OWC Asset Management Limited

THE VINTAGE WINE FUND

March 2008

Commentary

The disappointing headline figure this month conceals a more complicated truth and we will endeavour to explain carefully the underlying effects. Although it may seem hard to reconcile with the Fund showing a significant negative return, wine prices on merchants' lists in Europe and Switzerland did not move during the month and indeed have been static for several months while the unfaltering demand has worked its way through the stocks which came onto the market some months ago.

During this time we have of course also seen very dramatic weakness in GBP vs EUR and CHF. Each time GBP falls, stocks on UK merchants' lists look cheap to non-GBP buyers and as demand focuses on London, GBP prices adjust upwards and the arbitrage gap is closed. Last month is a good example: GBP/EUR fell by c.2.5% and UK list prices increased by exactly the same amount; everything is relative but given the fundamentals the best characterization of the last few months is that **values** have been flat and that UK list prices have moved higher as a direct result of the very weak GBP.

This process has in fact been going on for nearly a year – repeated drops in GBP followed by a drift up in GBP list prices while prices in EUR and CHF are totally static. Each time there is a move, the speed with which the gap closes depends on the level of market activity and the amount of UK stock. Generally we have seen fairly quick adjustments (like last month) but there is some catching up still backed up in the pipeline.

This month we saw a further 4% drop in GBP vs EUR and 5% vs CHF. Since a big part of the FX move was sudden and at the end of the month our snapshot of values caught a low point **before** GBP prices had a chance to compensate upwards but **after** the lurch down in GBP. This means EUR values of those GBP list prices which feed into our MTM are considerably lower than last month – despite the prices of those same wines on EUR and CHF lists being unchanged.

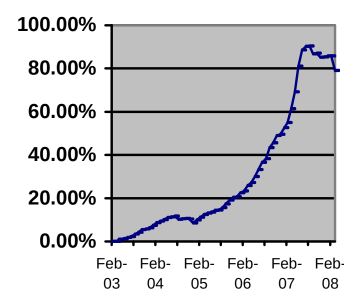
Since month end, UK prices have been making their inevitable adjustment upwards and the effect on our valuation should be short-lived and the loss should be quickly recouped. If GBP continues to weaken we may however have a month or two of this "catching up" before things finally come completely back into line.

Portfolio Breakdown - % NAV

Cash – 0.8%	Up to 1990	1991 – 1999	2000 and later
First growths	11.8%	22.7%	34.5%
Other Bordeaux	5.1%	8.4%	15.8%
Other	0.0%	0.8%	0.1%
Wine – 99.2%	**16.9%**	**31.8%**	**50.4%**

ORDINARY SHARES

Price (€):	179.07
P&L on month:	-3.60%
Year to date:	-3.39%
Since inception:	79.07%
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)

	2003	2004	2005	2006	2007	2008 (YTD)
ORD for Year	**6.22%**	**2.12%**	**11.18%**	**23.97%**	**23.97%**	**-3.39%**

ORD	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2007	2.03%	1.57%	4.13%	4.81%	7.03%	4.20%	0.86%	0.05%	-1.86%	0.15%	-1.00%	0.08%	**23.97%**
2008	0.21%	0.01%	-3.60%										**-3.39%**