

OWC Asset Management Limited
THE VINTAGE WINE FUND

Commentary

The satisfactory performance in July is partly down to price moves early in the month – basically just the tail end of June’s moves – and partly due to the fact that we have booked the remainder of our 2005 en primeur purchases during this month. As one would expect market activity has been somewhat subdued as the summer took hold and after the first week of July, prices have been fairly static. It is likely we will see this flat market continue through August although, even with reduced volumes, our trading screen activities should keep us moving ahead until things pick up again in September.

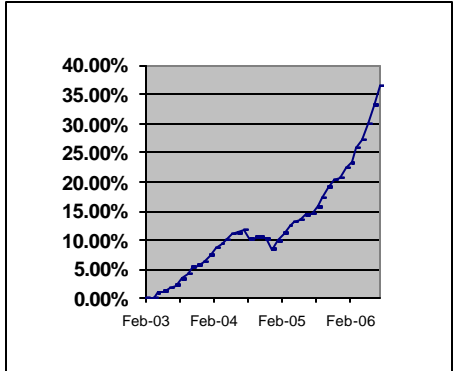
The major trades of the month were based on younger Bordeaux and in particular 2003 where the quality of the best wines from this vintage, the small production size, and the prices of 2005s, all combine to produce a compelling argument that this vintage is under-priced. We also increased our Petrus weighting and in particular the 1998 vintage: this stunning wine is more than a match for the 1989 and 1990 and for many Petrus lovers is “the one”; the price could go anywhere.

We were of course in touch recently with investors to inform them that the level of assets was approaching the point where we felt it was prudent to close the Fund. The resulting additional subscriptions have now taken us up to that level and we have closed the Fund to all further subscriptions, the only exceptions being a small amount put aside for firm reservations which were requested by some existing investors. The new capital raised in this last round is quickly being invested. This is a good time to be picking up bits and pieces from the UK and European merchants whose sales tend to slow dramatically during summer and who are therefore generally willing to cut a deal. This does tend to result in a large number of smaller trades but the inconvenience of this is more than compensated by the cheap prices.

Our active trading activities are the key to our stable returns through all market conditions and the Fund has outgrown the present set-up. We have therefore been recently working on significant improvements to the web based trading screen and the supporting infrastructure for that part of our business. This upgrade is due to be completed by the end of August in time to take full advantage of the major flows of the following months.

July 2006

ORDINARY SHARES	
Price (€):	136.50
P&L on month:	2.50%
Year to date:	13.18%
Since inception:	36.50%
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 – 9.8%	Red still	White still	Other
Bordeaux	81.2%	1.3%	0.0%
Burgundy	1.2%	0.0%	0.0%
Rhone	3.3%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.2%
Italy	1.8%	0.0%	0.0%
Other	0.0%	0.0%	0.1%
Wine – 90.2%	87.6%	1.3%	1.3%

	2003		2004		2005		2006 (YTD)						
ORD for Year	6.22%		2.12%		11.18%		13.18%						
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%						13.18%

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