

OWC Asset Management Limited

# THE VINTAGE WINE FUND

## Commentary

February saw a continuation of the healthy demand witnessed last month. The first growth older wines which have been the best performers over the last year or so consolidated or increased their gains and the demand continued to spread (in the most convincing fashion yet witnessed) in two directions:

- a) to slightly lesser wines from the same vintages (mainly 1982 and 1986) and
- b) to first growths from more recent vintages.

The first of these involved second growths such wines such as Leoville Lascases 1982 and Gruaud Larose 1982. These wines joined the group of wines from that vintage experiencing a fairly dramatic and prolonged price rally. This comes as no surprise as these wines are in quality terms the equivalent of first growths and we are well positioned to take advantage of this move which is essentially a relative value realignment

The second effect is typified by sudden demand emerging for wines such as Lafite 1996 and Latour 1996. Investors may remember that these wines were sold very cheaply over the last year by disaffected private customers who had been duped into buying them at vastly inflated prices by disreputable wine investment companies. This caused very artificially depressed prices. We took a very firm view that at those levels the wines were incredible value as we believed wholeheartedly in the quality of these wines. We accordingly established significant positions at very cheap levels. Now that these supply lines have been exhausted the prices are moving rapidly upwards.

It is worth mentioning that the realignment between UK and mainland Europe mentioned in last month's report also continued as expected.

The market is beginning to look towards the en primeur tastings of the 2004 Bordeaux vintage which will be held in early April and the campaign afterwards. This may briefly deflect attention away from the wider market, however we are witnessing a prolonged period of strong demand and are very confident for the outlook over the coming months.

### Portfolio Breakdown - % NAV

	Red still	White still	Other
Bordeaux	65.9%	2.3%	0.0%
Burgundy	5.3%	0.6%	0.0%
Rhone	9.7%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.7%
Italy	4.4%	0.0%	0.0%
Other	0.1%	0.0%	0.4%
<b>TOTALS</b>	<b>85.4%</b>	<b>2.9%</b>	<b>2.1%</b>

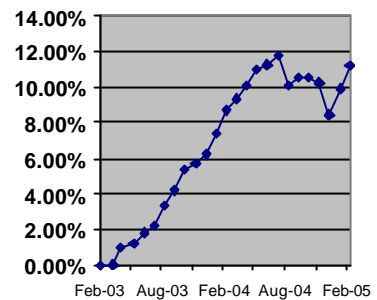
Cash – 9.6%

Wine – 90.4%

## February 2005

### ORDINARY SHARES

Price (€):	111.20
P&L on month:	1.16%
Year to date:	2.52%
Since inception:	11.20%
Leverage:	0.00%



### Investment Manager

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### Fund Structure

Domicile: Cayman Islands

Inception: 20<sup>th</sup> February 2003

Denomination: Euro (€)

Subscription: Monthly

Redemption: Quarterly

NAV: Month end by Administrator

Administrator: Olympia Capital  
(Ireland) Limited

### For Further Information Contact

The Investment Manager (see above)

	2003	2004	2005 (YTD)
<b>ORD for Year</b>	<b>6.22%</b>	<b>2.12%</b>	<b>2.52%</b>

2005	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>Ord</b>	1.34%	1.16%											<b>2.52%</b>

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