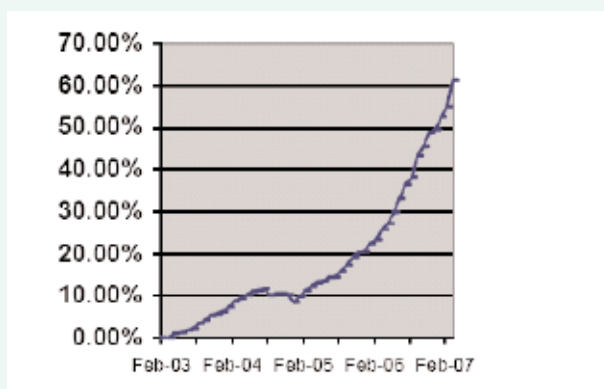


WINE



Fund's performance since inception
source: OWC Asset Management Limited

THE VINTAGE WINE FUND

Focus: The fund buys top wines (91% top red Bordeaux) stores them to profit from price increases, but also trades actively the bid/ask spreads on such wines. This trading activity is implemented using a unique web-based screen that posts bid and ask prices for the wines traded, which is updated live. The fund acts as a market maker, like a principal trading firm, as opposed to most others who limit their intervention to agency or brokerage intermediation. This trading activity, has recently covered 20-25% of the fund's stock, achieves 5-6% pa additional return over and above the passive price appreciation of the stock.

Strengths: Fine wine expertise; wine picking
4 year track record

Weaknesses: Concentration of underlying positions
Size of underlying wine market.

Opportunities: Constrained supply, explosive demand for premium quality wine
Creation of such wealth has not been witnessed before

Threats: Can't sustain current pace of growth endlessly, at some point markets will find their equilibrium and revert to calmer returns of 8-12% pa.

Risk Management

□ = low □ = low/moderate □ = moderate □ = moderate to high ■ = high

• Ability to identify wines that will appreciate	□□□□■	• Concentration of underlying risk	□□□□■
• Ability to secure those wines	□□□□■	• Average yearly turnover of wine stock	about 25% last year
• Established network	□□□□■	• Wine hedge fund competition	unique
• Risk that wine in cellar falls out of favour	□□□□□	• Storage related risk (fully insured)	□□□□□
• Existence of a secondary market for fund's wines	□□□□□	• Develop an element of cork taste (applicable to 5% of the wines)	□□□□□
• Ability to recover risk premium paid	□□□□□	• Currency related risk	□□□□□
• Lock in profit for wines in stock	□□□□□	• Key man risk	□□□□□

Performance Parameters

■ =insufficient ■ =adequate ■ ■ = satisfactory ■ ■ ■ = good ■ ■ ■ ■ = outstanding

• Avg. no. positions held in the portfolio	roughly 200	• Ability to cope with redemptions	■ ■ ■
• Diversification achieved by wines	■	• Ability to put investor cash to work	■ ■
Geographic	■	• Ability to deliver uncorrelated (to the major asset classes) returns	
By vintage	■ ■ ■ ■	Equity	■ ■ ■ ■ ■
By brand/mark	30+	Bonds	■ ■ ■ ■ ■
• Ability to identify opportunities	■ ■ ■ ■ ■	• Suitability to	
• Ability to deliver targeted returns in		inclusion in a conservative portfolio	■ ■ ■ ■ ■
A rising	■ ■ ■ ■ ■	inclusion in a balanced portfolio	■ ■ ■ ■ ■
Falling (through trading)	■ ■ ■	inclusion in a thematic portfolio	■ ■ ■ ■ ■
Sideway trending markets	■ ■ ■ ■ ■	• Total expense ratio to be expected including management fee: 2.68%	

Outlook

↑ upside potential ↗ upside to range bound ↔ range bound ↘ range bound to down ↓ downside potential

• Fund's outlook on investing in the space		• Barriers to entry	ability to raise money and talent
This year is shaping up to be the best year ever		• Conditions needed for the fund to outperform	sideway trending markets
• Peer group outlook	↑	• Conditions needed for the fund to under perform	recession
• Fund's ability to deliver targeted annualised returns over 5+ year period	↑	• Max AuM:	EUR150 mn

Investment Insights

• Target audience	high net worth individuals	• Available to investors	globally
• Level of fund's complexity	low	• Base currency of the fund	EUR
• Fund offers	long term capital growth	• Transparency of portfolio provided	fairly high
• To optimise returns, recommended avg. holding period	3 years	• Registered with	FSA