

THE VINTAGE WINE FUND

Commentary

March saw very significant price movements across the board as global demand continued to surge. Fresh buyers are emerging on a daily basis from all around the world, all of them looking for significant quantities in a market which is rapidly becoming very short of stock. Older vintages pushed steadily higher but most of the activity concentrated on the younger wines from 1996 to 2004. As the rest of the market catches up with the high prices of the 2005s we are sure to also begin to see some meaningful appreciation in what was of course an outstanding vintage.

We visited Bordeaux for the en primeur tastings and opinions abounded on where the (generally good but not great) 2006 wines should be released. Bordeaux will take full advantage of present conditions - and, frankly, why should they not - so prices may not come down (compared to the outstanding 2005s) as much as some would hope for. The wine trade have been making a lot of noise about a huge discount to 2005 prices being required but it's not entirely clear whether this is for the benefit of their customers or whether they are thinking of their own margins!

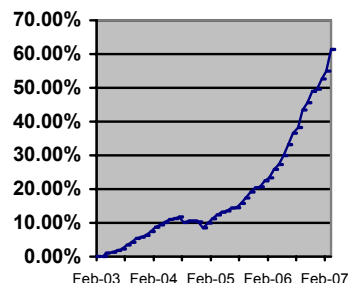
We have of course been experiencing a very steady rally for some time now - our last negative month was December 2004 - but March was something a little out of the ordinary and there is now a very distinct feeling that the last couple of years were simply a prelude to what looks set to be dramatic move and a quantum shift up in wine prices. The growth in both the number, and the overall wealth, of highly paid individuals - from the simply well-off to the super rich - is creating unprecedented demand for the finest the world has to offer in terms of all luxury goods and fine wine is at the centre of that set of must-have items.

So, how far can prices go? The price per bottle of a first growth Bordeaux hardly looks expensive when one looks at the money which is spent by the well-heeled every day on their other passions. It might be cars, clothing, jewellery, travel, boxes at the opera/sporting venues etc or perhaps the slightly less edifying pleasures of Las Vegas or Macau where the cost of the Lafite, Krug or DRC is insignificant compared with what is being spent on the main entertainments. The message is clear: the demand for fine wines is growing at an accelerating pace and supplies can never increase. Prices are set to rise rapidly and who knows, this year could be remembered as the one in which fine wine prices doubled.

March 2007

ORDINARY SHARES

Price (€):	161.35
P&L on month:	4.13%
Year to date:	7.92%
Since inception:	61.35%
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 - 4.8%	Red still	White still	Other
Bordeaux	91.1%	0.8%	0.0%
Burgundy	0.1%	0.0%	0.0%
Rhone	1.2%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.7%
Italy	0.4%	0.0%	0.0%
Other	0.0%	0.0%	0.0%
Wine - 95.2%	92.7%	0.8%	1.7%

	2003	2004	2005	2006	2007 (YTD)								
ORD for Year	6.22%	2.12%	11.18%	23.97%	7.92%								
ORD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2006	1.50%	0.69%	2.06%	1.13%	2.15%	2.47%	2.50%	1.22%	3.80%	1.51%	2.31%	0.37%	23.97%
2007	2.03%	1.57%	4.13%										7.92%