



Fine Wine Fund PCC Ltd Monthly Manager's Report

Issue 1

03 July 2007

Fund Overview

This is a wine investment Fund that aims to achieve above average investment returns over the medium to long term. Medium term is defined as 3 - 5 years.

The Fund will trade in a diverse portfolio of fine and rare Bordeaux wines. The Managers will seek to strike a balance of holding stock long term and taking gains for re-investment / additional diversification. The Managers unrivalled network of specific buying opportunities will be identified for the benefit of the Fund.

Market Commentary

April is usually a calm month before the annual En Primeur frenzy. This lack of activity carried over into May as well.

While many merchants did report quiet times, the investment market remained buoyant. Liv-ex; the trading exchange reported turnover doubled year on year to April with prices leaping forward. The Liv-ex 100 (see www.liv-ex.com for details) set yet another new all time high with a 9.2% rise for the month, leaving the twelve-month gain at 57.1% (to find Liv-ex 100 on Bloomberg: see index code LIVX100).

Interestingly, in June last year the Liv-ex benchmark added 9.4%. This reflected the massive increase in price for the 2005 En Primeur.

It is difficult to attribute the rise this year to the 2006 En Primeur, although both prices and expectations are high. As a result, a number of older vintages have been the target of interest and the inevitable price rise. Those vintages, which have attracted buying interest, are the top names from the best years i.e. 2005, 2003, 2000, 1996, 1990 and 1986.

Performance

NAV
+1.09
 27.04.2007 - 11.06.2007
+9.00%
 Year to date
+9.00%
 Corrected performance as of 10.12.07

Investment Rationale

In the first month the Managers invested a little over £2 million and this has been spread as follows:

- 16 different Chateaux including Latour and D'Yquem
- 31 different Vintages from 1870-2004
- 3 different first growths out of the 5
- 7 different Communes from the Medoc to Pomerol & St Emilion

The largest exposure to one chateau in vintages is 13. The single largest financial stake in one Chateau represents £225,000 spread across the 13 vintages.

We have taken a strategic stake in wines where we can perceive both demand and shortage of stock. This will ensure that gains can be taken from the holdings.

The objective of the Managers is to hold long term and not be a regular trader, other than to purchase as new monies flow in. When appropriate, profits will be taken to create liquidity and allow other opportunities to be accessed.

Contact

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Legal Advisors	Collas Day
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Identifiers	SEDOL B1W6L98 ISIN GG00B1W6L987

Fees and Expenses

Front Load	5%
Withdrawal	potentially subject up to 3 months notice
Management Fee	1.5%
Performance Fee	20% of growth subject to hurdle rate
Hurdle	Euribor
Min investment	£10,000
Min addition	£5,000

RISK WARNING: THE VALUE OF SHARES WITHIN THE FUND MAY FALL AS WELL AS RISE AND PAST PERFORMANCE IS NO GUARANTEE FOR THE FUTURE.

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