

# OWC Asset Management Limited

## THE VINTAGE WINE FUND

### Commentary

For anyone who maintained doubts concerning the potential for the fine wine market to appreciate significantly in price from current levels, the 2005 en primeur campaign has served as a very sharp jolt back to reality. Despite the major chateaux setting prices well above the top end of expectations there was no shortage of enthusiastic buyers – and given the prices now commanded by the very best fully mature vintages, that really should have come as no surprise. The en primeur release price for top vintages has just taken a permanent quantum leap upwards and drinkers and collectors have shown they are willing to pay the price. The Fund happily took up its significant direct allocations but made very few secondary market purchases for while the market was focusing on 2005 we were shopping elsewhere...

What is interesting is that on the basis of the usual influential annual reviews, several post campaign articles, not to mention our own tasting opinions, there is nothing to suggest that the top wines from 1996, 2000 and 2003 are not the equal, or perhaps even the superior, of the best wines from 2005. With the knowledge that en primeur release prices (for top vintages) are at a higher and sustainable level for the foreseeable future, it is inevitable that buyers will focus on the value to be currently found in other relatively recent and truly great vintages; it is in these vintages that some of our most significant positions are to be found. It is also the case that many 2005 prices make more mature wines look incredibly good value. Wines such as Mouton 1986, Haut Brion 1989 and Cheval Blanc 1990 look fantastically cheap when compared to the price at which their 2005 versions have sold out.

So, in brief summary of the Bordeaux market, the fully mature 1982s are pushing ever higher and before long these wines are likely to make the leap into the price range occupied by the 1961s; at the other end of the spectrum we have the latest vintage just released at prices well above comparable wines from other recent vintages but selling easily; this leaves just about every other good vintage in between looking significantly under-priced. This situation may not last for long: by the time the campaign was drawing to a close, the implications of the success of this vintage were beginning to dawn on merchants, collectors and drinkers alike and we were already witnessing a significant surge in the (already healthy) demand for some of these relatively under-priced wines. Indeed, it is the start of that price realignment which has produced the bulk of this month's performance with en primeur profits supplying the balance; it is the continuation of that realignment, coupled of course with continued growth in the market as a whole, which may well mean that the second half of 2006 turns out to be even better than the first.

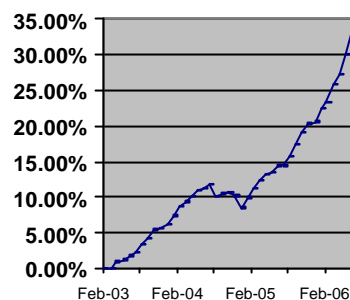
### Portfolio Breakdown - % NAV

Cash – 4.7%	Red still	White still	Other
Bordeaux	84.4%	1.5%	0.0%
Burgundy	1.5%	0.0%	0.0%
Rhone	4.0%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.4%
Italy	2.3%	0.0%	0.0%
Other	0.0%	0.0%	0.1%
<b>Wine – 95.3%</b>	<b>92.3%</b>	<b>1.5%</b>	<b>1.4%</b>

**June 2006**

### ORDINARY SHARES

Price (€):	133.16
P&L on month:	2.47%
Year to date:	10.42%
Since inception:	33.16%
Leverage:	0.00%



### Investment Manager

OWC Asset Management Limited  
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### Fund Structure

Domicile: Cayman Islands  
Inception: 20<sup>th</sup> 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 (YTD)									
<b>ORD for Year</b>	<b>6.22%</b>	<b>2.12%</b>	<b>11.18%</b>	<b>10.42%</b>									
<b>ORD</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD</b>
<b>2005</b>	1.34%	1.16%	1.03%	0.68%	0.34%	0.78%	0.06%	1.08%	1.39%	1.51%	1.06%	0.23%	<b>11.18%</b>
<b>2006</b>	1.50%	0.69%	2.06%	1.13%	2.15%	2.47%							<b>10.42%</b>

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