

THE VINTAGE WINE FUND

Commentary

The New Year got off to a very brisk start and it was not long before it was clear that the global demand for fine wine is as healthy in 2007 as it was in 2006. There were major moves in those two great 1990 wines – Cheval Blanc and Margaux - as well as further gains in Haut Brion 1989 and La Mission Haut Brion 1989. Continued strong interest in 1995, 1998 and 1999 Guigal Cote Roties, and also the 1978 and 1990 vintages of Jaboulet's Hermitage La Chapelle, gave our Rhone holdings a boost. With the exceptions of the continually sought after Ausone 2000 and 2003 as well as the Mouton 1996 which has been making up some lost ground, wines from the top younger vintages from 1996 through to 2005 were on the whole fairly static though well supported. However, prices for the less expensive recent vintages such as 1999, 2001, 2002 and 2004 all moved steadily upwards.

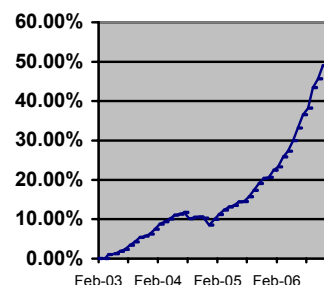
It is interesting to note the very significant demand coming through Bordeaux negociants for clarets from all vintages but perhaps especially for pre-1990 wines. It seems clear that stocks of older wines at the chateaux are getting smaller and smaller and the chateaux are clearly unwilling to part with these for anything other than very high prices. Hence the local negociants/brokers are turning to other sources to satisfy the demand they are seeing from their global customer base. This is a very positive sign and it is satisfying that the Fund is viewed by this influential group as an important and reliable source of older stocks. This reputation is in no small amount due to our now well-known zero tolerance approach to the condition of wines purchased and the conditions in which we store them.

With many of the 2004 wines being bottled and beginning to be shipped, interest in this vintage is on the increase and we have already taken healthy profits on some of those shorter term positions (amongst lesser wines) which are an inevitable by-product of en primeur buying. In great vintages, all the wines for which we have allocations generally represent sound long term investment prospects; however, in the lesser vintages we tend to retain only the very best – selected first growths and a handful of others – and look to take a quicker turn on the rest within a year or two of en primeur. Within the 2004 vintage, some of these shorter term positions have shown excellent returns over the last 18 months but further upside seems limited and we are happy to take profits.

January 2007

ORDINARY SHARES

Price (€):	152.55
P&L on month:	2.03%
Year to date:	2.03%
Since inception:	52.55%
Leverage:	0.00%



Investment Manager

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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)

Portfolio Breakdown - % NAV

Cash – 2.1%	Red still	White still	Other
Bordeaux	93.7%	0.8%	0.0%
Burgundy	0.1%	0.0%	0.0%
Rhone	1.5%	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%
Wine – 97.9%	95.8%	0.8%	1.3%

	2003	2004	2005	2006	2007 (YTD)								
ORD for Year	6.22%	2.12%	11.18%	23.97%	2.03%								
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%												2.03%