OWC Asset Management Limited

THE VINTAGE WINE FUND

Commentary

Prices in the London market – where currently, due to the cheap cost of GBP, the vast majority of the global flows are concentrated – ended the month slightly softer for certain stocks but were essentially largely unchanged. The month's negative performance is almost entirely foreign exchange related. The continuous trickle of supply of stock into London has undoubtedly given wine values in EUR a strong sterling correlation but we are not tempted to hedge this short term GBP exposure firstly due to the absolute FX levels and secondly because we see it as a short term rather than permanent.

The 2008 en primeur campaign is at a more advanced stage than any campaign in the last few years has been at this time of year. Traders' desires to have a sensible reduction in release prices and to avoid a long protracted campaign have both, at least in part, been satisfied. This year the first growths have been among the earliest releases. Some rumours are circulating of one property breaking rank and releasing early at a higher price than the level previously discretely agreed between it and its peers. However the prices have been generally welcomed as being low enough to stimulate interest in what is a fairly mediocre vintage and the wines have been selling reasonably well.

Secondary market prices for 2008 wines are gradually finding their niche in relation to other young vintages and this is now part of a wider re-appraisal of all unexceptional, for want of a better word, vintages from 1999 onwards – i.e. all except 2000, 2003 and 2005. Some fairly high prices for young wines of modest quality which have pertained from a time when it seemed that release prices could only move upwards, are being seen in a different light now that a more sensible benchmark for release prices of a modest quality vintage has been set.

All enthusiasts find en primeur appealing but if 2008 had been badly overpriced, it is quite possible that the irritation of consumers and alienation of the market in general at this fragile time could have had some very damaging medium term consequences for the wider Bordeaux market – we have seen something similar occur in the past. So the approach of the producers must be seen as a very positive move. Indeed, the success of this vintage may be seen as proof that interest in fine wine remains as high as ever and gives more credence to the argument that we have reached price levels where the market will stabilise and from which we can steadily grow once more.

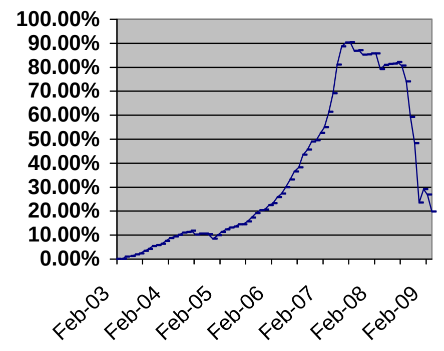
Portfolio Breakdown - % NAV

		Up to 1990	1991 – 1999	2000 and later
Cash:	**1.6%**			
First growths		9.8%	26.1%	31.1%
Other Bordeaux		7.4%	5.6%	17.8%
Other		0.0%	0.6%	0.1%
Wine:	**98.4%**	**17.1%**	**32.3%**	**48.9%**

March 2009

ORDINARY SHARES

Price (€):	119.83
P&L on month:	-5.51%
Year to date:	-2.97%
Since inception:	19.83%
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: Fastnet (Ireland) Ltd

ISIN: KYG9368H1103

For Further Information Contact

The Investment Manager (see above)

	2003	2004	2005	2006	2007	2008	2009 (YTD)
ORD for Year	**6.22%**	**2.12%**	**11.18%**	**23.97%**	**23.97%**	**-33.37%**	**-2.97%**

ORD	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2008	0.21%	0.01%	-3.60%	1.00%	0.20%	0.11%	0.33%	-0.77%	-3.59%	-8.56%	-6.88%	-16.7%	**-33.37%**
2009	4.61%	-1.83%	-5.51%										**-2.97%**