

THE VINTAGE WINE FUND

Commentary

For most of the month it seemed that September would be a fairly unremarkable month of orderly profit taking meeting resilient demand and little or no movement in prices. However, in the last week we saw a handful of sellers who were in such a rush to liquidate their holdings that they started selling at whatever price was offered to them. The wine market has a certain pace of flow and if you try to push too much through “the pipe” at once you inevitably get into trouble. The sensible thing to have done would have been to slowly offer out stock and let the natural pace of demand soak it up, but these sellers acted far from sensibly and, it has to be said, continue to do so.

Even at the best of times, decent bids for immediate cash in the wine market are rare creatures, and at times like this when merchants are unwilling to hold any quantity of stock, cash bids are an endangered species. Disposing of wines at the moment is not a problem provided you (or your broker) calmly circulate offers to your network of buyers and allow them to purchase at their own speed. End users are still happily buying wines at very satisfactory levels but you simply cannot rush the process - impatience never pays in this market.

From the behaviour of the sellers you would think that fine wine had been found to contain some lethal poison in much the way that many mortgage backed securities have been revealed to contain a toxic element but the contrast between the two types of asset could not be greater. The quality of the best wines is beyond doubt and they remain the same desirable items they have always been. Moreover, given the fairly bleak medium term outlook for profits no-one would argue that the serious devaluation of banking sector equities will be reversed in a hurry; but we can be equally certain that great Bordeaux from top vintages will be delivering just as much pleasure next year as it did last year and so the short term (though not perhaps the very immediate) outlook for us is much more positive.

But there is little point in expecting all people to act in their own best interests at times like this; there will always be those who prefer to panic and there will always be those who gleefully make the most of the opportunities created. When too many people run for the door in any market, they just end up hurting each other and themselves. We cannot rule out the possibility that we will see a short lived but significant dip down in prices in the coming months, especially if this impatience proves infectious. But for those made of sterner stuff with the nerve and belief to stay out of the stampede, the pain will be brief and the rewards worth it.

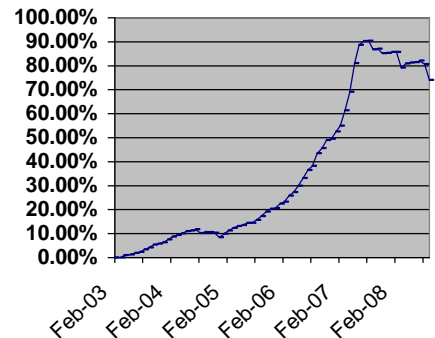
Portfolio Breakdown - % NAV

	Up to 1990	1991 – 1999	2000 and later
Cash: 2.6%			
First growths	11.4%	26.5%	34.8%
Other Bordeaux	4.5%	4.9%	14.3%
Other	0.0%	0.8%	0.1%
Wine: 97.4%	15.9%	32.3%	49.2%

September 2008

ORDINARY SHARES

Price (€):	174.13
P&L on month:	-3.59%
Year to date:	-6.05%
Since inception:	74.13%
Leverage:	0.00%



Investment Manager

OWC Asset Management Limited
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Scarborough, UK
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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: Fastnet (Ireland) Ltd

ISIN: KYG9368H1103

For Further Information Contact

The Investment Manager (see above)

	2003	2004	2005	2006	2007	2008 (YTD)							
ORD for Year	6.22%	2.12%	11.18%	23.97%	23.97%	-6.05%							
ORD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	2.03%	1.57%	4.13%	4.81%	7.03%	4.20%	0.86%	0.05%	-1.86%	0.15%	-1.00%	0.08%	23.97%
2008	0.21%	0.01%	-3.60%	1.00%	0.20%	0.11%	0.33%	-0.77%	-3.59%				-6.05%