



### 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 pressure on stock-markets and two major currencies – sterling and dollar – continues with no signs of this trend reversing. The strength of the Far East continues unabated and the China effect looks set to run for the rest of this year.

The first thing that will be noted in this report is the drop in the share price this month. The first since the Fund was launched. The reasons for this are twofold.

Firstly, our independent valuer is a major Bordeaux negociant and as a result, they have been valuing in euros and we have exposure to the currency risk. This has accounted for nearly 2% of the change in value.

We are now urgently reviewing the wisdom of this approach to valuing the Fund and are considering alternatives. This will not change for the March valuation and as such, we will look to make the changes as soon thereafter as we can, when the Administrator and the Custodian have approved an alternative. We see this as a key element of the continued smooth operation of the Fund as we do not wish to be exposed to currency risk and we would rather not be involved in hedging for the purposes of valuation.

The second element causing a reduction in the share price has been a re-evaluation by the independent valuer of certain vintages, particularly the larger format holdings in the Fund. This is in response to the demand worldwide and the change in the Prix de Place Bordeaux pricing. We have seen a significant rise in the value of the wines within the Fund since inception and it is critical to ensure that the rise in share price is founded on good fundamentals and a sustainable valuation of the holdings.

The general trend for investment wines is still upward and recent events in Hong Kong will underpin this. The removal by the Hong Kong government of all taxes on importing wine has been a major boost for sales to residents of Hong Kong .

Despite the above, the year to date rise in share price is still a significant return on investment of in excess of 28% annually.

The prospects for growth going forwards are good and we expect to resume an upward trend in values, next month and beyond.

### Performance

NAV  
**1.28**

10.01.2008 – 10.02.2008  
**-3.03%**

Year to date  
**+28.00%**

### 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

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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