



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 markets steady but exchange rates continue to be volatile.

Recent turmoil in the stock-markets around the world has receded and tensions in certain markets are much reduced. Difficulties remain in the current arena. Despite the lowering of some interest rates and with the pressure to increase others softening; the general outlook is still somewhat uncertain.

Uncertainty brings a hesitation in all things investment and similarly with the investment grade wines. The last 6 weeks has seen a considerable slow down in the significant increase in wine prices seen over the last 16-18 months. The Liv-ex 100 index posted a small reduction recently - but still leaving their index up by over 45%. It is worth noting that their index is not restricted to Bordeaux as the Fund is but includes Burgundy, Rhone and at times Champagne.

One result of the slow down in price rises is the temporary reduction in demand for the relatively higher priced older rare vintages. Thus, the Managers are looking to acquire wines and vintages which offer potential due to being under valued and potentially under rated.

The key drivers of the price of wine - limited production and diminishing supply - continue to hold good as demand is maintained. The Managers expect demand to increase over the next 3-6 months generating renewed impetus to the Fund.

Performance

NAV
+1.25
10.09.2007 - 10.10.2007
+1.63%
Year to date
+25.00%
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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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