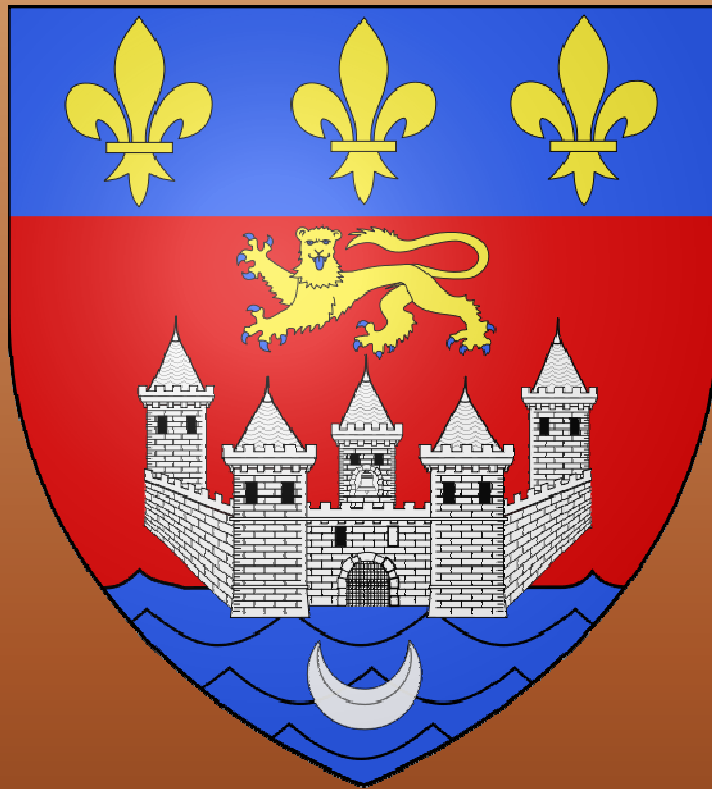


# Walnut Millésime



The only “Premiers Grands Crus Classés” Fund

WF Assets Management, *Alternative Investments*

## Summary

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## The Premiers Grands Crus Classés

The history of the prices of the “**Premiers Grands Crus Classés**” has always shown a steady and consistent growth over the years, even during times of crisis. For example, the price for a bottle of Lafite Rothschild 1996 has risen from €145 in 1996 to €845 in 2008, or an annualized return of +18.32%.

The bulk of the market is done in Bordeaux, London and, to a lesser extent, in Hong Kong. Merchants have access to the producers (Châteaux) through a limited number of Courtiers (Traders). The Merchants make a market and ensure a permanent liquidity through a highly sophisticated computerized system, equivalent to an electronic stock market.



## The Market

Area of Production	Annual Production	%
World	36,600,000,000	100.00%
France	6,300,000,000	17.22%
Bordeaux Area	1,000,000,000	2.73%
1 <sup>st</sup> Grands Crus Classés	600,000	0.00016%

(Bottles)

Demand for 1 <sup>st</sup> Grands Crus Classés	3,000.000
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The demand for 1<sup>st</sup> Grands Crus Classés is well superior to production. This demand is permanently growing while the production is strictly limited, inducing technically a steady rise in value of these fine wines.



## The Selected Wines



Five 1<sup>st</sup> Grands Crus Classés  
Two 1<sup>st</sup> Grands Crus Classés, St Emilion A  
Two Crus Exceptionnels (Petrus and Yquem)



## The Investment Managers

Through long-term contacts in the Bordeaux wine area, Walnut Finance has been able to establish privileged links with producers, wine brokers and merchants. These contacts provide Walnut Finance access to the widest selection of “Premiers Grands Crus Classés” available.

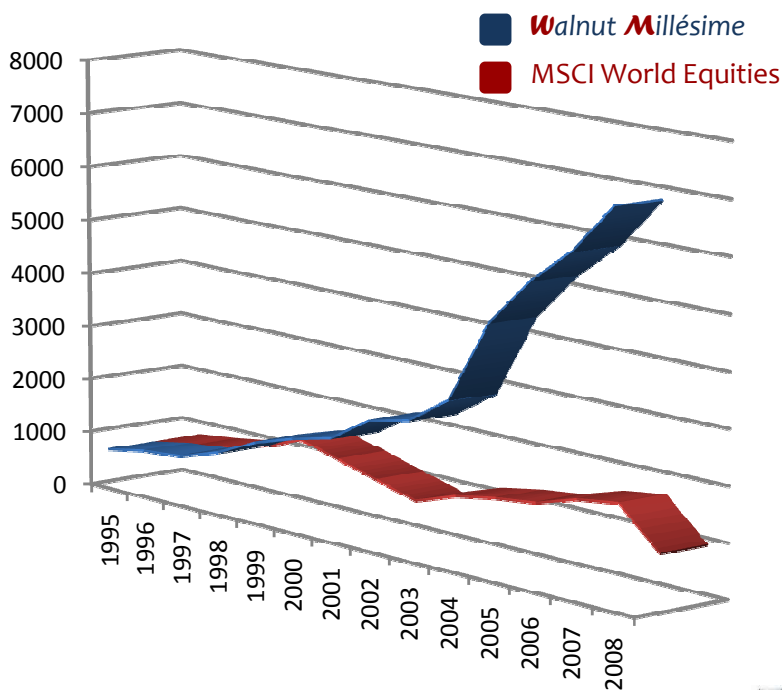
Members of the management team, originally from Bordeaux, have collected fine wines for decades and are considered as connoisseurs by the wine community.

Walnut Finance partners have been active in assets management since 1990, and have an outstanding track record. Prior to Walnut Finance, the partners worked for prime names in assets management such as Banque Indosuez, Merrill Lynch International or Salomon Smith Barney.



## Historical Performance

The historical compounded performance\* has consistently outperformed the MSCI World Equities and has never shown any negative year. This performance has been computed using the current basket composition and duplicating the methodology backwards to create it.



\*pro-forma performance



## Data

	Q1	Q2	Q3	Q4	Year
2000	5.00%	5.00%	5.00%	5.00%	<b>21.55%</b>
2001	4.25%	3.22%	6.30%	6.32%	<b>21.62%</b>
2002	2.25%	1.78%	3.25%	1.09%	<b>8.62%</b>
2003	1.78%	6.25%	2.00%	5.40%	<b>16.26%</b>
2004	2.25%	3.46%	4.25%	7.56%	<b>18.62%</b>
2005	6.35%	5.23%	21.50%	25.30%	<b>70.37%</b>
2006	17.42%	12.50%	15.30%	6.35%	<b>61.98%</b>
2007	5.23%	6.24%	6.10%	3.25%	<b>22.47%</b>
2008	4.20%	3.78%	5.46%		<b>14.04%</b>

Annualized Rate of Return\* +26.90%

*"I hate to think of wine being thought of primarily as an investment, but the world's finest wines do appreciate significantly in value, and it would be foolish to ignore the fact that more and more shrewd investors are looking at wine as a way of making money."*

**Robert M. Parker Jr., Wine Critic**

*\*pro-forma performance net of fees*



## Correlation to Equity and Bond Markets

Wine prices have no correlation whatsoever with either Equity or Bond Markets. The prices of wines are linked to quality of production, abundance and conditions of crops, weather conditions, and most importantly demand.

Over the last 20 years, the worldwide demand has always exceeded the production leading to a steady and constant increase in value, especially after 2005 that was declared “year of the century” by the world’s most renowned expert.

“Premiers Grands Crus Classés” are a special commodity since only one million bottles are produced every year while the demand is far above this number. What makes this commodity special is its limited production. Gold can be found in new areas, oil can be extracted at deeper levels, real estate can be built on new lands, but the allocated area for “Premiers Grands Crus Classés” cannot be extended. The allocated area was set in 1855 by an Emperor Napoleon III decree and is still the rule today.



## Questions about Walnut Millésime

1. *What will Walnut Millésime invest in?*

The investment will be strictly limited to the nine selected fine wines. All years.

2. *Why not invest in other French areas or internationally?*

There are other good wines in France and other countries, but none that benefit from a limited production and an organized market such as the 1<sup>st</sup> Grands Crus Classés.

3. *Is it the right time to invest?*

The category of wine the Fund will invest in has shown a total immunity to events, even the current financial and economic crisis.

4. *Will wine prices continue to growth?*

With a sustained and growing demand, and a strictly limited production, the price increase is quasi mechanical.

5. *Will the Fund's Management always have access to the specific bottles it wish to purchase?*

It may happen, in some cases, that the Management may not have access to certain wines, but its strength lays in strong ties with the producers developed over the years.



**Walnut** Millésime

## Structure of the Fund

Name	<b>Walnut</b> Millésime
Currency	Euros
Investment Manager	WF Assets Management
Bank	t.b.d.
Custodian	t.b.d.
Initial Unit Value	€ 10
Minimum Investment	€ 25,000
Entry Fee	2%
Exit Fee	1%
Valuations	Monthly
Subscriptions	Monthly
Redemptions	Monthly

