, not brokers
- A range of distilleries and ages available
- Same price for all buyers
- Financial modelling
- Portfolio management
- Multiple exit options
- Dedicated online cask auction
- Advice on valuation and tasting
- Samples, health checks, re-racking and bottling



The Whisky Market

Whisky is 2019's top performing luxury investment. An increase of 40% on rare bottle values in the last 12 months far outstrips the more established alternative asset investments such as art, wine and cars.



Source: Knight Frant, Wealth report, 2018

The previous year also saw a record breaking fee achieved for a bottle at auction, a Macallan 1926 selling for an extraordinary £1.5m at Sotheby's in October 2019. Over £40m worth of rare whisky was sold at auction during 2018 alone. In November 2019 a cask of Macallan distilled in 1989 sold for \$572,000, a new world record for a maturing cask of whisky. The four year growth from December 2014 in rare whisky has increased over 160%, compared to just 2.47% for the FTSE 100.

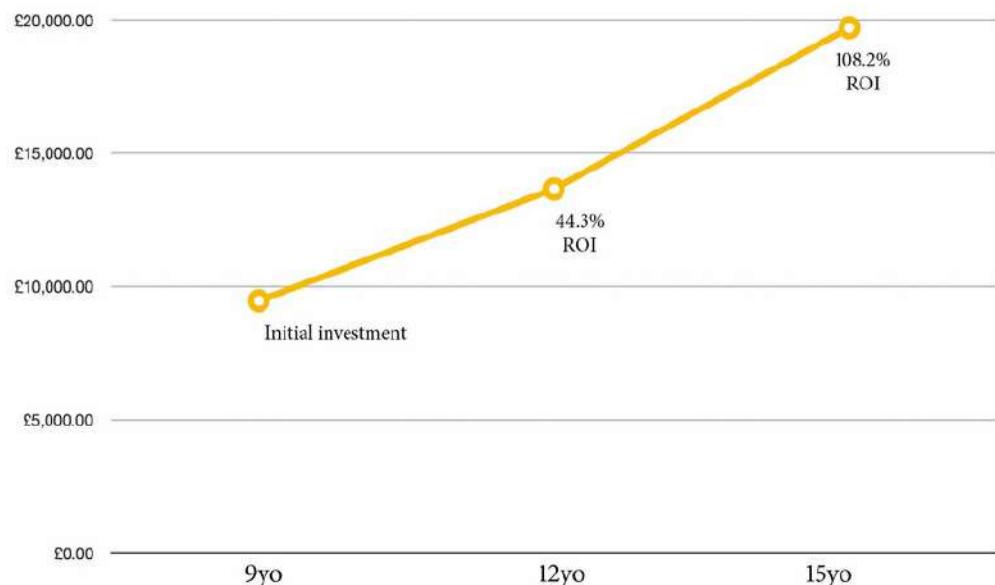




Scotch Whisky is exported to 180 markets worldwide. In 2017 alone, exports of Scotch rose by 9% to a record £4.36 billion; in 2018 it hit £4.7 billion. In the first half of 2018, the value of exports was over 10% greater than in 2017.

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There are currently 20 million casks of whisky maturing in Scottish bonded warehouses, with Scotch accounting for 20% of the United Kingdom's entire food and drinks exports. Within 3 years, over thirty new distilleries have been founded and several legendary closed distilleries restored to full working condition. Recently these distilleries have seen cask sales as a source of early revenue. Un-aged casks of new-make spirit can cost in excess of £6000. Our starting price for casks is £1,500 for three year old whisky from well-established distilleries.



An example of financial modelling for a cask of Linkwood 2010



Why Invest in Casks?

Excellent Returns

The best performing alternative asset class, with estimated accumulative short-term returns of 40%, medium term of 80%, and long term 140%.

Unique and Limited

Each cask is unique, and it's definitely not something you could buy online! No two casks will ever be the same.

Maturing in Value

Time is on your side. Whisky only matures in the cask. The older and more mature a whisky, the greater the value.



Safe and Secure

Casks can only be held in government bonded warehouses and cannot be faked or fabricated.

Delicious Asset

Whisky casks are a physical, tangible asset that you own. You can sample them, trade them or even bottle them!

Investment Realisation

Our multiple exit strategies and global client base ensure a hassle-free exit from your investment.



Invest Today

At Cask Trade, we are flexible to our clients needs and wishes, and are able to tailor portfolios for all budgets and hold lengths. The idea of a balanced portfolio is to have multiple different whiskies, cask types, ages and exit points suited to your personal requirements.

- **Decide on your goals**

Establish whether you are purchasing for investment, for pleasure, or a combination of the two.

- **Decide on your budget**

We have no minimum or maximum investment level.

- **Decide on your hold time**

We will advise you as to which casks should be held for a short term (1-3 years), medium term (4-6 years) and long term (over 7 years).

- **Get in touch with us today**

Contact us directly and one of our knowledgeable and helpful whisky experts will work with you to finalise your selection and answer any questions you might have. *Why not drop in for a dram, and let's talk whisky!*

Call: 0203 746 3034

Email: info@casktrade.com

Visit us: Cask Trade, 203 Linen Hall,
162-168 Regent Street, London, W1B 5TG



How It Works

Pick

1

Decide on your aims, budget and hold time and we'd be delighted to advise you on your selection.

Purchase

2

Having received payment, we will issue you with your Certificate of Title and Transfer of Ownership.

Patience

3

Whisky only matures in the cask. The older and more mature a whisky, the greater the value.

Profit

4

Our diverse exit strategies and global client base ensure you will get the best return on your investment.

Your Exit Strategies

As stockists of whisky casks, we supply independent bottlers across the world. Over 50% of our clients purchase casks of whisky to bottle and sell under their individual brand labels.

- **Private Sale**

We buy back the cask for stock, or match you with a buyer.

- **Live Stock List**

Our live stock list is regularly viewed by all of our clients. When it's time to sell your cask, we can advertise your cask for sale on our list.

- **Auction Your Cask.com**

The first dedicated online cask auction with 0% sellers fees and a free reserve. Our auction will be held four times a year.

- **Bottle Your Cask**

For many people, owning a cask is a romantic journey. You might wish to bottle your cask for a special occasion, or simply to share with family and friends.



Financial Modelling



The directors and staff of Cask Trade have collectively been buying and selling thousands of casks over the last 15 years. Although the cask market does not have an official index similar to gold or wine, we have been collecting financial data on the price *per litre* of single malt whisky every year since the late 1980's. This data changes from one distillery to the next based upon their reputation and brand value. Each cask is unique and possesses many variables such as distillery, age, cask type, finish, strength and volume.

Because of this, financial modelling cannot be done on an overall basis and must be carried out on the individual casks through the experience and knowledge of Cask Trade. All casks naturally experience evaporation over the years, a loss of liquid otherwise known as the 'Angel's share'. The whisky, whilst it is "sleeping", reduces in alcoholic strength. We have taken these factors into consideration in our calculations. Although the process of whisky maturation is consistent, the outcome is not and therefore there are no guarantees on the taste, colour and ultimately the number of bottles. The other metric used for your financial modelling is the eventual price per bottle of the whisky. This benchmark can only be made upon bottlings of cask strength single malt releases from around the world.

We currently use more than 40 global databases and retailers to compare the equivalent prices of whisky bottles to the whisky in our casks.

Detailed calculations for specific casks and personalised portfolios are available on request.



Frequently Asked Questions

How can I insure my cask?

Some warehouses provide insurance against fire and theft. We can introduce you to insurance companies that can insure your whisky cask.

Can I Request Samples?

Yes! You can request samples of your whisky cask. You can also request a regauge to give an update on your cask's maturation.

Can I visit my Cask

Yes. Some bonded warehouses allow you to visit your cask, and where this is not possible, we can arrange for your cask to be moved.



What are the storage charges?

Not much. Storage costs between 20 and 30 pence a week, but may vary depending on the warehouse.

Can I Bottle My Cask?

Yes! Please bear in mind that duty and VAT are payable before your bottles leave a bonded warehouse.

How Do I Know it's Real?

Due to strict government control, each cask has a paper trail known as a 'Delivery Order' and a unique cask number.



About Whisky Casks

There is one factor that has a crucial effect on the flavour of a whisky and this is the cask in which it is matured. The production process gives the whisky 20-30% of its style and flavour, with the rest being extracted from the oak.

Oak is an extremely durable wood but is also porous, allowing the cask to breath. This allows a small amount of spirit every year to evaporate into the air (known as the Angel's Share), but also draws the spirit deep into the wood. As temperatures fluctuate through the passing of time, the wood slowly expands and contracts. The spirit is drawn in and out of the oak, imparting flavour and colour.

As Bourbon by US law can only be matured in brand new oak casks, there is a plentiful supply of oak barrels from Kentucky. Barrels are medium-sized casks that contain around 200 litres of spirit. The majority of Scotch whisky is matured in bourbon barrels.

They are perfectly suited to maturing scotch whisky due to their ready availability and affordability. Furthermore, the bourbon that they previously held for 2-3 years softens the oak, ensuring a smoother and more subtle whisky.





Bourbon barrels are made exclusively from American Oak, which gives whisky a honeyed and vanilla characteristic. This flavour is imparted by natural sugars within the wood, as well as the chemical compound 'vanillin' that is also present in vanilla pods.

Sherry Butts are becoming increasingly desirable, as previous use in sherry production imparts a distinctive colour and strong rich flavour. They are amongst the largest used in Scotch production at around 500 bulk litres. Sherry casks are traditionally made of European oak, which has a tighter grain than American oak and imparts a slightly drier, spicier characteristic.

Flavours prevalent in the sherry that have been absorbed by the wood are imparted to the maturing whisky. For example, Pedro Xeminex casks give whisky a deep, rich, sweet flavour and dark colour, whereas Oloroso casks give a drier, nuttier flavour.

Much rarer than sherry casks, 'Port Pipes' are European oak casks similar in size and shape to Sherry casks. They impart port wine's sweetness and tannin, often resulting in a sweet, rich and silky final product. Previously used in the production of wine, most wine barriques are made from European oaks. Barriques from renowned vineyards, such as first-growth Bordeaux, can be extremely desirable.

A Note From the Founder

Simon Aron

Managing Director

"Whisky appreciation starts with the father (my dad collected), the son (me) and the Holy Ghost (the golden liquid). What started for me as a hobby ended up as an obsession, but always a delicious voyage of enjoyment. After 27 years of whisky collecting and tasting, I finally decided it was time to start my own whisky business.

For those of you who know a little about whisky, you might understand that it's now becoming a bankable asset that appreciates at a phenomenal rate. Who would have thought it? I did.

While hunting for bottles of rare whisky, whether from pre-internet vendors in London, eBay, or from fourteen whisky bottle auctions per month, you learn a lot. It was a stage in my collecting that I call 'school'. I have now graduated and mostly buy casks of whisky instead. The hunting for bottles (and storing them) can drive everybody mad.

After collecting over 2000 bottles, my wife gave me a choice which I will let you figure out..."





"Casks are so much easier. Being held in bond, they can be admired from a distance and traded at profit. My experience with casks has not always been an easy one. I had them go missing, never exist, be owned by someone else and even turn out to be in a different cask type entirely.

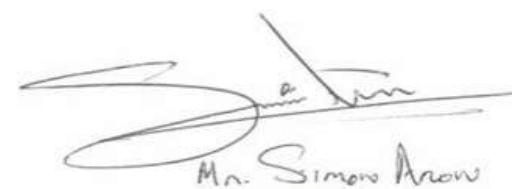
In December last year, after 25 years in technology, I chose to **start Cask Trade Ltd and to do it right.**

I wanted to be transparent, professional and reasonable to an ever-increasing global client base. I have created the first real marketplace to trade casks, facilitating buying, selling, trading and auctioning all around the world.

Auction Your Cask.com is the first ever dedicated cask auction and the best way for owners to sell in an open and transparent way.

Why Whisky? Whisky is now comparable to silver, wine, art and gold (SWAG) as an asset class. According to two separate wealth reports (FT's "How to spend it" and Knight Frank's Wealth Report 2019), the most profitable alternative investment over the past ten years is whisky. Growing by 582%, and 40% over the last 12 months alone, the next biggest performer is classic cars at 258%. It's not available in great quantities and the simple laws of supply and demand apply. Even data from HMRC analysed by the Scotch Whisky Association showed record highs across the industry in 2018 (£4.7 billion in exports alone).

I would welcome the company of others on the journey."



Mr. Simon Aron

11. All payment shall be made in British Pound Sterling and the agreed price is due in full at the time the offered price is accepted and confirmed by invoice, unless agreed otherwise in writing. All bank charges are payable by the client.
12. Should the cask ultimately be bottled, both Duty and VAT are due before the whisky, bourbon and rum has been bottled and the finished goods are removed from the HMRC bonded warehouse. This is payable by the client.
13. Duty and VAT are due before the finished goods leave the government bonded warehouse.
14. There is the risk of potential loss of value arising from falling whisky prices during the time in which you own whisky. This risk is not a Cask Trade responsibility.
15. All casks are numbered and held in your name under the Cask Trade Ltd WOWGR, unless prior agreement has been made between Cask Trade Ltd and you, the Client, for the storage of casks with a third-party warehouse under a private account.
16. Cask Trade Ltd may request samples on your behalf from our suppliers and bonded warehouse operators. The standard size sample is 10cl, and costs may vary between warehouse operators. The Client will accept to cover all costs of procuring samples, including duty and delivery. Due to the nature of individual warehousing, we cannot guarantee a set time frame.
17. Insurance policies vary between warehouses. Not all warehouses provide insurance. Where insurance is provided, it is only 3rd party, fire and theft. It is the responsibility of the client to provide their own insurance for each cask specifying the level of insurance that they require. This should be reviewed on a regular basis to cover increase in value.
18. Cask Trade is not responsible for any natural, or unnatural, loss of liquid or alcoholic strength which may occur during cask storage and movements. The ‘angel’s share’ is part of the natural process of maturation and is evaporation of both water and alcohol from a whisky cask. The rate of evaporation varies between casks and warehouses.



CASK TRADE

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