

# THE VINTAGE WINE FUND

## Commentary

The market was extremely strong in January helped by seasonal demand related to Chinese New Year and some deals started going through at significantly higher prices. But the effect of this will take a few months to fully filter through to our valuation. We have had to sell a very significant quantity of wine in the last 15 months and so the prices achieved have often been somewhat less than would have been achievable for more modest volumes and our mark to market currently, quite rightly, reflects those levels. It will be prudent for the Administrator to maintain this ultra conservative bias (as far as the bounds of our pricing methodology allows) for perhaps the next month or two as our asset base returns to full stability. Further net outflows seem very unlikely now and as long as this proves correct, the return of equilibrium should allow the effect of recent moves to be fully felt during the second quarter.

Also, now that the Fund is somewhat smaller (and consequently much healthier) transaction sizes will always be more manageable and so the necessity to consider low bids for high volume, and the consequent temporary impact on valuations, will never arise again. With our more modest size – and we intend to stay that way - the alpha generated by trading and active relative value portfolio rebalancing will make a much more meaningful contribution and outperformance will result.

We have learned a lot in the past year and although it has been very sad to see some investors exit in a panic we are now very confident that those who have been patient and have stuck with us will reap the benefits of not running with the crowd. This year should be good, very good. Demand from China has more than substituted for demand from Europe and US which temporarily receded at the end of 2008. The love for everything about the finest wines which is developing rapidly in China is not a phenomenon which is going to suddenly stop. It is not a fad; it is an awakening to the whole philosophy of wine which has been recognized, written about and brought joy to wine-lovers for centuries. The demand in China has much, much further to grow. Moreover, as the markets in Europe and the US now begin to come back to life, global demand will ultimately end up at a level much higher than ever seen before. Now there is a thought.....

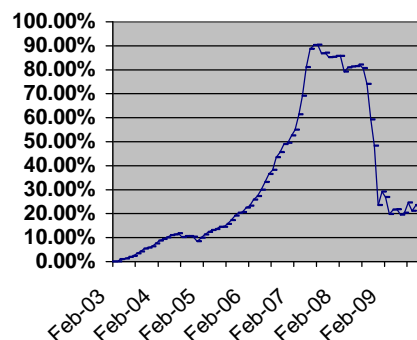
### Portfolio Breakdown - % NAV

	Up to 1990	1991 – 1999	2000 and later
<b>Cash: 0.7%</b>			
First growths	14.0%	21.8%	32.2%
Other Bordeaux	3.5%	5.0%	21.4%
Other	0.0%	1.3%	0.0%
<b>Wine: 99.3%</b>	<b>17.6%</b>	<b>28.1%</b>	<b>53.6%</b>

## January 2010

### ORDINARY SHARES

Price (€):	124.41
P&L on month:	0.72%
Year to date:	0.72%
Since inception:	24.41%
Leverage:	0.00%



### Investment Manager

OWC Asset Management Limited  
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Scarborough, UK  
FSA reference number: 211721

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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: Fastnet (Ireland) Ltd

ISIN: KYG9368H1103

### For Further Information Contact

The Investment Manager (see above)

	2003	2004	2005	2006	2007	2008	2009	2010 (YTD)					
<b>ORD for Year</b>	<b>6.22%</b>	<b>2.12%</b>	<b>11.18%</b>	<b>23.97%</b>	<b>23.97%</b>	<b>-33.37%</b>	<b>0.02%</b>	<b>0.72%</b>					
<b>ORD</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD</b>
<b>2009</b>	4.61%	-1.83%	-5.51%	1.53%	0.09%	-1.82%	0.61%	3.57%	-2.81%	2.04%	-0.93%	0.92%	<b>0.02%</b>
<b>2010</b>	0.72%												