

## WINE

Portfolio % change since inception as at 31 July 2007				
Tranche	Term	Total Return	Average per Month	Annualised Returns
2003	Aug 2003 to Aug 2008	148.58%	3.10%	37.15%
2004	Aug 2004 to Aug 2009	152.19%	4.23%	50.73%
2005(1)	Aug 2005 to Aug 2010	100.53%	4.19%	50.27%
2005(2)	Dec 2005 to Dec 2010	83.14%	4.16%	49.88%
2006(1)	May 2006 to May 2011	50.48%	3.37%	40.38%
2006(2)	Jun 2006 to Jun 2011	47.86%	3.42%	41.02%
2006(3)	Aug 2006 to Aug 2011	25.46%	2.12%	25.46%
2006(4)	Nov 2006 to Nov 2011	32.47%	3.61%	43.29%
2007(1)	Apr 2007 to Apr 2012	6.45%	2.15%	25.80%

Fund's performance  
Source: © 2003 - 2007 The Wine Investment Fund.

## THE WINE INVESTMENT FUND

### Focus:

- The fund aims to deliver absolute returns by buying, storing and selling some of the finest wines in the world
- The wines are stored in a UK government licensed, bonded warehouse
- Follows a proprietary investment philosophy, "Price Step Theory" that suggests fine wines, in limited supply, tend to experience quick, short price bursts as opposed to a linear progression in their value, over time

### Strengths:

- "Wine" picking (27 years of experience)

### Weaknesses:

- Better suited to investors with a medium term outlook, capacity constrains

### Opportunities:

- The consumption of fine wines is on the rise, globally

### Threats:

- Limited in stock

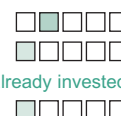
## Risk Management

Low Low / Moderate Moderate Moderate to High High

- Ability to forecast which wines are likely to appreciate:
  - Accuracy of forecasts:
- Ability to source the above wines at a competitive price:
- Ability to "time" wine sales:
  - Entry
  - Exit
- Valuations: independent, by Liv-ex



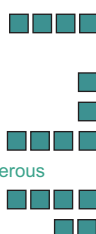
- Liquidity:
  - Currency risk:
  - Key man risk: – if the manager disappeared then all funds already invested are under no risk.
- New funds would have to be invested by finding a new stock picker of the funds could be returned to the investor.



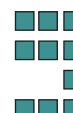
## Performance Parameters

Low Low / Moderate Moderate Moderate to High High

- No. of different wines in a portfolio: 25 - 45
- Ability to structure a well balanced wine portfolio:
- Diversification:
  - Origin: we buy predominantly the best Bordeaux wines
  - grape variety
  - vintage: there are 3 to 4 great harvests per decade
  - duration :allowing 5 years for the wine to perform is quite generous
- Correlations in times of a bull market :
- Correlation to :



- Stock markets:
- Bonds:
- Real Estate:
- Hedge Funds:
- Annual expense ratio: including insurance for storage, theft, spoilage 0.05%



## Outlook

- Barriers to entry: expertise, network
- Threat posed by competition: limited
- Potential for a wine fund such as The WIF: high
- Ability to continue identifying wine trends: high
- Fund tends to outperform when: stocks owned are appraised by the wine critiques in the global press

- Fund tends to underperform when wines sometimes sit on a price plateau while stocks continue to diminish and then become so low that another trigger point is reached
- Ability to deliver targeted returns over:
  - Next 12 months: realistic
  - Next 3-5 years: sustainable

## Investment

- Current AuM: GBP10mn
- Targeted AuM: GBP 100mn
- Structure: unincooperated association
- Targeted at: institutions, private investors
- Available to investors: periodical - usually 4 times per year

- Complexity for an investor: simple
- Recommended avg. holding time to optimise returns: 5 years
- Base currency: GBP
- Transparency: high
- Fund's operator is FSA approved

Contact Information:  
The Wine Investment Fund  
Wine Adviser and Director: Peter Lunzer

Telephone : +44 20 7720 4200  
Email : pl@wineinvestmentfund.com  
Website : www.wineinvestmentfund.com