

OWC Asset Management Limited

# THE VINTAGE WINE FUND

## Commentary

August is usually a very quiet month in the wine market and indeed for the first three weeks of the month this was once again the case this year. For those three weeks the very quiet trading seen in July continued but in the closing days the buyers returned a little earlier than expected. The impression is that many collectors and merchants are becoming aware that the steady rally of the first half of the year is going to continue strongly for some time and decided to resume their buying before the start of September in order to beat the rush.

In terms of Bordeaux, the focus is perhaps shifting a little more towards the younger vintages where the gains since the start of the year have been more modest than in the “drinking” vintages and the upside in the short term is therefore perhaps greatest. However, the demand is now basically across the board with all areas of the Bordeaux market experiencing good demand.

The Rhone Valley is perhaps the most perplexing area at present, with many wines looking very undervalued but so far the region has not really participated in the wider rally. We still have great faith in the wines however we will look to gradually reduce the exposure slightly from the current level of 9% down to around 6% over the coming months. The ideal would be to concentrate the holdings around the very top growers in the same way as we have successfully managed to do in Burgundy.

Some sales in the first half of the month and new subscriptions reduced our investment ratio briefly we have nearly completed investing the surplus cash and will aim to keep the ratio above 95% as we enter the busiest time of what is shaping up to be a good year for the wine market.

## Portfolio Breakdown - % NAV

	Red still	White still	Other
Bordeaux	67.3%	2.6%	0.0%
Burgundy	6.1%	0.4%	0.0%
Rhone	9.0%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.8%
Italy	4.4%	0.0%	0.0%
Other	0.0%	0.0%	0.4%
<b>TOTALS</b>	<b>86.8%</b>	<b>3.0%</b>	<b>2.1%</b>

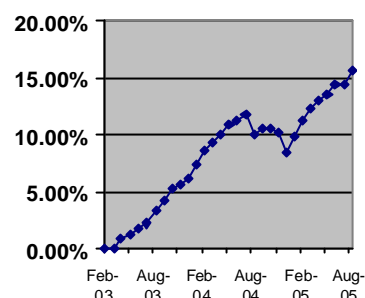
Cash – 8.0%

Wine – 92.0%

## August 2005

### ORDINARY SHARES

Price (€):	115.69
P&L on month:	1.08%
Year to date:	6.65%
Since inception:	15.69%
Leverage:	0.00%



### Investment Manager

OWC Asset Management Limited  
6<sup>th</sup> 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](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: Olympia Capital (Ireland) Limited

### For Further Information Contact

The Investment Manager (see above)

	2003	2004	2005 (YTD)
<b>ORD for Year</b>	<b>6.22%</b>	<b>2.12%</b>	<b>6.65%</b>

2005	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>Ord</b>	1.34%	1.16%	1.03%	0.68%	0.34%	0.78%	0.06%	1.08%					<b>6.65%</b>

Past performance should not be construed as a guarantee of future performance and the value of such an investment may fall as well as rise. Investment professional use only. Not for public distribution. This document is not to be used or considered as an offer to sell or a solicitation of an offer to buy any securities