

THE VINTAGE WINE FUND

Commentary

The disease born of the deep uncertainties surrounding global economic growth and the rising concerns over eurozone sovereign debt which sent equity markets into a steep decline at the start of the month proved highly infectious and the wine market was not immune.

In a market which has got used to steadily rising prices it does not take much of a pull back to get traders nervous and bring back uncomfortable memories. So as prices slipped gradually in late July and early August merchants quickly moved to start running down their stocks by way of discounted offers. Doing anything quickly in volume – be it buying or selling – is a challenge in the wine market at any time, but if you really wanted to make things difficult for yourself you would try doing it in the August following a tricky en primeur campaign! Buyers were thin on the ground – if not absent on holiday for the entire month then feeling somewhat unenthusiastic.

The situation was not helped by the emergence towards the end of the month of a sizeable seller in a particularly big hurry – a leveraged investment fund in need of redemption cash – which smacked some pretty low bids and added further to the downward pressure on prices. Lafite was the biggest faller and our low exposure to Lafite prevented even greater loss.

The question is of course a simple one: is this the start of a multi-month retracement or is this a brief dip brought about by hasty sellers in a thin market? September has started rather cautiously and it is too early to say whether normal levels of demand will return in time to avoid further downside. Will the wine market be any more resilient if there are more bouts of equity market weakness? We believe the answer depends heavily on which part of the market one is talking about. We cannot rule out some more discomfort in the short term but we are firmly of the view that the segments of the market around which we have been focusing our portfolio will not only prove more robust during any weak phase but will be by far the best performers in the next upswing.

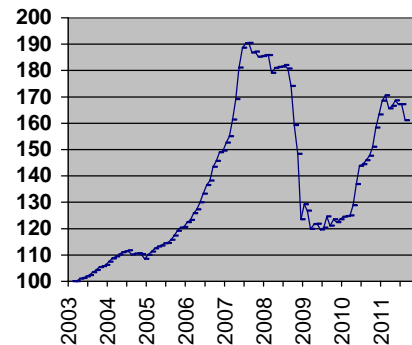
Portfolio Breakdown - % NAV

	Up to 1996	1997 – 2000	2001 and later
Cash: 0.2%			
First growths	26.3%	18.5%	27.1%
Other Bordeaux	6.4%	8.2%	11.6%
Other	0.0%	1.6%	0.0%
Wine: 99.8%	32.8%	28.3%	38.7%

August 2011

ORDINARY SHARES

Price (€):	161.03
P&L on month:	-3.69%
Year to date:	-1.40%
Since inception:	61.03%
Leverage:	0.00%



Investment Manager

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Fund Structure

Domicile: Cayman Islands
Inception: 20th February 2003
Denomination: Euro (€)
Subscription: Monthly
Redemption: Quarterly
NAV: Month end by Administrator
Administrator: CACEIS Fastnet Ireland

ISIN: KYG9368H1103
Bloomberg: VWFUNDO:KY

For further information please contact the Investment Manager

	2003	2004	2005	2006	2007	2008	2009	2010	2011 YTD				
ORD	6.22%	2.12%	11.18%	23.97%	23.97%	-33.37%	0.02%	32.21%	2.38%				
ORD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0.72%	0.24%	0.18%	3.11%	6.24%	5.08%	0.36%	1.06%	1.15%	2.32%	4.86%	3.17%	32.21%
2011	3.14%	1.27%	-2.93%	0.56%	1.21%	-0.85%	0.05%	-3.69%					-1.40%