

OWC Asset Management Limited

THE VINTAGE WINE FUND

Commentary

The diversification and low correlation claims of the Fund were put fully to the test in May and it is therefore with some satisfaction that we can report an excellent month at a time when other investment assets will be looking a little fragile. The fine wine market paid not the slightest attention to the wobbly financial markets and continued its steady rally with no hint of weakness whatsoever.

Perhaps the most surprising thing, given the time of year, is the amount of activity in the wider market as a whole when it would generally be customary for nothing but the en primeur Bordeaux to be receiving any attention. The worldwide demand for fine wine both young and old for from collectors and consumers increases every month and although Russian buyers were particularly evident during May, there is no one geographical region that is overly dominant. The best performances this month were in younger vintages of Bordeaux - particularly 1996 and 2003; vintage champagne – particularly Krug 1985 and 1988 and we saw some gentle appreciation in mid-priced Chateaufneuf du Papes.

We took profits on a fair number of our very small holdings from all regions and although the total value of wines involved was less than 2% of NAV, the resulting reduction in the number of different lines in the portfolio (which now stands at a very manageable 300) contributes enormously to our constant efforts to keep the portfolio focused on the core holdings while also making the month end valuation a little less arduous for the Administrator. Other sales included a modest batch of 1982 first growths (realising large profits) on the back of the Russian buying mentioned above and a large parcel of Beaucastel which was not performing up to scratch and which we unloaded after being shown a very attractive bid for our entire holding.

On the buy side, we worked hard to top up all our major positions in line with fresh subscriptions and were able to do this primarily through direct Bordeaux purchases ex-chateau coupled with a few large tickets with our main secondary market counterparties. We also made our first purchases of 2005 Bordeaux as the higher end names began to be released. As the majority of the top wines will be released throughout June we will postpone our full report on the en primeur campaign until next month.

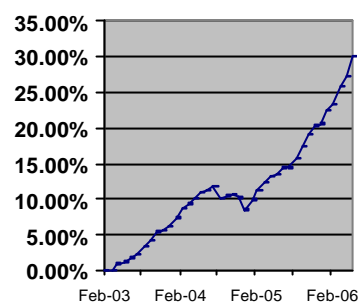
Portfolio Breakdown - % NAV

	Red still	White still	Other
Cash – 8.8%			
Bordeaux	77.7%	1.8%	0.0%
Burgundy	2.0%	0.1%	0.0%
Rhone	5.1%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.5%
Italy	2.9%	0.0%	0.0%
Other	0.0%	0.0%	0.2%
Wine – 91.2%	87.6%	1.9%	1.7%

May 2006

ORDINARY SHARES

Price (€):	129.95
P&L on month:	2.15%
Year to date:	7.75%
Since inception:	29.95%
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 (YTD)
ORD for Year	6.22%	2.12%	11.18%	7.75%

ORD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005	1.34%	1.16%	1.03%	0.68%	0.34%	0.78%	0.06%	1.08%	1.39%	1.51%	1.06%	0.23%	11.18%
2006	1.50%	0.69%	2.06%	1.13%	2.15%								7.75%

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