

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

Volatility of equity markets, interest rate and money supply continue.

A measure of calm has returned to world stock markets following an injection of money from central banks worldwide. The prospect of base rates holding or possibly reducing is now a factor, however in the secondary commercial markets, rates are still rising as evidenced by offers from high street banks and building societies.

As advised last month, wine prices have remained, at worst, at their previous levels. As demonstrated by the positive performance of the Fund, some wines have increased in value. Those wines which have increased have tended to be either those that are particularly rare - such as Haut Brion 1961 - or those that are in high demand - an example of these being older vintages of Lafite Rothschild being acquired for consumption.

With the En Primeur campaign now behind us, the market broadens out and a much more diverse range of wine vintages are being traded. For red Bordeaux the Specialist Wine Advisor will be pursuing key older vintages such as 1982, 1986, 1990, 1996, and 1998 Right Bank.

The main activity is again likely to be predominantly within the universe of 18-24 key wines. For Sauterne the vintages that are most attractive will differ from those shown for red Bordeaux. In addition, much older vintages of these wines will be considered.

Performance

NAV
+1.23
10.08.2007 - 10.09.2007
+3.36%
Year to date
+23.00%
Corrected performance as of 10.12.07

Investment Rationale

The managers will maintain a policy of diversification across key investment criteria:

- Vintages
- Chateaux
- Communes
- Bottle format

As stated the Managers will ensure that exposure to any single criteria on investment is diluted with a wide range of appropriate and judicious purchases.

The Specialist Wine Advisor continues to research older vintages for undervalued stock which arises due to the general increase in the value of wine. Parcels of such wines offer the prospect of gains from the growth in their value. This is in line with the Fund objective.

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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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