

THE VINTAGE WINE FUND

Commentary

It is only fair to say that the 2003 en primeur campaign has been disappointing. There was a fair amount of hype surrounding this vintage however, unlike 2000, the excitement was really only ever about a few wines, not the vintage in general. The problem has simply been one of the release prices being very high.

For the handful of truly unique wines for which this vintage will ultimately be remembered this was not a problem. Wines such as Latour and Ausone climbed quickly from their high release prices and have stabilised at realistic level. However, there were just too many chateaux which tried to join in the party and set prices at a level which simply were not justified by their wines. The higher prices reduced (in some cases to zero) the short-term upside, but they also resulted in trading volumes in the secondary market being low with prices stuck around their release level. The flow business which occurred in 2000 as wines gradually appreciated to the correct level has not had a chance to develop.

To take just one example, Ducru Beaucaillou was released at 66 Euro per bottle which translated into private customers being offered the wine en primeur in the London market at around 575 GBP per case. They simply did not buy it – and who can blame them when the 1996 (one of the all time great Ducru's) sells for less. The incentive to purchase en primeur was not there. Now, Latour 1996 also sells for a lot less than 2003 Latour, but Latour produced something utterly unique in 2003 and the market is happy to pay up for it. Ducru did not but priced its wine as if it had. This story was repeated many times throughout the campaign. There were of course some noteworthy exceptions – Leoville Barton, Leoville Poyferre and Pichon Baron all released at attractive prices.

Outside en primeur, we are taking up our large allocations of 2000 Barolos. The 2000 vintage in Piedmont has been rated 100 by the Wine Spectator and the wines have appreciated rapidly. Top Bordeaux continues its steady reliable appreciation and, in particular, two wines in which we are overweight as a result of relative value analysis are strongly outperforming their peers. Haut Brion 1990 and Cheval Blanc 1998 have both performed well as they move back into line but still have further to go. The month ahead will be quiet but may provide the opportunity for some attractive purchases from merchants keen to do business.

Portfolio Breakdown - % NAV

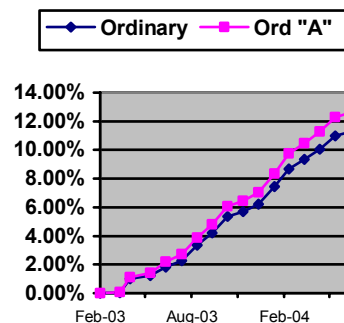
	Red still	White still	Other
Bordeaux	50.9%	1.8%	0.0%
Burgundy	4.9%	0.6%	0.0%
Rhone	11.1%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.8%
Italy	4.9%	0.0%	0.0%
Other	0.1%	0.0%	0.1%
TOTALS	71.8%	2.4%	2.0%

Cash – 23.8%

Wine – 76.2%

June 2004

	Ord	Ord "A"
Price (€):	111.26	112.62
P&L on month:	0.24%	0.30%
Year to date:	4.74%	5.21%
Since inception:	11.26%	12.62%
Leverage:	0.00%	0.00%



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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: 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%							4.74%
"A"	1.21%	1.30%	0.67%	0.72%	0.91%	0.30%							5.21%