

OWC Asset Management Limited

THE VINTAGE WINE FUND

Commentary

The Bordeaux 2004 en primeur campaign is now over and the analysis of how it went is commencing. For the Fund, this vintage can be viewed as a success. A full analysis of the whole campaign will appear in next month's report – all 2004 purchases will be entered in June, so it makes sense to postpone the detailed commentary until then.

As all of the benefit of our en primeur activities will only hit the bottom line next month, it is not surprising that performance this month is modest as market activity outside en primeur was negligible.

Transactions outside 2004 Bordeaux over the month were nearly all sales generated by our trading screen. We printed two significant tickets with UK brokers buying on behalf of wealthy clients. In both cases we sold all wines well above our mark to market level and in some cases higher than the wines were available elsewhere. The fact that we were able to satisfy the complete orders from our own stocks and the wines were available immediately makes dealing with the Fund a much more attractive proposition for purchasers than the alternative of gathering the various wines (albeit perhaps more cheaply) in a piecemeal fashion for numerous different sources.

We have often mentioned the advantage that the Fund enjoys when purchasing wines as it can bid cash for very large value parcels whereas many dealers could only offer to broker such parcels on a commission basis. This has often meant the Fund getting advantageous entry levels. The deals mentioned above highlight the fact that now we have such a comprehensive portfolio we can also command better prices when we are selling wines through the ability to satisfy complete orders in an efficient way. This all contributes to maintaining an income stream when markets are quiet.

Portfolio Breakdown - % NAV

	Red still	White still	Other
Bordeaux	66.3%	2.4%	0.0%
Burgundy	5.4%	0.4%	0.0%
Rhone	9.4%	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%
TOTALS	85.7%	2.8%	2.0%

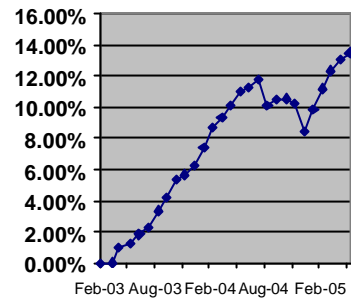
Cash – 9.5%

Wine – 90.5%

May 2005

ORDINARY SHARES

Price (€):	113.50
P&L on month:	0.34%
Year to date:	4.64%
Since inception:	13.50%
Leverage:	0.00%



Investment Manager

OWC Asset Management Limited
6th Floor 159-173 St John Street
London EC1V 4QJ

Telephone: +44 (0) 20 7553 4314

Fax: +44 (0) 20 7553 4315

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: Olympia Capital
(Ireland) Limited

For Further Information Contact

The Investment Manager (see above)

	2003	2004	2005 (YTD)
ORD for Year	6.22%	2.12%	4.64%

2005	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Ord	1.34%	1.16%	1.03%	0.68%	0.34%								4.64%

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