



Issue 2

16 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

The last month has seen the end of the protracted and frustrating En Primeur sales for the 2006 vintage.

The release of the 2006 wines has been an interesting, if frustrating, development for those trading in Bordeaux wines. The very high price of the wines, particularly at the top end, of which the majority are considered investment wines; has demonstrated that the pricing and positioning of many wines has moved to a new dimension.

This has had a significant impact for the pricing of older vintages where the scores from the leading critics are high or at the top. In addition, many of these wines are now in perfect condition for consumption.

Ironically, the 2006 wines have been more expensive than expected, leaving many wines being available on merchant lists in both London and Bordeaux, some at the opening price. There have been a few successes; Leoville Barton, Lynch Bages, Vieux Chateaux Certan, Carruades de Lafite, Leoville Poyferre and Pavillion Rouge are all trading up on their opening levels in London, as are the first growths and many 'super seconds', but not all.

As with all vintages and their respective pricing, there will be a wine or two at an attractive price, which will deliver excellent returns over a 3 - 5 year view.

The effect on pricing of the 2006 vintage is evident in the revaluation of the Fund with an 8.3% appreciation for the last 4 weeks.

The potential challenge for the Managers is the increasing difficulty of sourcing older vintages, which still represent good value with the added requirement of further potential growth in value. As each new vintage raises the bar on pricing and expectations. This will then generally haul the older vintages along on the upward trend of pricing.

Performance

NAV
+1.15
10.06.2007 - 10.07.2007
+5.50%
Year to date
+15.00%
Corrected performance as of 10.12.07

Investment Rationale

During the last month, the Managers have accumulated funds for purchase of wines. The wines identified for purchase have been selected="true"="true" on the following basis:

To increase the diversity and spread of:

- Vintages
- Chateaux
- Communes
- Bottle format

As a result, the exposure to a single Chateau has fallen in terms of both value and percentage holding in the Fund. The new wines maintain the objective of taking a strategic stake in wines that offer the greatest opportunity, in the view of the Specialist Wine Advisor, to achieve above average returns for the Fund in the medium to long term.

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

Specialist Wine Advisor	Vinum Fund Managers
Managing Co	AOS Fund Services Limited
Website	www.vinumfinewinefund.com
Telephone	+44 (0) 1732 455931
Admin Tel	+44 (0) 1481 711822
Address	2 The Mews, 16 Holly Bush Lane, Sevenoaks, Kent TN13 3TH
Custodian	Butterfield Bank (Guernsey) Ltd
Legal Advisors	Collas Day
Auditors	BDO Novus (Guernsey)
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