

In Wine and Investing, One Must Get the Big Picture Right

There are few subjects studied by so many, but still so little understood as investing and wine. Nearly everyone you meet has an opinion on both, but start getting specific and you realize the pool of knowledge isn't deep. You don't need to be an expert in either, but it helps to get the big picture right. In February of 2011 I wrote:

Medieval Monks

Terroir (teh-RWAHR). Literally "terrain" in French. David Downie in Food Wine Burgundy explains that originally terroir was used to refer to the particular qualities that soil and climate bestow on wine. The French word climat designates a micro-environment, micro-climate, and micro-terroir. Climat can embrace a few rows of vines here, another few rows there, separated by another climat. Michael Broadbent, writing in the foreword of The Great Domaines of Burgundy, tells us that compared to Bordeaux, Burgundy is far more complex: Small vineyards with similar names are in the ownership of several individual producers. Medieval monks had a special facility for understanding the specific soil and climat of Burgundy. It is this knowledge that eventually would introduce the world-class pinot noir (red) and chardonnay (white) wines of Burgundy to the world.

Get the Big Picture Right

After spending some time researching the terroir of Burgundy and many of Burgundy's small vineyards, I can tell you that the subject matter is as complex as any I have endeavored to understand. Grapes planted in the most suitable soil under just the right weather conditions produce the classic French

white Burgundy found, by example, in Puligny-Montrachet. Successful wine making is a top-down affair. Get the big picture right, and good things can happen.

Diversification & Dividends

It occurred to me on a number of occasions that, just as terroir dominates the study of Burgundy, the same terroir concept dominates my thinking on the stock market. In the proper monetary, economic, and political environment, most quality stocks will offer suitable returns, some, of course, better than others. A well-diversified group of dividend payers is certain to do just fine, as long as the financial terroir is hospitable. Many decades ago in Young's World Money Forecast, I concentrated only on terroir and did not write about individual securities at all. My target was the big picture, period. I felt that if I could get the big picture right for my clients and subscribers, they could deal with individual securities selection. I still devote the bulk of my time as it relates to the financial markets to the big picture. Get the big picture wrong, and your securities portfolio is likely to suffer mightily. Get the big picture right with the view that you will stick with dividend and interest-paying, blue-chip securities, and you most certainly will do well. A rising tide tends to lift all ships.

It is with this thinking that I manage my own personal affairs and formulate the global investment strategy for our family investment company.

If you are struggling to get the big picture, it may be time to seek assistance. My family run investment counsel firm, [Richard C. Young & Co., Ltd.](#) is dedicated to assisting conservative retired, and soon to be retired, investors and their families in developing a plan for the long-term. If you would like to talk to a seasoned investment professional about your portfolio,

please fill out the form below. You will then receive a call for a consultation with absolutely no obligation.