

OWC Asset Management Limited

THE VINTAGE WINE FUND

Commentary

Price action during July was predictably negligible and there is little to report in the way of interesting market movements. The pre 1990 vintages edged a little further upwards and the younger vintages remained firm if rather static.

Demand is however definitely on the increase with two major orders originating from the US this month. As luck would have it, these two orders were complementary with one being entirely 1990 and earlier and the other being 1996 and younger. As is always the case with these large orders, we were able to lock in profits over our valuation level. We now have contacts with a number of major US importers and therefore numerous options for printing large sales tickets when taking profits – a vital element as our position sizes grow. We have been reinvesting the proceeds quickly as it is vital to maintain a fully invested position with what will hopefully be an exciting autumn ahead.

This increased demand from these end users, i.e. drinkers, is of course the most important, however there is also a growing interest in the concept of wine investment with an increasing number of articles appearing in the press – we were recently described as the biggest and most successful wine fund in an Financial Times wine investment supplement; a book on the subject by Mahesh Kumar has also just been published by the Wine Appreciation Guild.

From this perspective, one potentially very important development in the UK is that fine wine has been approved for inclusion in self-managed pension schemes (known as SIPPS). This comes into effect from March 2006 and can only increase demand for fine wines; it is also probable that we will see a number of institutions offer specialised vehicles and services for people wishing to include wine in their pension portfolios. Several merchants are already emphasising their ability to offer advice (and wine of course) to this new class of client and some are so bullish as to be increasing stockholdings in anticipation of this fresh demand. It remains to be seen to what extent this development will have but there can be little doubt that this is all good news for wine prices.

Portfolio Breakdown - % NAV

	Red still	White still	Other
Bordeaux	69.6%	2.7%	0.0%
Burgundy	5.4%	0.4%	0.0%
Rhone	9.4%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.5%
Italy	4.5%	0.0%	0.0%
Other	0.0%	0.0%	0.4%
TOTALS	88.9%	3.1%	1.9%

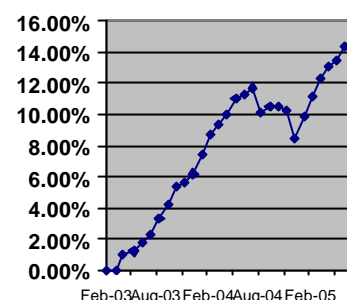
Cash – 6.1%

Wine – 93.9%

July 2005

ORDINARY SHARES

Price (€):	114.45
P&L on month:	0.06%
Year to date:	5.52%
Since inception:	14.45%
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

For Further Information Contact

The Investment Manager (see above)

	2003	2004	2005 (YTD)
ORD for Year	6.22%	2.12%	5.52%

2005	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Ord	1.34%	1.16%	1.03%	0.68%	0.34%	0.78%	0.06%						5.52%

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