

OWC Asset Management Limited

THE VINTAGE WINE FUND

Commentary

March was a satisfactory month for the Fund with the steady market rally continuing. Demand was perhaps a little less firm than was apparent in January and February and this was mainly due to the distraction of the 2004 en primeur campaign getting underway. However, the upward trend is now firmly established and is being driven by very well spread (geographically) buying with US (and indeed some South American), Far Eastern and European purchasers all very active. The older vintages continue to outperform but the upward pressure is now truly across the board.

The 2004 Bordeaux en primeur releases are, at the time of writing, just beginning to emerge. This vintage has the potential to be a very interesting one for the Fund. The vintage is in no way a uniformly great one and the production sizes have been very high – this leads to the hope that release prices will be kept very low – well below the high levels of 2003 and perhaps at or even below the very reasonable 2002 levels. There are however a number of extremely successful, perhaps even brilliant wines. If these are released in line with the vintage as a whole, there will be some large quick profits for us. This all depends on the price levels set for the vintage by the chateaux and negociants. The one major release so far has been Gruaud Larose which came out a little above the 2002 level. The message from the trade sent back to Bordeaux was that this was too high and that if this represented the price level for the vintage it would be disappointing. Whether the Bordelais heed these warnings is yet to emerge, but we will be able to report in full next month.

We are making significant progress in our efforts to streamline our portfolio focusing on the high end which has always given the best performance. We had accumulated (as part of bigger parcels) about 180 lines of stock where the holdings were less than 2 cases. These holdings were insignificant in terms of value but took as long to value as a one hundred case holding. We have now sold all of these leaving us with a portfolio of around 450 lines. We will aim to reduce this ultimately to 300. This is more than enough to give us the broad coverage we need without making the monthly NAV calculation overly burdensome. It is also good discipline to put a cap on the number of lines as any new position needs to be justified in comparison with existing positions.

Portfolio Breakdown - % NAV

	Red still	White still	Other
Bordeaux	67.0%	2.4%	0.0%
Burgundy	4.8%	0.3%	0.0%
Rhone	9.8%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.5%
Italy	4.6%	0.0%	0.0%
Other	0.1%	0.0%	0.4%
TOTALS	86.2%	2.8%	2.0%

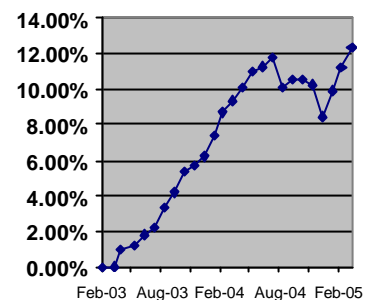
Cash – 9.0%

Wine – 91.0%

March 2005

ORDINARY SHARES

Price (€):	112.35
P&L on month:	1.03%
Year to date:	3.58%
Since inception:	12.35%
Leverage:	0.00%



Investment Manager

OWC Asset Management Limited
6th Floor 159-173 St John Street
London EC1V 4QJ

Telephone: +44 (0) 20 7553 4314

Fax: +44 (0) 20 7553 4315

Email: info@owcam.com

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

For Further Information Contact

The Investment Manager (see above)

	2003	2004	2005 (YTD)
ORD for Year	6.22%	2.12%	3.58%

2005	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Ord	1.34%	1.16%	1.03%										3.58%

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