

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 greatest accomplishment is not in never falling, but in rising again after you fall"

Vince Lombardi

The month of April saw a return to positive returns from the wines within the Fund and an increase in the share price.

In general terms the position for the fine wine market as a whole is that prices have stabilised and we have for the most frequently traded wines, reached the bottom of the market. This assumption of course, is based on the premise that we are not about to see further banking crises, stock market crashes or other major financial calamities.

Why do we think that the bottom has been reached?

A very good indicator is that of both the Liv-ex trading platform and the prices available generally on the internet sites of merchants. The Liv-ex trading platform, which is only open to professional business organisations including the French negociants, has demonstrated that many wines regularly traded are now seeing increasing prices as a little confidence returns to life in general and investment in particular.

This is reflected in the quoted prices for key wines from the main wine trading houses around the world. This optimism must, however, be seen in perspective. This is not a wholesale headlong rush back into wine as an investment.

The increases, especially the larger increases, are restricted to a relatively small number of the best wines from the best vintages. Some wine values, such as the 2005 first growths, have not recovered to their dizzy heights when the market was at its highest and so many people were chasing these wines.

So, selective buying and careful consideration for wines are the watchword. Again, the need for experts who understand and trade the market has never been more important. The Vinum Fund is fortunate to have Andy Lench as the Specialist Wine buyer who has seen downturns and recovery's before – both in the financial markets and the wine markets.

We remain confident in the selection of wines within the Fund and believe it will serve us well as the market continues its recovery.

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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