

THE VINTAGE WINE FUND

Commentary

Firstly we would like to wish all our investors a very happy and prosperous New Year.

December provided a fitting end to what has been a very good year for the Fund. For the whole of 2009 and the beginning of 2010 we were unable to do any better than tread water as we serviced the significant redemptions which came in the wake of the events of September 2008 and the resultant collapse in prices. Although we managed to keep our head above the water, it is undeniable that that period was one of underperformance for us due to the size of disposals required in what were often the most difficult circumstances. But from March 2010 we have been able to start repaying the loyalty of all those investors who weathered the storm with us. But the job is far from done and we will not allow ourselves even a small pat on the back until we can look down upon our former highs. Our determination is stronger than ever.

The prospects of attaining that goal sooner rather than later are excellent. From the moment the Christmas break was over, buyers were back in action – they never really stopped in fact – and demand in early 2011 seems every bit as strong as it was in 2010. Of course we saw spectacular growth in some particular wine prices during the last year but the market is about much more than just Chateau Lafite and its lesser siblings. Even if one was to take the view that price rises amongst the star performers of last year is overdone (and it would take a brave man to short them) it does not mean that there are not some very good opportunities in the wider market. It is simply a matter of balancing the portfolio in a sensible way. It is also a matter of sticking to what one knows and understands – i.e. wine – since the value the market attaches to such things as embossed symbols on the bottles can change quite dramatically!

The New Year seems to be getting off to a good start, no doubt helped by the upcoming celebrations for Chinese New Year. There are more important auctions coming up in Hong Kong at the end of January which will provide extra pointers to the way the demand profile in the region may develop over the coming months.

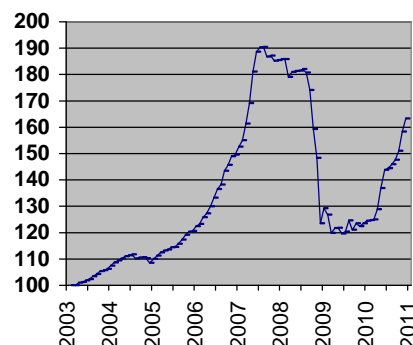
Portfolio Breakdown - % NAV

	Up to 1990	1991 – 1999	2000 and later
Cash: 4.5%			
First growths	13.0%	23.3%	35.0%
Other Bordeaux	2.5%	3.9%	16.5%
Other	0.0%	1.2%	0.0%
Wine: 95.5%	15.5%	28.5%	51.6%

December 2010

ORDINARY SHARES

Price (€):	163.31
P&L on month:	3.17%
Year to date:	32.21%
Since inception:	63.31%
Leverage:	0.00%



Investment Manager

OWC Asset Management Limited
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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: CACEIS Fastnet Ireland

ISIN: KYG9368H1103
Bloomberg: VWFUNDO:KY

For further information please contact the Investment Manager

	2003	2004	2005	2006	2007	2008	2009	2010					
ORD for Year	6.22%	2.12%	11.18%	23.97%	23.97%	-33.37%	0.02%	32.21%					
ORD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	4.61%	-1.83%	-5.51%	1.53%	0.09%	-1.82%	0.61%	3.57%	-2.81%	2.04%	-0.93%	0.92%	0.02%
2010	0.72%	0.24%	0.18%	3.11%	6.24%	5.08%	0.36%	1.06%	1.15%	2.32%	4.86%	3.17%	32.21%