

OWC Asset Management Limited

THE VINTAGE WINE FUND

Commentary

The year got off to a good start with brisk trading and good demand witnessed from the very first trading day and throughout the month. Many merchants reported that January 2006 was one of the busiest months they had witnessed. The demand from the Far East in particular looks very solid with buying spread right across the region and interest extending from the top to the bottom of the quality scale. The demand is being generated by end users – i.e. drinkers – rather than investment or speculative buyers and ranges from the wealthiest private collectors to the very seediest of Tokyo establishments where apparently there is currently an unquenchable thirst for Romanee Conti.

Demand closer to home is also healthy with both UK and mainland European buyers very much in evidence. The 2003 Bordeaux wines are now bottled and interest in the vintage is re-awakening which has allowed us to dispose of a few non-core holdings and adjust our position prior to the updated review due out soon from Parker. Also, Lafite 1986, Lafite 1996, Cheval Blanc 1998, Latour 2000 and Lafite 2000 were all the subject of aggressive trade bids and where this provided an opportunity for a quick turn or an attractive relative value switch we were swift to take advantage. For example, a high bid for a parcel of Lafite 1986 facilitated a switch of a portion of our holding in that wine into the Mouton 1986 at a slight discount to the former. Both wines get 100 points from Robert Parker and of course are both core holdings but, to our palate, the Mouton is the superior wine and has the bigger claim to potential “legendary” status.

A string of trades in Petrus 2001 is worth mentioning as it highlighted the value of our two-way pricing screen and the extent to which it is now monitored by many market players. Several trades with two UK counterparties (possibly both buying for the same end customer) pushed our quote higher and higher with sales going through at 665 Euros per bottle, 690 Euros and finally 725 Euros by which time our bid was 645 Euros. Before long a Danish broker hit the bid followed by a German merchant selling at 625 and finally a UK merchant sold on behalf of a private customer at 610. At the end of the day the price was unchanged, our position in Petrus 2001 was unaltered but a handy profit had been banked. If only it were always that simple.

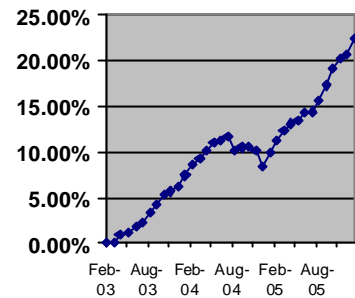
Portfolio Breakdown - % NAV

Cash – 7.2%	Red still	White still	Other
Bordeaux	72.7%	2.2%	0.0%
Burgundy	4.5%	0.3%	0.0%
Rhone	7.5%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.5%
Italy	3.9%	0.0%	0.0%
Other	0.0%	0.0%	0.2%
Wine – 92.8%	88.7%	2.5%	1.7%

January 2006

ORDINARY SHARES

Price (€):	122.41
P&L on month:	1.50%
Year to date:	1.50%
Since inception:	22.41%
Leverage:	0.00%



Investment Manager

OWC Asset Management Limited
6th 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

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

For Further Information Contact

The Investment Manager (see above)

	2003	2004	2005	2006 (YTD)
ORD for Year	6.22%	2.12%	11.18%	1.50%

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%												1.50%

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