

# THE VINTAGE WINE FUND

## Commentary

The wine market took an absolute thrashing in September as a wide range of assets from gold and silver to fine wine got sucked fully into the turmoil which had started in the equity markets in August. Wines were unceremoniously dumped by terrified investors beaten into submission by the inability of European leaders to get on top of the escalating problem of looming sovereign debt defaults and the potential effects on the global banking system and economic growth expectations.

As is often the case with big moves, volumes have not been large but sellers' patience simply broke and rather than disposing gradually at a pace that demand could absorb, some suddenly decided to hit the bid, wherever there was one and whatever the level. In a market where the bid offer spread can be 15% or more this has pretty dramatic consequences and a quantum shift down in prices has resulted. Selling was indiscriminate across the price range and not just limited to the top brands.

What happens from here? More pain in the very short term is likely but trying to avoid it will be futile and would only serve to realize the worst case scenarios; the bids have retreated to a level where hitting them would require an almost deranged level of pessimism. Although the mark down in Lafite prices and other "Asian" brands could prove to be permanent (and was not that surprising), the indiscriminate selling means that many top wines in our portfolio with a much wider appeal have been forced down to prices which we really never expected to see again. We firmly believe that for these wines (and incidentally also for gold and silver) this moment will ultimately look like an unexpected buying opportunity. Once the uncertainty and confusion passes, people will remember the eroding effect on the value of paper money of all the unprecedented (yet unavoidable) steps being currently taken and this will create a renewed flight to anything that can preserve value – and that includes top end fine wines with global appeal.

Yes, it is painful to look at monthly mark to markets but patience – and hopefully only a little patience will be enough – will pay off in the end.

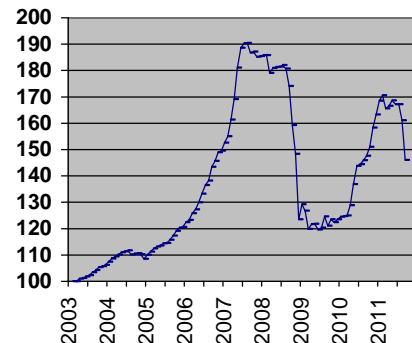
### Portfolio Breakdown - % NAV

	Up to 1996	1997 – 2000	2001 and later
<b>Cash: 6.0%</b>			
First growths	22.7%	16.4%	25.8%
Other Bordeaux	6.9%	8.5%	12.1%
Other	0.0%	1.6%	0.0%
<b>Wine: 94.0%</b>	<b>29.5%</b>	<b>26.5%</b>	<b>37.9%</b>

## September 2011

### ORDINARY SHARES

Price (€):	145.94
P&L on month:	-9.37%
Year to date:	-10.64%
Since inception:	45.94%
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](mailto:info@owcam.com)

### 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	2011 YTD				
<b>ORD</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>32.21%</b>	<b>-10.64%</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>2010</b>	0.72%	0.24%	0.18%	3.11%	6.24%	5.08%	0.36%	1.06%	1.15%	2.32%	4.86%	3.17%	<b>32.21%</b>
<b>2011</b>	3.14%	1.27%	-2.93%	0.56%	1.21%	-0.85%	0.05%	-3.69%	-9.37%				<b>-10.64%</b>