

OWC Asset Management Limited

THE VINTAGE WINE FUND

Commentary

The global demand discussed over the last few months continued to put upward pressure on prices and the month saw steady price appreciation in most sectors. Of particular note this month was increased demand for 2003 and 2000 Bordeaux (in particular Latour and Margaux), 1990/95/96 DRC La Tache and Richebourg and older vintage Bordeaux in large format – we sold some 6 x magnum cases of 1986 and 1982 first growths for a premium of 25% over the current 12 x bottle case price (these commanded only a 5% premium when purchased). We took advantage of the seasonal demand to offload some smaller holdings of drinking clarets and vintage ports. Although activity is sure to fall off in December, there is no sign of the geographically diverse demand declining in 2006.

One issue which has taken up a lot of space in the UK press recently is that of self managed pensions or SIPPS. The government had suggested they would allow fine wine to be held in SIPPS from next spring. While seeing this as a positive development, we were never totally convinced by some merchants' predictions of hugely increased UK demand. The only "rush" we saw was created by existing collectors who had been (rather forcefully in some instances) advised by their merchants to "beat the rush" rather than by genuine fresh demand from actual would be pension investors. Now that the UK Government has entirely reversed this decision, the following points should be noted:

- The UK buyers prior to the U-turn were ordinary drinkers and collectors who will not want to sell just because of this reversal - there was no "rush" from would be pension investors so there are few disappointed individuals who now need to sell
- The price rally over this year has come from widespread global demand and big US importers and Far Eastern collectors have not the slightest interest in UK pension legislation!
- Since the reversal we have seen no reduction in demand and not even a hint of selling from UK counterparties

To judge by some recent terribly overstated articles one would think the UK was the only buyer of the world's fine wine and the market was solely dependent on UK demand which in turn was solely dependent on pension legislation. The truth is really very different and if there indeed are any disenchanted investors (or indeed stock-laden merchants) desperately looking to sell, we would love to hear from them!

Portfolio Breakdown - % NAV

	Red still	White still	Other
Bordeaux	71.3%	2.4%	0.0%
Burgundy	4.9%	0.3%	0.0%
Rhone	8.2%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.6%
Italy	4.2%	0.0%	0.0%
Other	0.0%	0.0%	0.3%
TOTALS	88.6%	2.7%	1.9%

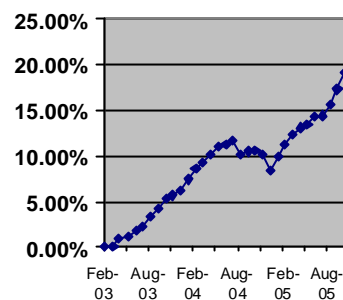
Cash – 6.8%

Wine – 93.2%

November 2005

ORDINARY SHARES

Price (€):	120.33
P&L on month:	1.06%
Year to date:	10.94%
Since inception:	20.33%
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

For Further Information Contact

The Investment Manager (see above)

	2003	2004	2005 (YTD)
ORD for Year	6.22%	2.12%	10.94%

2005	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Ord	1.34%	1.16%	1.03%	0.68%	0.34%	0.78%	0.06%	1.08%	1.39%	1.51%	1.06%		10.94%

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