

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

“The Great Depression, like most other periods of severe unemployment, was produced by government mismanagement rather than by any inherent instability of the private economy.”

Milton Friedman (American Economist, b.1912)

The wine market generally has remained uncertain with most wine prices falling, albeit by smaller amounts than over the last 6 months, with the reports at the month end indicating that trade had been more robust than towards the year end of 2008. This trade had seen some consolidation of prices in a small number of the classified Bordeaux wines.

The Fund experienced a fall for the month and this represents the revaluation of a range of wines that, hitherto, have not been affected by the general fall of the younger vintages and this while disappointing, does leave the Fund with a base valuation from which we expect the price to rise and begin to return gains to investors.

The fundamentals of our approach to wine investment have not changed and we remain committed to our approach as in the longer term the evidence has demonstrated that wine is a stable long term asset class that will generate double digit returns year on year for rolling five year periods.

The current difficulties given the general worldwide economic crisis will be overcome and the wine values will resume an upward trend. This is particularly true of the highest rated wines and those that are the most sought after – these constitute the holdings of the Fund.

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.

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