



		Other currency equivalent				
		USD	EUR	GBP	BWP	ZAR
3 months	Net to investors	8.0%	5.6%	8.0%	7.6%	11.7%
	Index*	6.4%				
8.9 years-compounded	Investment officer	16.0%	16.1%	15.4%	21.3%	20.2%
	Index*	3.1%				
	NAV	\$171.32				

*Weighted index, according to the percentage of assets invested in specific markets. Currently the index comprises the S&P500, FTSE100, TSE300, Hang Seng and Dow Jones Commodities Indexes.

“If I could dream up a single glorious enterprise that combines all of the worst elements of Waste Management, Pep Boys, Safety-Kleen, rock pits, and bottle caps, it would have to be Cajun Cleansers. Cajun Cleansers is engaged in the boring business of removing mildew stains from furniture, rare books, and draperies that are victims of subtropical humidity.” – Peter Lynch in ‘One up on Wall Street’.

Letter to investors:

Baobab, our business, sells insurance, furniture, sports clothing and equipment to the cement manufacturing industry for the most part. If boring is good, as Peter Lynch attests, then we are in good company.

The advantage of being invested in a company with a boring business is that it attracts less competition and the business tends to be stable, due to lack of innovation and excessive capital spending, which to a large extent drives innovation. All of this is not written in stone, but it does provide an environment in which to produce that what we, as business people are ultimately after; predictable cash flows.

It is only when we have predictable cash flows that we can price a company to a high degree of certainty.

We can also choose to invest in the disk manufacturing industry. I recently read about a company in this industry that, around the late 1980’s controlled close to 80% of its market. One year later it had lost all of that to a new entrant which bettered its technology. In one year this company went from hero to zero! This will not happen to a company like JJB Sports that is the UK’s second largest sports clothing retailer. It might

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drop from the number one spot in market share to number two as it recently did. However, its market share is not going to be wiped out in one single year.

My point is simply this. It pays to be boring.

God Speed,

A handwritten signature in black ink, appearing to read 'M. van Blerk', written in a cursive style.

Martin van Blerk