

# THE VINTAGE WINE FUND

## Commentary

The 2010 campaign has finally drawn to a close and much has now been said of the price levels at which the wines were released. It would be wrong to generalise too much as there was as usual a wide range of approaches adopted by the various chateaux. If one had to find some way of summarizing release prices it might be to say that they were unattractively in line with the market! The problem with being so fairly priced is that it leaves the en primeur system looking a bit pointless. In general, if one is asking a market to take up a massive volume of new stock (of anything – wine, shares, bonds) it is a good idea to offer at least a small incentive for buyers and this generally means pricing it to look attractive compared to other stocks already in issue. In the case of wine, the fact that the wine is being sold two years before physical delivery and with the uncertainty inherent in the appraisal of wines so young, one could argue that a discount to fair value would be even more necessary to persuade buyers to take the plunge. But buyers were offered very little reason to get excited by 2010 – and the situation is not helped by the layers of intermediaries that must all take their cut; also, the whole “vintage of the century”, “once in a lifetime opportunity” stuff from the merchants has just been used once too often and is now beginning to irritate many of the new wine enthusiasts. For what it is worth, we are actually far from being convinced just yet that 2010 will ultimately be as sought after as the best of 2000, 2003, 2005 and 2009.

If all that raises some questions about the en primeur system it is in fact good news, especially in the short term, for our own portfolio. Although the market has been distracted by the campaign up to now (which is the main reason that prices have been relatively static) buyers who had planned to put cash into 2010 are now turning to other young vintages instead and there is plenty of scope for some good upside moves in the months ahead. The EUR remained remarkably strong into the end of June and so dampened our performance – but a bout of EUR weakness is taking hold now and if that continues we will see a big positive effect on our share price – indeed one might view the Fund as a good hedge against the downside risk of Greek default and associated Euro zone woes.

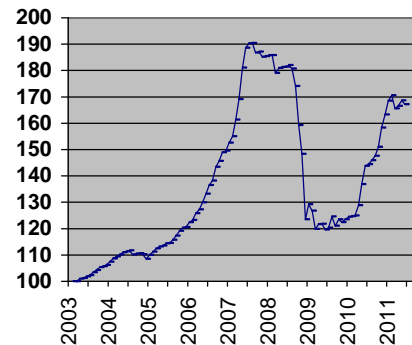
### Portfolio Breakdown - % NAV

	Cash: 3.5%	Up to 1996	1997 – 2000	2001 and later
First growths		25.7%	18.0%	25.4%
Other Bordeaux		6.4%	7.8%	11.5%
Other		0.0%	1.7%	0.0%
<b>Wine: 96.5%</b>		<b>32.1%</b>	<b>27.5%</b>	<b>36.9%</b>

June 2011

### ORDINARY SHARES

Price (€):	167.12
P&L on month:	-0.85%
Year to date:	2.33%
Since inception:	67.12%
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: 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				
<b>ORD</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>32.21%</b>	<b>2.33%</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>2010</b>	0.72%	0.24%	0.18%	3.11%	6.24%	5.08%	0.36%	1.06%	1.15%	2.32%	4.86%	3.17%	<b>32.21%</b>
<b>2011</b>	3.14%	1.27%	-2.93%	0.56%	1.21%	-0.85%							<b>2.33%</b>