



Unaudited results for 12 month period ending 31 Dec 2007

		USD	Other currency equivalent			
			EUR	GBP	BWP	ZAR
12 months	Net to investors	-3.8%	-13.0%	-5.8%	-3.8%	-6.1%
	Index*	20.9%				
10.6 years-compounded (22 Apr 1997 - 31 Dec 2007)	Investment officer (full service track record - net to investors)	14.0%	12.1%	12.1%	19.1%	18.2%
	Index*	5.8%				
	NAV	\$184.49				

*Weighted index, according to the percentage of assets invested in specific markets. Currently the index comprises the S&P500, FTSE100, TSE300, Nikkei 225, Hang Seng and Dow Jones Commodity Indices.

*"The first thing I ask a new client is:
"You've been saving up for a rainy day? Guess what?
It's raining." - Richard Gere in Primal Fear*

Letter to investors:

One of the first things I explain to new investors and something I repeat often is that three things are bound to happen to a Baobab investor;

One, you will pick up the paper and the headlines will read that the market just crashed by 40%;

Two, you will learn that your investment in Baobab is down and,

Three, the phone will ring. It will be me and I will be asking you to write me a big cheque.

Well, guess what?

As you learned from the results, we just completed our third down year in the almost 11 years I have been investing. It is not a state of affairs I am particularly proud of, but perfectly normal. Down years are absolutely necessary in value investment. There can be no bargain without the corresponding drop in price. Remember, we go for the bumpy 15% instead of the smooth 10%. Any number of reasons contributes to the markets being down, none of which are particularly important to us. It could be the biggest banking crises in history, or how about the massive commodity boom, it could be global warming. Anyway, the point is that we are down, the markets have been declining significantly and most importantly, I am starting to find investment opportunities on a scale not seen for 3 years. This is great news for Baobab.

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LEGAL Management Company: Cherubim Ventures (Pty) Ltd Reg CO.2003/5941
IFSC Registered
Directors: R Carle, MP van Blerk
Company Secretary: Corporate Services (Pty) Ltd
Baobab Global Fund is a hedge fund and may not do business with the public. It can only do business with institutions and wealthy individuals.

We still have a fair amount of cash on hand, but to properly take advantage of opportunities I need a lot more than we currently have.

If you review our long term performance then you will see that when we were down in 2003 by 16% we were up the following year by 56% and when we were down by 4% in 2005 we were up the following year by 21%. I am not guaranteeing a big year next year, but there is obviously a pattern. In 2004 the big increase the following year was due in large part to our investors doubling our funds under management with new contributions; therefore we could take advantage of opportunities in 2003 without having to sell existing investments that were marked down with the market.

You will understand that this is a closed fund, we cannot look for new investment outside of the private investment club that already exists in the form of Baobab Global Fund.

I will be phoning you soon; sell the Ferrari, sell the dog, (keep the wife/husband) and send me the money.

One of our favourite Buffet quotes is: "If you want to shoot rare, fast moving elephants you had better carry a loaded gun". The Elephants are coming, we have a gun, but we would like to have more ammo.

We always explain to you that we, the fund managers and people responsible for looking after your money at Baobab are in the fund with you. Our interests need to be, and are, aligned with yours. Baobab's net assets are currently \$xxx. We need quite a bit of money to move the cash needle significantly. From Cherubim's side Rob, Hubert and myself, are leading by example; we have recently started to contribute new funds and when we are done in April 2008 we will have contributed in excess of \$xxx in new funds. **Do not be shy.**

Lastly, 5 years ago we committed to reduce our fees as the fund grows. We crossed the \$xxx mark and now feel comfortable to start the process of reducing our performance fee (eventually by 5%) and increasing the hurdle rate (from around 2% to 6%). The latter is the rate Baobab investors need to earn before we can charge a performance fee. More detail will be provided in the annual report. This is not insignificant to you; because once we have completed the process we would have cut our fees by 42%.

God Speed,

A handwritten signature in black ink, appearing to read 'M. van Blerk', with a stylized flourish at the end.

Martin van Blerk