

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 volatility of both markets and currencies continues and the general economic outlook is a little less certain with rising oil prices and worries over the extent and exposure to mortgage debt.

As with all investments, one should not focus on the short term, but look at the longer term as we suggest for this Fund. We have seen short-term reduction in the rate of appreciation of the wines within the Fund's portfolio and this reflects the general market for fine investment wines. The Liv-ex 100 index recorded a negative performance of 1.4%; however, the year on year performance was a massive +50.5%.

This is a broadly based index, which is circa 95% Bordeaux but also carries Burgundy, Rhone and others to complete the index, as advised in our last report. The reason for referring to this index is that it is the only independent valuation tool or index in the public domain and is quoted on Bloomberg.

The benefit of our Fund, is that before our selection process we put all our chosen wines through a unique range of criteria, in order for the Fund to achieve the opportunity to out perform any index. During the same period of the Liv-ex 100 fall, the Fund recorded a gain.

The managers have made further purchases in line with the Investment Rationale and these are very much for the longer-term growth aspects as they are younger vintages. The managers have not sold any stock yet as the Fund is still growing with new monies flowing in at the rate of over £300,000 per month. The approach is to secure wines of excellent provenance, which offer the greatest opportunity for growth, while against the criteria set increasing the range of and variety.

We have seen a significant increase in activity over the last month and this has given a boost to investment wine prices, however, only on a selective basis.

This again reflects the attitude of the managers of detailed and specific selection of assets for the Fund.

Contact

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Identifiers	SEDOL B1W6L98 ISIN GG00B1W6L987

Performance

NAV
+1.26
10.10.2007 - 10.11.2007
+0.80%
Year to date
+26.00%
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.

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