

OWC Asset Management Limited  
**THE VINTAGE WINE FUND**

**Commentary**

A steady month for the market with price moves of most wines – both risers and fallers - being fairly modest. Good performances came from various vintages of Chateau Margaux including the 2005, 2000 and 1996. One vintage which seems to be a little overlooked at present is the 1990, where the Margaux, Cheval Blanc and Haut Brion all look to have significant upside. The same could be said of 2001 - an excellent vintage somewhat in the shadow of 2000 - where we are already seeing some upward adjustments in the first growths – especially Latour. Fallers were few, but Dom Perignon 1999 suffered a bit from the focus, for the moment, moving onto the recently released 2002.

For some time, the first growths have been taking the surge in Asian demand very seriously. Chateau Margaux have a dedicated marketing chief for the region in Hong Kong and LVMH (Cheval Blanc and d'Yquem) are said to be embarking on a campaign to raise the profile of their brands in China. Now, a lot of excitement is being generated by the sale in Hong Kong of numerous vintages – back to 1869 - of Chateau Lafite being released directly by the chateau (a rare occurrence indeed) through an auction run by Sotheby's at the end of October. It is likely that buyers will pay a significant premium for this ex-chateau stock compared to recent market prices. It will then be interesting to see if high hammer prices at this auction have a knock-on effect on Lafite prices at "normal" auctions – there is one the following day so it will be quickly apparent.

Demand from Asia, and China in particular, is primarily from consumers interested in drinking the wines – or perhaps in giving them as gifts to someone else who will drink them. Now, a wine fund is being launched in mainland China by Societe Generale to tap into the interest in investment which is rapidly emerging there. This can only add to the upward pressure on prices through the final quarter of the year – especially, as seems likely, if this new fund is just the first of many.

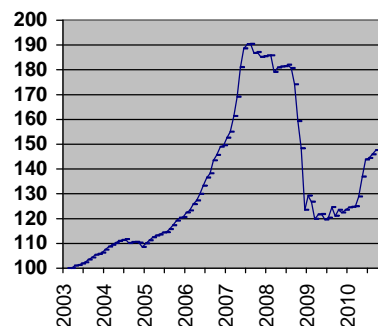
**Portfolio Breakdown - % NAV**

	Cash: 4.5%	Up to 1990	1991 – 1999	2000 and later
First growths		13.8%	22.9%	33.5%
Other Bordeaux		2.7%	3.7%	17.6%
Other		0.0%	1.3%	0.0%
<b>Wine: 95.5%</b>		<b>16.5%</b>	<b>27.9%</b>	<b>51.1%</b>

**September 2010**

**ORDINARY SHARES**

Price (€):	147.54
P&L on month:	1.15%
Year to date:	19.45%
Since inception:	47.54%
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 (YTD)					
<b>ORD for Year</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>19.45%</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>2009</b>	4.61%	-1.83%	-5.51%	1.53%	0.09%	-1.82%	0.61%	3.57%	-2.81%	2.04%	-0.93%	0.92%	<b>0.02%</b>
<b>2010</b>	0.72%	0.24%	0.18%	3.11%	6.24%	5.08%	0.36%	1.06%	1.15%				<b>19.45%</b>