

OWC Asset Management Limited

# THE VINTAGE WINE FUND

## Commentary

As predicted in last month's report, the slight lull was not long lived and the steady rally in prices accelerated once again from the start of March and continued for the rest of the month. The biggest gains were seen in pre-1990 vintages with 1982 Bordeaux putting in another surge – Lafite and Latour are now on the point of breaking through the 1,000 Euro per bottle level which we highlighted as a short term target three months ago. The 1986 vintage also performed well with particularly strong demand for second growth level wines such as Pichon Lalande and Gruaud Larose while the pair of top 1989 Graves – Haut Brion and La Mission Haut Brion - gapped higher on thin volume. Younger wines were also moving up, if a little steadier with most action seen in 2000 first growths and some position taking in 2003 wines ahead of the in bottle report from Parker.

As prices move higher, it always pays to have a look at wines which have not participated fully in the rally and to decide whether the underperformance is likely to persist or if there is a relative value opportunity appearing. Although 1998 is primarily seen as a right bank vintage, Lafite, Mouton and Haut Brion all produced outstanding wines which have been somewhat ignored recently. The warning to avoid non-core wines is repeated often in these reports but as the prices of the very top wines push ever higher, wines like these will move from the periphery into the main action. Of course the 1998 vintage as a whole is not one with the kudos of 1996 or 2000 but a first growth with a Parker score of over 96 points trading at under 130 Euro per bottle is an anomaly in the present market. Although we would never expect these wines to trade on a par with more acclaimed vintages, the price differential has become overstretched and we have accordingly increased our exposure here.

As mentioned in last month's report we have been busy taking advantage of some attractive deals offered out of Bordeaux in the run-up to the 2005 release. These have included well priced stock from 2000 and 2003 as well as fantastic parcels of older wines in larger format. This has provided a great opportunity to both enhance existing relationships with negociants and establish some very important new ones – and all this will prove vital in the hectic weeks ahead. With what is clearly going to be an historic en primeur campaign offering many profitable opportunities we are now uniquely placed to take full advantage of the enormous potential for us in the 2005 vintage.

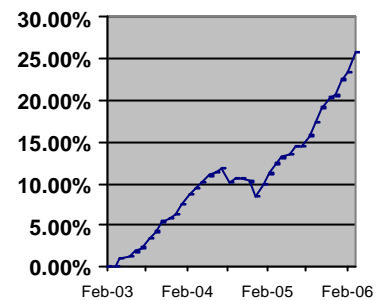
### Portfolio Breakdown - % NAV

Cash – 6.8%	Red still	White still	Other
Bordeaux	76.2%	2.0%	0.0%
Burgundy	3.6%	0.2%	0.0%
Rhone	5.9%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.7%
Italy	3.4%	0.0%	0.0%
Other	0.0%	0.0%	0.2%
<b>Wine – 93.2%</b>	<b>89.1%</b>	<b>2.2%</b>	<b>1.9%</b>

**March 2006**

### ORDINARY SHARES

Price (€):	125.80
P&L on month:	2.06%
Year to date:	4.31%
Since inception:	25.80%
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>4.31%</b>

ORD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<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%										<b>4.31%</b>

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