

OWC Asset Management Limited
THE VINTAGE WINE FUND

Commentary

An excellent start to the year with demand, buoyed by the imminent celebrations for Chinese New Year, clearly broadening out from the usual narrow band of wines to a somewhat wider set. Mouton and Haut Brion both benefitted from this with the 1995s and 1996s putting in a very good performance (along with a great run from one of our favourites Mouton 2003) and at the other end of the price spectrum Haut Brion 1989 was very well bid and also pushed significantly higher. There was demand for high-scoring “cheaper” 2000s and 2003s – Lynch Bages, Montrose, Leoville Poyferre, Pichon Baron, Pontet Canet – all of which still look good value for their quality. Lafite, had a comparatively quiet month but was still well supported.

This broadening of demand gives us great confidence since it supports our view – expressed in our November 2010 report – that avoiding over-exposure to those wines which have been rocketing over the last 18 months need not mean compromising performance. The pre-downturn peak of Lafite 2000 was EUR 1,100 per bottle and the current price is 2,150. This growth of 30% per annum over the last 30 months, while hardly in bubble territory, may make some a little anxious. But then you look at wonderful wines such as Montrose 2003 (and there are plenty of other examples including some amongst the first growths) which peaked at EUR 185 and is now still only EUR 155 and you realize the huge upside which exists. There is absolutely no reason why wines like this (it gets 97 points from Parker and 99+ from Neil Martin) could not trade at around EUR 250 right now and still look perfectly good value! Some recent press articles have seemed determined to give the impression of a market getting out of control but for many wines nothing could be further from the truth.

The auction season got underway in Hong Kong with three days of sales including a consignment from Andrew Lloyd Weber. The sales were 100% sold although the prices were much more in line with market values than we saw at some sales at the end of 2010. Sotheby’s were of course eager as usual to point out that many lots sold over high estimate but this was hardly surprising given that estimates/reserves are always set very conservatively (so the results flatter the auction house) and would also have been set some months ago when market levels were lower. However, the fact that a very significant volume of wine was bought at hammer prices around current market levels (so more than 20% over current market levels when you include buyers’ commission) is undeniably a very positive sign.

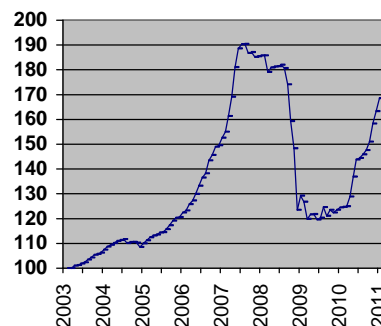
Portfolio Breakdown - % NAV

	Up to 1996	1997 – 2000	2001 and later
Cash: 0.1%			
First growths	28.2%	21.3%	25.3%
Other Bordeaux	6.7%	7.4%	9.7%
Other	0.0%	1.3%	0.0%
Wine: 99.9%	34.9%	30.0%	35.0%

January 2011

ORDINARY SHARES

Price (€):	168.44
P&L on month:	3.14%
Year to date:	3.14%
Since inception:	68.44%
Leverage:	0.00%



Investment Manager

OWC Asset Management Limited
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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%	3.14%				
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%												3.14%