

THE VINTAGE WINE FUND

Commentary

As we mentioned was likely last month, foreign exchange volatility has given us a bit of a headache in March. But although the headline performance this month is disappointingly down - our first negative month for well over a year - investors should definitely not be unduly alarmed. Over the course of the month the EUR appreciated over 3% versus USD and over 4% versus GBP. Against this backdrop, although there was a definite pick-up in activity as we entered April, the general level of enthusiasm from buyers throughout March remained subdued; this was partly down to economic and political uncertainties but probably had more to do with buyers sitting on their hands until they have a clearer picture of where en primeur prices will be set this year. Asian buyers kept their essentially dollar linked bids constant – in some cases even eased them slightly – so there was a definite reduction in the value of these bids when viewed in EUR. Of course we may see the EUR simply slip back in which case the loss is immediately recouped; and if EUR stays strong then, as we have pointed out many times, what will inevitably happen is non-EUR buyers will need to step up their bids in order to secure stock - but this may take a month or two especially with the distraction of en primeur grabbing the attention at the moment. However April is already looking promising although exchange rates remain very volatile.

So what of the new vintage 2010? We have of course been to taste the wines but it is really not necessary for us to add our own views on the quality of the vintage to the huge quantity of vintage analyses, tasting notes, blogs, tweets and the rest which has been generated by this interesting vintage. The question is really this: will buyers once again be convinced by that fragile underlying story (myth?) of en primeur – that this might be the only opportunity for them to buy the wine – and feel compelled to pay prices which seem eye-watering when viewed against the rest of the market? When so many 2009 wines are freely available at prices similar to and sometimes lower than those at which they were being offered during last year’s campaign, it is not going to be an easy story for merchants to tell. But frankly, the most likely outcome is that the campaign will succeed with ease and whether or not you view 2010 as good value does not alter the fact that the fundamentals for the wider market remain strong and opportunities abound in pre 2009 vintages.

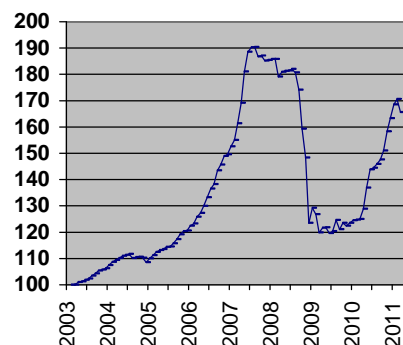
Portfolio Breakdown - % NAV

	Up to 1996	1997 – 2000	2001 and later
Cash: 8.4%			
First growths	23.7%	19.9%	23.2%
Other Bordeaux	5.9%	7.3%	10.4%
Other	0.0%	1.2%	0.0%
Wine: 91.6%	29.6%	28.4%	33.6%

March 2011

ORDINARY SHARES

Price (€):	165.58
P&L on month:	-2.93%
Year to date:	1.39%
Since inception:	65.58%
Leverage:	0.00%



Investment Manager

OWC Asset Management Limited
Mellwood House
43 Falsgrave Road
Scarborough, UK
FSA reference number: 211721

Telephone: +44 (0) 1723 355962
Email: info@owcam.com

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%	1.39%				
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%										1.39%