

# THE VINTAGE WINE FUND

## Commentary

Price movements during July were negligible. We spent the month (as part of an ongoing process – see below) taking profits on wines which were purchased as part of a bigger parcels but do not merit inclusion in our long term core portfolio. Although the investment ratio is virtually unchanged from last month, we have in fact switched a significant volume from non-core holdings into target wines thus improving the overall portfolio quality. Also, two large and very interesting parcels have been offered to us during the month by intermediaries willing to enhance turnover at the expense of margin. These will hopefully be closed soon and take our investment ratio closer to our 90% target.

During the next month or two we will be stepping up the effort to concentrate the core portfolio in the areas where we see the maximum medium to long term potential and will be gradually taking profits on holdings outside our target areas. In Bordeaux these target wines include the best first and top second growth from 1982, 1986, 1990, 1995, 1996, 2000 and 2003 with the holdings weighted according to our relative value analysis. The core portfolio will of course also include selected grand cru and premier cru Burgundy from top growers and vintages as well as a handful of the best Rhone Valley wines such as Hermitage la Chapelle, Rayas, Beaucastel and single vineyard Cote Rotie from Guigal.

We will continue to increase our already substantial allocations in the Rhone Valley and in Piedmont. Here, there is most profit potential in the immediate difference between release price and secondary market price with generally less appreciation evident over the life of the wine than is the case with top Bordeaux though there are of course exceptions. Therefore, in Rhone and Piedmont we will concentrate on the recent vintages with only a few target wines from older vintages (see above).

In summary, we aim to have two distinct elements to the business – a carefully constructed core long term portfolio and a shorter term high margin trading business based on allocations of recent vintages. Disposals of non target stock will be effected largely through our trading screen which continues to attract greater and greater volumes of trade each month. This will ensure that as we swap out of non core holdings into target wines, we avoid any of the frictional costs associated with dealing with brokers or auction houses.

## Portfolio Breakdown - % NAV

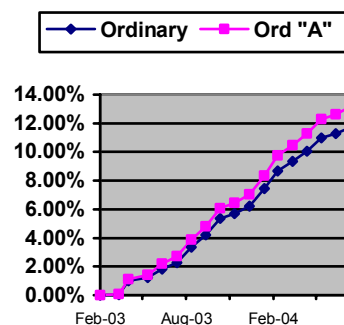
	Red still	White still	Other
Bordeaux	50.1%	1.9%	0.0%
Burgundy	4.5%	0.6%	0.0%
Rhone	10.6%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.7%
Italy	4.7%	0.0%	0.0%
Other	0.1%	0.0%	0.1%
<b>TOTALS</b>	<b>70.0%</b>	<b>2.5%</b>	<b>1.8%</b>

Cash – 25.7%

Wine – 74.3%

## July 2004

	Ord	Ord "A"
Price (€):	111.73	113.17
P&L on month:	0.42%	0.49%
Year to date:	5.19%	5.73%
Since inception:	11.73%	13.17%
Leverage:	0.00%	0.00%



## Investment Manager

OWC Asset Management Limited  
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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: Olympia Capital  
(Ireland) Limited

## For Further Information Contact

The Investment Manager (see above)

2003	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Ord	-	-	0.02%	0.97%	0.24%	0.59%	0.42%	1.08%	0.82%	1.12%	0.29%	0.50%	6.22%
"A"	-	-	0.07%	1.04%	0.31%	0.78%	0.49%	1.15%	0.89%	1.19%	0.36%	0.56%	7.04%
2004	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Ord	1.14%	1.17%	0.60%	0.66%	0.84%	0.24%	0.42%						5.19%
"A"	1.21%	1.30%	0.67%	0.72%	0.91%	0.30%	0.49%						5.73%