OWC Asset Management Limited

THE VINTAGE WINE FUND

May 2007

Commentary

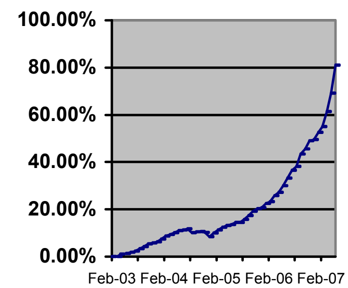
Against a backdrop of another surge in demand from all over the world, and in particular this month from UK and European collectors, the Fund posted its best monthly return since inception although it seems a good bet that this record high will be surpassed later in the year. An apology is due to those investors to whom we provided an overly conservative estimate for this month's performance. When there is a large volume of trading activity around the end of the month, it is very difficult to be precise about exactly which snapshot of the market the valuation process will capture.

First growths continue to strongly outperform all other wines including even the super seconds. A good example is Leoville Las Cases: fifteen months ago Leoville Lascases 1996 was trading at around half the value of Margaux 1996 but is now at around one third of the price. The same picture to varying degrees is seen in all of the top vintages and with other well regarded second tier wines such as Lynch Bages, Gruaud Larose, Montrose and Pichon Comtesse. An important question to address is whether this widening gap between the premier league and the next division down is a permanent feature or whether we can expect some catching up on the part of the latter group.

The ultra wealthy consumers which are partly responsible for fuelling the strong rally in first growth prices are generally not too interested in anything lower down the quality chain. However, there is a quite separate group of more value-conscious drinkers who focus on the second tier, especially when the wines have high ratings e.g. Leoville Las Cases 1996, Montrose 2000, Leoville Poyferre 2003, Palmer 2004 etc. This category of buyer – in some ways the stalwarts of the market - takes a little time to adjust to new price levels and have not been much in evidence recently but they have certainly not disappeared. When the first growth prices (and indices based upon them) flatten out for a while, those reliable buyers will be back in purchasing steadily and closing the gap. Indeed the second tier wines are likely to continue to push higher in price long after the first growths have paused for breath. It is therefore prudent to keep our portfolio a little broader than the narrow set of wines which are currently the star performers.

The 2006 en primeur campaign is well underway. It has had some ups and downs with the attitude to pricing varying quite substantially between properties. On the whole it has failed to generate much excitement and has not been anything like the usual distraction from everyday trading. However the top wines are still to release and we will be able to give a full analysis of the campaign, and its effect on older vintages, next month.

ORDINARY SHARES	
Price (€):	181.01
P&L on month:	7.03%
Year to date:	21.07%
Since inception:	81.01%
Leverage:	0.00%



Portfolio Breakdown - % NAV

Cash – 5.8%	Up to 1990	1991 – 1999	2000 and later
First growths	12.9%	25.0%	26.9%
Other Bordeaux	5.8%	5.3%	16.1%
Other	0.5%	1.2%	0.4%
Wine – 94.2%	**19.3%**	**31.5%**	**43.4%**

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 (YTD)**
ORD for Year	**6.22%**	**2.12%**	**11.18%**	**23.97%**	**21.07%**

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%	4.81%	7.03%								**21.07%**