

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 reinvestment / additional diversification. The Managers unrivalled network of specific buying opportunities will be identified for the benefit of the Fund.

Market commentary

“If these things were so large, how come everyone missed them?”

Her Majesty, Queen Elizabeth II, at the London School of Economics on the origins of the credit crisis, November 2008

The financial chaos continued through December 2008 with a consequent effect on the value of wines, particularly the highly rated younger vintages from 2000, 2003 and 2005.

A key advantage of investing directly in wine is that it is probably the most easily realisable asset available. This has always been a feature of the case for investing in wine. A consequence of this advantage in times such as these, is that when all else is dropping in value and we have a stagnant market for most if not all other asset classes, there will be significant sales of investment wines.

The sales are due to the need by investors for immediate liquidity resulting from the current economic crisis. Many investors will have commitments elsewhere and will be struggling to fund them, particularly where they are highly geared and where this gearing is not covered; for example, rental property remaining vacant.

These wine sales drive the various indicators such as the Liv-ex indices as these are derived from their trading platform and these are not necessarily indicative of the performance of The Vinum Fine Wine Fund (Fund).

The performance of the Fund has been very competitive when one reviews the performance against other investments, and other wine funds and indices.

There are a number of reasons for this – the main ones being:

- The spread of vintages with a relatively high proportion of the Fund in vintages pre 1990
- A range of varying larger format bottles – evidence confirms that over the longer term these holdings will generate potentially higher returns than standard bottle format holdings
- Significant quantities of wines from the key Chateaux in the very best vintages as indicated by the independent critics and wine experts
- A significant spread across the various communes of Bordeaux

The managers, in conjunction with the Specialist Wine Advisor will continue with the policy of diversification and spread across as many of these variables as possible to ensure that the Fund has a spread of risk and does not have a significant exposure to any one vintage, Chateau or other major element of the Bordeaux market.

Index	Performance - 2008
FTSE 100	- 31.33 %
MSCI World Equity Index	- 42.08 %
US S&P 500 Index	- 38.49 %
Bloomberg Global Real Estate Index	- 41.44 %
Liv-ex 100 index	- 14.60 %
Vinum Fine Wine Fund PCC Limited	- 3.91 %

Investment rationale

The current investment incorporate holdings of wine from:

- 23 different Chateaux
- 35 different Vintages from 1870-2006
- All 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

Specialist Wine Advisor:	Vinum Investments Limited
Managing Company:	Vinum Fund Managers Limited
Fund Administrators:	PSG Active Fund Services Limited
Admin Tel:	+44 (0) 1481 711378
Admin Email:	admin@psgactive.gg
Sales & Marketing address:	Vinum Investments Limited 2 The Mews, 16 Holly Bush Lane, Sevenoaks, Kent TN13 3TH
Telephone:	+44 (0) 1732 455931
Email:	info@vinuminvestments.com
Custodian:	Butterfield Bank (Guernsey) Ltd
Legal Advisors:	A O Hall
Auditors:	BDO Novus Ltd
Identifiers A Class Share:	SEDOL: B39T4K6 ISIN: GG00B39T4K65
Identifiers B Class Share:	SEDOL: B39T4L7 ISIN: GG00B39T4L72
Company Reg. No:	46636
Registered Office:	3rd Floor, Natwest House, Le Truchot, St Peter Port, Guernsey GY1 1WD
Website:	www.vinumfinewinefund.com