

Welcome,

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

“Opportunities are never lost; someone will take the one you miss.” *Unknown Author*

The continuing problems to all areas of the UK economy and that of the world generally are now a regular and continuing feature for everyone. There seems little prospect of any early resolution to these problems. For investment advisors, this creates a huge issue of uncertainty and doubt in the minds of investors. With this in mind, defensive strategies for investment tend to be the current trend of activities.

In such uncertain times and with many areas in uncharted territory, such as the current sterling euro exchange rate; seeking areas of stability and minimising investment losses is the order of the day.

We have long espoused the view that wine will not be immune to the general financial issues affecting all asset classes. We do, however, contend that historically wine has been less volatile and the rate of decline is comparably less rapid, to other asset areas. This is demonstrated by the figures for October:

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|------------|----------|
| Liv-ex 100 | : -12.4% |
| FTSE 100 | : -10.7% |
| DOW | : -14.1% |
| CAC 40 | : -14% |

The Vinum Fine Wine Fund PCC Limited recorded a fall of only 1.55% in October.

This comparative performance reflects the range of wines and vintages held by the Fund demonstrating the benefits of a managed portfolio of wine in terms of outperforming other collections of wine, such as the Liv-ex index. As stated, wine as an investment is not immune to the general problems of the wider investment world, however, with good management and selection of rare and fine wines, we can significantly minimise any decline in values. This is obviously an important aspect for advisors as maintenance of value and minimising downside is crucial. Further, with the anticipated limited falls in value, we would expect this asset class to rebound quickly when the markets and economy generally turn positive.

Given the current lower prices, the Specialist Wine Advisor now has opportunities to purchase excellent wines at very competitive prices, therefore benefitting the Fund further in the medium to longer term.

Investment rationale

In the first month the Managers invested a little over £2 million and this has been spread as follows:

- 20 different Chateaux including Latour and D'Yquem
- 34 different Vintages from 1870-2004
- All 5 first growths represented
- 8 different Communes from the Medoc to Pomerol & St Emilion

The largest exposure to one chateau in vintages is 13. The single largest financial stake in one Chateau represents £225,000 spread across the 13 vintages.

We have taken a strategic stake in wines where we can perceive both demand and shortage of stock. This will ensure that gains can be taken from the holdings.

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. Where appropriate, profits will be taken to create liquidity and allow other opportunities to be accessed.

Contact

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'A' Share Class - Net Asset Value and benchmarks The Vinum Fine Wine Fund

