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Wave Financial receives first tranche of Kentucky Bourbon for new whiskey fund

Wave Financial Group, an investment manager focused on digital asset fund products, said its limited capacity real asset whiskey fund has received its first round of investment from clients and has purchased 1,000 barrels of Kentucky bourbon whiskey from the Wilderness Trail distillery in the city of Danville.

"This is an important moment for Wave and the fund that is unique in offering investors exposure to a real asset that would otherwise be exceptionally difficult", Wave said in a statement, adding that it expected investors to benefit from the value uplift during the whiskey's maturation process.

The group said a unique characteristic will be the tokenisation of the holding in the second year of the fund, which was launched in March. The vision will be for investors to hold the fund for the full six-year ageing process before the whiskey is bottled, however, Wave said for investors that wish to sell earlier it will tokenise the holdings to facilitate a potential exit.

"For investors to gain exposure to real assets that have impressive investment fundamentals such as whiskey is very difficult, but now it is possible via our fund. Following the launch in March we are delighted to have completed our first tranche time sensitive capital raise and purchased 1,000 barrels of physical premium Kentucky bourbon whiskey on behalf of our investors", said Wave Financial's president Benjamin Tsai, who also manages the fund.

"Our extensive research has shown that the returns from ageing Kentucky bourbon are very stable and strong over the circa 5 year period it spends in barrels before being bottled, so we are delighted to be able to provide investors with exposure to this price appreciation", Tsai added.

Wave also said that during research it had found that historical returns from premium Kentucky bourbon ageing in barrels were "more stable and provided more potential upside than other real assets such as fine wine, rare art and pedigree racehorses".

The firm also noted a growing trend of investors seeking alternative investments that include gold, cryptocurrency and real assets such as spirits, and that technological advances such as tokenisation meant accredited investors can "gain exposure to these assets and benefit from price appreciation that is not normally available or accessible in traditional finance markets".

"As a US based regulated investment management group we are committed to offering exposure to the best assets that offer the strongest potential returns. With our unique access to Wilderness Trail's whiskey production capacity for this year remaining open, we are in a great position to continue the capital raise for the fund", Wave chief executive David Seimer said in a statement.

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