

THE VINTAGE WINE FUND

Commentary

For much of December, trading activity remained higher than normal for the time of year. Although cheap stock continued to appear on the market from profit-takers, the supply is gradually slowing. There was a firm underlying bid from investors (new and old) and there was no sign of any reduction, other than the seasonal lull, in the constant demand from end-users particularly Far Eastern buyers.

Looking back, 2007 has overall been a very satisfactory year. At one point it looked like it could have a spectacular year but the fall out from the sudden evaporation of confidence in credit markets was enough to persuade some players to crystallize their profits and so something of a wave of selling ensued. With many of the merchants adopting an ultra-cautious approach to taking on stock, the sellers did not find life easy and some very cheap parcels changed hands with many opportunities available to those with the cash and the conviction to take advantage.

Ironically, while all this was going on, the global demand from end-users and in particular the demand from Far Eastern drinkers was very firm and for those traders with access to both the supply and the demand, fat margins were there for the taking. Over the last few months we have essentially been seeing the remarkably orderly transfer of wines from investors into the decanters and glasses of consumers, from where it can never return, and this can be no bad thing.

Although the second half of the year has been disappointing in terms of performance, the consolidation we have been experiencing will ultimately be the means by which we return to the fundamental imbalance which underpins our market. For that reason we are very confident that 2008 will be another good year. We would like to take this opportunity to thank all of our investors for their support and look forward to our sixth year of managing what is now a proven diversification strategy; a low volatility, high return, alternative investment.

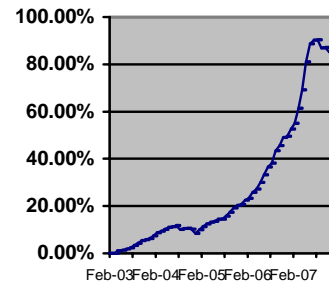
Portfolio Breakdown - % NAV

	Up to 1990	1991 – 1999	2000 and later
Cash – 3.8%			
First growths	11.8%	24.7%	32.2%
Other Bordeaux	4.9%	4.8%	16.8%
Other	0.0%	0.7%	0.1%
Wine – 96.2%	16.8%	30.3%	49.1%

December 2007

ORDINARY SHARES

Price (€):	185.35
P&L on month:	0.08%
Year to date:	23.97%
Since inception:	85.35%
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: Olympia Capital (Ireland) Limited

ISIN: KYG9368H1103

For Further Information Contact

The Investment Manager (see above)

	2003	2004	2005	2006	2007								
ORD for Year	6.22%	2.12%	11.18%	23.97%	23.97%								
ORD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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%
2007	2.03%	1.57%	4.13%	4.81%	7.03%	4.20%	0.86%	0.05%	-1.86%	0.15%	-1.00%	0.08%	23.97%