

# OWC Asset Management Limited

## THE VINTAGE WINE FUND

### Commentary

Investors who have been with us for a few years will have heard it all before, but December is always a modest month for two reasons: firstly, the main stocking up activities in preparation for Christmas and New Year celebrations tend to be concentrated in November and by the time December comes, it is the turn of the retailers to enjoy brisk trade while the major market players take something of a rest; secondly, in the second half of the month we tend to see a handful of “bin-end” offers appearing from merchants to clear odd pieces stock and this can temporarily depress a few prices. Although both of these effects were observed this year, it was not enough to negate the upward pressure from the continued global demand and a very successful year ended with one more positive month making it now two years since we last posted a month on month loss.

There is little in the way of major trades to report so it is a good opportunity to look at some recent developments. We have of course recently launched, in conjunction with our partner VWF Trading Ltd, the upgraded two-way trading screens at [www.vwfrading.com](http://www.vwfrading.com) and the initial response has been fantastic. Users are now able to see the quantities available and to place orders online. This is quite simply the most innovative online top end fine wine trading platform in the world and is a valuable asset for two reasons: firstly, it is a very efficient route through which the Fund can establish positions or take profits since it provides a direct interface with both producers/negotiants and end users thus virtually eliminating the need to use commissioned intermediaries or to employ sales personnel – the screen simply is our sales force; secondly, the profits from day to day margin trading (post tax since this counts as active trading for UK tax purposes) provide an enhancement to returns which is not dependent on market direction.

We have become aware of a number of exciting buying opportunities which may present themselves in the near future and with the Fund fully invested we may therefore consider a brief reopening of the Fund for a limited amount some time in the next few months. We would stress that we would only consider such a move if we were confident of investing the proceeds both quickly and in line with our current strict portfolio strategy. In any case, existing share classes would remain closed and only a new higher fee class would be made available.

The first few days of January saw the return of normal levels of demand with just about all enquiries being from potential buyers. Prices are already ticking up and we are confident that 2007 will be another very satisfactory year.

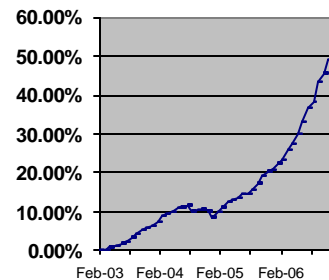
### Portfolio Breakdown - % NAV

Cash – 2.9%	Red still	White still	Other
Bordeaux	92.8%	0.8%	0.0%
Burgundy	0.1%	0.0%	0.0%
Rhone	1.6%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.3%
Italy	0.5%	0.0%	0.0%
Other	0.0%	0.0%	0.0%
<b>Wine – 97.1%</b>	<b>95.0%</b>	<b>0.8%</b>	<b>1.3%</b>

**December 2006**

### ORDINARY SHARES

Price (€):	149.51
P&L on month:	0.37%
Year to date:	23.97%
Since inception:	49.51%
Leverage:	0.00%



### Investment Manager

OWC Asset Management Limited  
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London EC1V 4QJ  
FSA reference number: 211721

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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: Olympia Capital (Ireland) Limited

ISIN: KYG9368H1103

### For Further Information Contact

The Investment Manager (see above)

	2003		2004		2005		2006						
ORD for Year	6.22%		2.12%		11.18%		23.97%						
ORD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005	1.34%	1.16%	1.03%	0.68%	0.34%	0.78%	0.06%	1.08%	1.39%	1.51%	1.06%	0.23%	11.18%
2006	1.50%	0.69%	2.06%	1.13%	2.15%	2.47%	2.50%	1.22%	3.80%	1.51%	2.31%	0.37%	23.97%

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