

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

“Anything you really want, you can attain, if you really go after it.”

Wayne Dyer

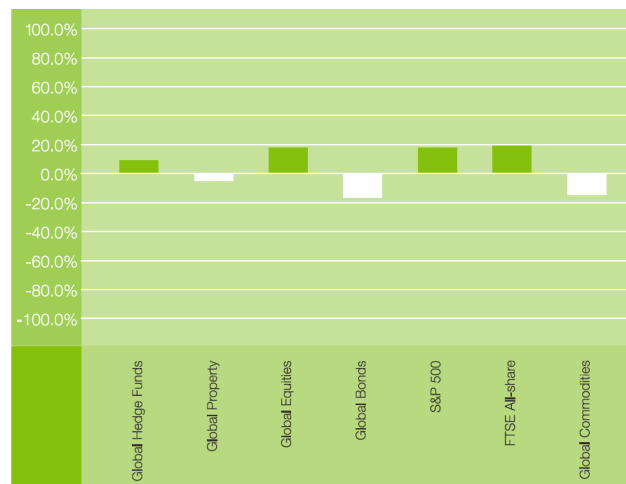
There are an extensive and diverse range of factors that can affect the pricing of wines at any particular point. These factors are not present in any other investment class and are a major contributory factor to the non-correlation of the performance of wine values to other asset classes*. (see graph below)

Wine runs in a cycle through a year that is largely denominated by the climate which is the largest factor in determining when the grapes will be ripe for harvesting. This will vary year to year and in 2008 for example, it was the latest harvest many Chateaux have ever recorded.

A major element of the cycle is the release of the new vintage *En Primeur*. This occurs last week of March / first week of April. During this 10 day period the majority of the wine trade that specialises in Bordeaux wines down to Bordeaux to taste the new vintage in order to assess its potential and make decisions on whether to buy *En Primeur*. Trading volume and range of wines reduce and as such, the prices tend to soften in the short term.

This has been particularly the case this year, reports of the vintage earlier in the year leaned towards an unremarkable vintage. The reality was of course, once this vintage was tasted it proved to be very different. Many of the wines were outstanding and subsequently closely followed by many others of exceptional standard. As a result the Fund has seen a softening of prices, which has caused a short term drop in the share price for the month.

Correlation of Fine Wine to other Asset Classes
(rolling 5 years to September 2007)



The general market place is continuing to see an upward movement, albeit small, being maintained over the longer term. We are confident moving forwards that once normal trade resumes, the Fund will return to positive investment growth.

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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