

OWC Asset Management Limited

THE VINTAGE WINE FUND

Commentary

Another steady month in the fine wine market which started quite gently and by the end was accelerating rapidly in terms of activity and price increases. October and November are generally busy months of course with retailers and end users building stocks for Christmas and this year will certainly not be an exception.

At the start of the month we saw a fair amount of 2003 vintage stock appear on the market and this appears to have originated from one or two large French corporate owners which are well known for buying large quantities en primeur and disposing after one or two years. The market absorbed the selling without any problem but there was a short-lived dip in some 2003 prices which allowed us to top up some positions at good levels. The 2003 vintage, which was not a success for every producer (remember the very hot conditions), produced a handful of spectacular wines which are truly unique. With the production sizes much smaller than average, wines such as Latour, Lafite and Margaux 2003 are looking like very good value compared to 2000 and of course 2005. But it was in St Estephe that two quite superb wines – Montrose and Cos d'Estournel – were produced and we have also been rather busy building significant positions in these two wines.

We have been looking closely at second growth level wines in the 2000 vintage where we believe there is now significant relative value. Wines such as Gruaud Larose, Lynch Bages, Montrose, Pichon Lalande, Ducru Beaucaillou etc are all top notch wines deserving a place in any serious collector's cellar but they are also well within the reach of the average enthusiast which gives them very solid price support. We have been adding to positions of all 2000 wines in this category and the highlight was probably a big parcel of Gruaud Larose 2000 in large formats – magnums, double magnums, jeroboams and imperials.

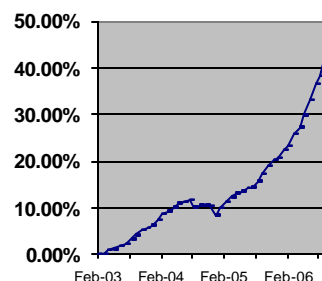
The final theme for the month was Leoville Lacases which in certain vintages – e.g. 1982, 1986, 1990, 1996, 2000 – is nothing less than first growth quality. The price moves in 1982 and 1996 over recent months have been led by the first growths and Lascases has room to catch up and presently looks cheap. We have been adding and switching to increase Lascases weightings accordingly.

November got off to a busy start and with global demand as high as ever, any let-up in this good run for the market seems a very long way off.

October 2006

ORDINARY SHARES

Price (€):	145.58
P&L on month:	1.51%
Year to date:	20.71%
Since inception:	45.58%
Leverage:	0.00%



Investment Manager

OWC Asset Management Limited
6th Floor 159-173 St John Street
London EC1V 4QJ
FSA reference number: 211721

Telephone: +44 (0) 20 7553 4314
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
ISIN: KYG9368H1103

For Further Information Contact

The Investment Manager (see above)

Portfolio Breakdown - % NAV

Cash – 5.9%	Red still	White still	Other
Bordeaux	89.8%	0.9%	0.0%
Burgundy	0.1%	0.0%	0.0%
Rhone	1.7%	0.0%	0.0%
Rest of France	0.0%	0.0%	1.1%
Italy	0.6%	0.0%	0.0%
Other	0.0%	0.0%	0.0%
Wine – 94.1%	92.1%	0.9%	1.1%

	2003		2004		2005		2006 (YTD)						
ORD for Year	6.22%		2.12%		11.18%		20.71%						
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%	2.47%	2.50%	1.22%	3.80%	1.51%			20.71%

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