OWC Asset Management Limited

THE VINTAGE WINE FUND

Commentary

Prices quoted in the London market continued to push higher throughout September and articles talking of a strong rally being underway in the fine wine market have started appearing in the press. The evidence for this rally is the rise in wine prices quoted in GBP by UK merchants and the consequential growth in GBP based wine indices. By the end of this month we will no doubt be seeing reports that prices being paid are the same level as in mid 2007 just before sub-prime raised its ugly head.

Well, although we would hardly wish to pour cold water on such bullish talk, it is important we keep a grip on reality. Firstly, the only people who would view prices as even close to the same level as 2007 are UK domestic buyers who are buying absolutely nothing at the moment. The people who actually ***are*** buying wine are measuring the cost in HKD, USD and EUR and are paying up to 30% less than they were two years ago. The chronic weakness of GBP vs the EUR and USD over the last 18 months has meant that ***all*** globally traded commodities seem to have performed fantastically well when viewed in GBP but this by itself is meaningless.

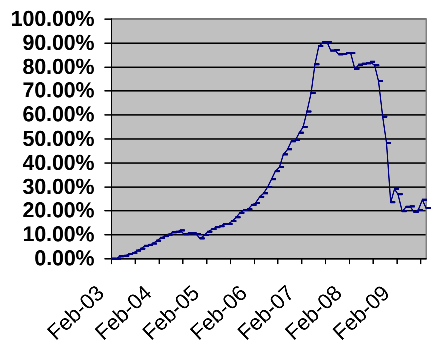
We saw the same thing in the first half of 2008 when people talked of the amazing resilience of wine prices to the mayhem which was happening elsewhere despite the fact that demand from Europe the UK and Russia disappeared. They based this assessment on the "gravity defying" 11% rise in GBP prices over the period – a period during which, you guessed it, sterling fell by 11%. When one looks at the consumption/demand profile of the time, it just seems crazy to characterize that period as one of rising prices. In the same way, to characterize recent months as a return to a bull market is an overstatement when activity is confined to those buyers who would see prices as having been at best flat over the last 3 or 4 months and many buyers are still sitting on their hands. The recent gradual rise in London prices is simply the start of the adjustment which was inevitable after the second, very abrupt, drop in sterling in December 2008. This adjustment has been somewhat delayed because, amongst other reasons, sterling made a stab at a recovery in the first half of this year but has now fallen back – 4% this month. This process still has much further to go and makes now a very good time to buy/invest.

So, the recovery will be in two parts – firstly the process of adjustment mentioned above which has started and will continue, and secondly the true rally in prices which will return when demand spreads properly – this ***will*** undoubtedly happen but we still have it look forward to.

September 2009

ORDINARY SHARES

Price (€):	121.07
P&L on month:	-2.81%
Year to date:	-1.97%
Since inception:	21.07%
Leverage:	0.00%



Investment Manager

OWC Asset Management Limited
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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)

Portfolio Breakdown - % NAV

Cash: 0.1%	Up to 1990	1991 – 1999	2000 and later
First growths	15.2%	22.9%	33.0%
Other Bordeaux	3.9%	5.5%	18.4%
Other	0.0%	0.9%	0.0%
Wine: 99.9%	**19.2%**	**29.3%**	**51.5%**

	2003	2004	2005	2006	2007	2008	2009 (YTD)
ORD for Year	**6.22%**	**2.12%**	**11.18%**	**23.97%**	**23.97%**	**-33.37%**	**-1.97%**

ORD	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2008	0.21%	0.01%	-3.60%	1.00%	0.20%	0.11%	0.33%	-0.77%	-3.59%	-8.56%	-6.88%	-16.7%	**-33.37%**
2009	4.61%	-1.83%	-5.51%	1.53%	0.09%	-1.82%	0.61%	3.57%	-2.81%				**-1.97%**