

## 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 the markets and currency issues now seem to be a continuous theme, with sterling suffering along with the dollar, as the realities of the UK economy reveal themselves.

So, against this background, how is the Fund performing? Extremely well is the answer.

There are precious few competitors- if any - against which to compare the performance of the Fund, however, we have previously mentioned the Liv-ex 100 Index. This is a relatively new offering from Liv-ex and has a relative short history, although they are accumulating past price history of the major investment wines. It is perhaps interesting to review the performance of the Fund against this index for the period since its inception. The Liv-ex 100 Index has appreciated by 15.69% during the period 27th April to 12th December 2007.

During the same period, The Vinum Fine Wine Fund PCC Ltd net asset value has grown by 28% a considerable out performance. It is important to clarify that the constituent wines of the Liv-ex Index do vary from month to month, although not significantly. The success of the Fund is its ability to be very selective and to operate in a manner not available to any index.

A key factor of investment wines is that the normal commercial approach of discounts for bulk purchasing do not apply. There is a premium for acquiring a large parcel of a particular wine - especially if it is highly rated; and the older it is, then the premium could well be greater. The Specialist Wine Advisor uses this facet of wine investment to gain additional benefit for the Fund.

As an example, a relatively small parcel has recently been acquired of a very old wine where we know very few bottles are available - the Fund has acquired a number of cases. This makes the Fund a major stockholder. The Fund holds significant parcels of a number of wines within the portfolio.

## Performance

NAV  
**+1.28**  
10.11.2007 - 10.12.2007  
**+1.59%**  
Year to date  
**+28.00%**  
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

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