

# THE VINTAGE WINE FUND

## Commentary

The 2006 en primeur campaign has come to an end and in many ways turned out to be much as expected. Prices for the lesser wines were erratic with some releasing at or near the 2005 levels and others reducing prices quite significantly. There were not many compelling buys but one or two wines have room to appreciate reasonably in the short term. In a vintage such as this, however, we are almost exclusively interested in the first growths and as was widely predicted, the release prices were not low.

Early on, rumours abounded that the prices of the first growths would be such that other second tier vintages of comparable quality such as 1999, 2001, 2002, and 2004 would look like excellent value in comparison. Numerous traders decided to stock up on these recent vintages, pushing prices sharply higher in the run up to the 2006 release. By the time the first growths were finally released, the prices of these young recent vintages had appreciated to a level where the high 2006 release prices seemed somewhat less unrealistic than they would have done at the beginning of the campaign. There is perhaps something of a feedback loop here – the market gets wind of high release prices, buys up cheaper vintages, the chateaux upwardly reappraise their intended release prices in light of the higher market levels and so on and so on. Anyway, the fact is that the wines – both en primeur and those other recent vintages – are selling at these levels with no drop-off in demand. It seems the price increase in younger less famous vintages was inevitable and the en primeur campaign simply accelerated the process.

Although the volume of 2006 we purchased is insignificant in terms of our portfolio, it would be very unwise to forget that supporting negociants and chateaux, in even a small way, at en primeur pays huge dividends when buying older stocks. It is only because of the close relationships developed over several en primeur campaigns that we source so much of our older stocks ex chateau. Access to these significant volumes of pristine stocks is of ever increasing importance and given the amount of poor condition wine in circulation it would be intolerable to have to rely solely on whatever stocks the merchants and brokers had to offer.

With the market keen for a rest after the campaign, July and especially August are sure to be very quiet in comparison with the last few months – a perfect environment to unhurriedly invest the modest proceeds of the recent brief reopening of the Fund. No doubt Autumn will bring a return to more exciting times but with the 2006 performance surpassed already, a short period of calm will be welcome and may indeed be quite healthy for the market.

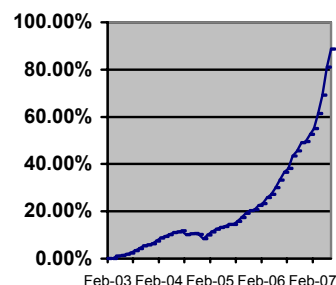
### Portfolio Breakdown - % NAV

Cash – 12.1%	Up to 1990	1991 – 1999	2000 and later
First growths	11.1%	22.9%	26.8%
Other Bordeaux	5.0%	5.0%	15.3%
Other	0.4%	1.1%	0.2%
<b>Wine – 87.9%</b>	<b>16.6%</b>	<b>28.9%</b>	<b>42.3%</b>

June 2007

### ORDINARY SHARES

Price (€):	188.62
P&L on month:	4.20%
Year to date:	26.16%
Since inception:	88.62%
Leverage:	0.00%



### Investment Manager

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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	2007 (YTD)								
<b>ORD for Year</b>	<b>6.22%</b>	<b>2.12%</b>	<b>11.18%</b>	<b>23.97%</b>	<b>26.16%</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>2006</b>	1.50%	0.69%	2.06%	1.13%	2.15%	2.47%	2.50%	1.22%	3.80%	1.51%	2.31%	0.37%	<b>23.97%</b>
<b>2007</b>	2.03%	1.57%	4.13%	4.81%	7.03%	4.20%							<b>26.16%</b>