



15/04/2008

Unaudited results for 3 month period ending 31 Mar 2008

		USD	Other currency equivalent			
			EUR	GBP	BWP	ZAR
3 months	Net to investors	-14.4%	-23.1%	-14.4%	-4.4%	3.4%
	Index*	-14.5%				
10.9 years-compounded (22 Apr 1997 - 31 Mar 2008)	Investment officer (full service track record - net to investors)	12.1%	9.4%	10.3%	18.0%	17.8%
	Index*	4.1%				
	NAV	\$157.91				

*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.

"If after waiting and checking anew your original information, you find there is nothing radically wrong, either with the company ~~or in the technical position of the market~~, you are justified in buying a few more shares at the lower price.." -Sydney Mosely - Making Money in Stocks and Shares (1928)

Letter to investors:

I will break from tradition and comment on the markets in general and our results indirectly.

Howard Marks from Oaktree Capital recently commented that, similar to a bull market there are three basic steps to a bear market.

- the first step, when just a few prudent investors recognize that, despite the prevailing bullishness, things won't always be rosy,
- the second step, when most investors recognize things are deteriorating, and
- the third step, when everyone's convinced things can only get worse.

The headline news is usually a good indicator too. We would love to wake up and open the newspaper to read:

The DEATH of equities
or
NEVER invest in the stock market

We feel that it is always a good sign when the pension funds shun a sector or asset class, because pension funds are notorious for getting it wrong. You will probably do quite well if you ran a fund that mirrored the exact opposite of what pension funds are doing. Recently, there have been some signs of equity distaste. About a week ago the cover of the Wall Street Journal carried a story under the headline of,

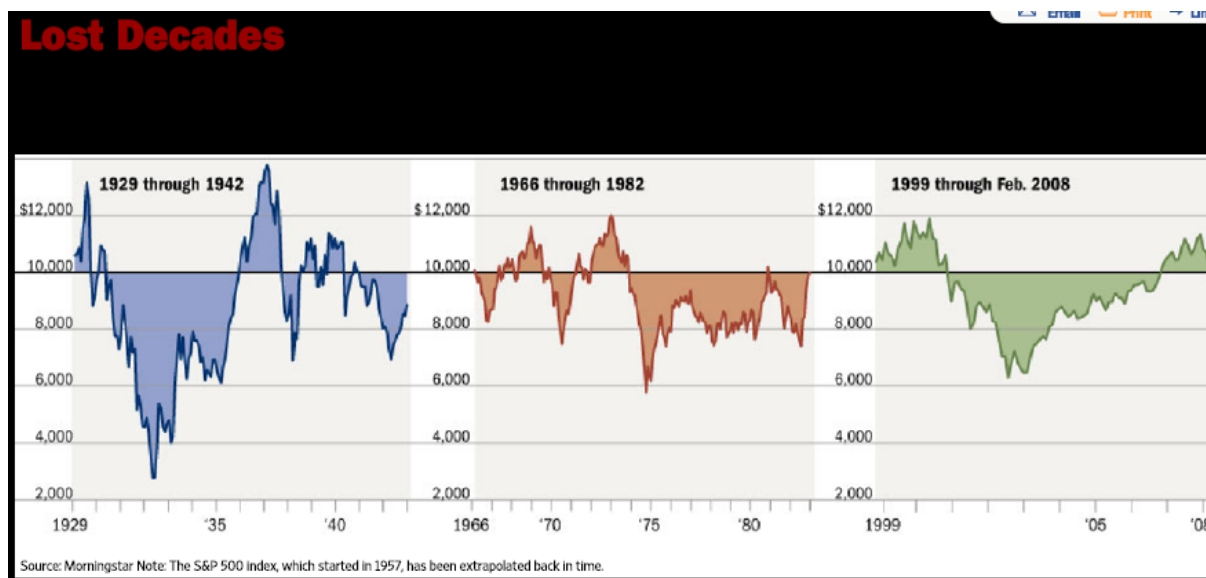
Stocks Tarnished By 'Lost Decade'

An extract: *"The Standard & Poor's 500-stock index, the basis for about half of the \$1 trillion invested in U.S. index funds, finished at 1352.99 on Tuesday, below the 1362.80 it hit in April 1999. When dividends and inflation are factored into returns, the S&P 500 has risen an average*

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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.

of just 1.3% a year over the past 10 years, well below the historical norm, according to Morningstar Inc. For the past nine years, it has fallen 0.37% a year, and for the past eight, it is off 1.4% a year. In light of the current wobbly market, some economists and market analysts worry that the era of disappointing returns may not be over.



On page 24 of the 17 March edition of Fortune Magazine Allan Sloan makes a similar point and end with the following *"The long bull market was great. But it's not coming back-at least for this generation of investors. Get used to it."*

I am not saying I know where the markets are going, because I don't. The pension funds are starting to walk away from equities and mainstream publications are turning increasingly negative, so I do think that there are good indications that we are entering the most negative phase of a bear market, and that gets me excited. We have been finding cheap stocks, but the signs are good that we will find even cheaper ones. For business minded investors like us, this is great news.

As you well know I never miss an opportunity to remind you that over the long term 85% of professional fund managers do not beat the market average and according to John Bogle only 0.5% beat the market by more than 3% over the long term.

This brings me to my main point. Baobab Global Fund is focussed on the long term. Over the same time that the S&P500 went nowhere (1.3%) Baobab investors averaged 10.8% and this is a net number after all fees.

The following results of a \$10,000.00 investment illustrate it well.

\$10,000 invested as follows from 1999 to 1 April 2008

85% of professional fund managers	\$11,377.00 or less
S&P500	\$11,378.00
Top 14.5% of professional fund managers	\$11,378.00-\$15,089.00
To be in the top 0.5% of fund managers you had to deliver at least this	\$15,090.00 or more
Baobab Global Fund	\$27,886.00

Note: You are more than welcome to request copies of the academic studies that support the above. Baobab's results are published after all fees. Most funds in the market will publish pre-fee gains, the gains often wiped out later by the fees.

So, we like what we see in the markets. We don't enjoy having negative returns, but I have been in this game long enough to know where we make our money. It is not when the markets are sky high.

I would like to take this opportunity to thank our investors that have contributed new funds. Rob and I are still leading the pack in terms of total new contributions, but we will soon be overtaken by you, the other investors, as a group. This is a great position to be in. It also illustrates Baobab's strength very well. We selected our investors on the basis of their understanding of basic business principles, value investment and how we think at Baobab. We constantly educate our investors about the big picture and how bad things can get. The bad times create opportunities for us. This is the second time, in recent years, that we have braced a downturn. 2003, was the other recent downturn. Our investors came to the party in a big way then, and this time around we feel we are moving in the right direction.

The idea that most funds face redemptions while we aim to take advantage just makes sense.

Enough said; now all we need to do is what we always do. Hold on to our existing stocks, buy cheap stocks and if they get cheaper... buy more.

God Speed,

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

Martin van Blerk