

## 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

2008 offers a fascinating year for investment markets and the differing asset classes. Increased volatility in world stockmarkets coupled with continuing uncertainty for currencies, due to the debt and loan crisis in the US, presents challenges for the year ahead.

A main theme for the inclusion of wine as an investment class in client portfolios is the relative stability in the value of investment wines. This has been demonstrated over both long and shorter periods, fully validated by research.

The significant rise in wine values over the past 3 - 4 years has slowed and this has coincided with the year-end, festive period and the traditionally quiet month of January. The value of the Fund has seen a small increase in the NAV (net asset value) for the last month, reflecting the purchasing policy of the Specialist Wine Advisor (SWA) - the key area where the SWA adds significant value.

Further parcels of wine have been acquired by the Fund on the recommendation of the SWA. This has continued the policy of diversification within the terms of the investment rationale adopted by the Fund.

The next two months mark the period of preparation for the 2007 vintage En Primeur offering from Bordeaux. This can have a significant effect on the pricing of certain vintages, depending upon the quality, quantity and pricing of the new vintage. We, together with the SWA, will be observing this campaign very closely due to the significant rise in prices for the last two vintages, of the En Primeur release prices. Currently, the Fund does not have any investment in wines released En Primeur, often called wine futures as this is purchasing before the wine is in bottle.

Our view for 2008 and wine investment is that the meteoric rises of recent years are behind us; however, investing in the correct wines will still provide a very good investment return over the coming years.

## Performance

NAV  
**1.32**

10.12.2007 - 10.01.2008  
**+2.34%**

Year to date  
**+31.00%**

## 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
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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