



		Other currency equivalent				
		USD	EUR	GBP	BWP	ZAR
9 months	Net to investors	-36.3%	-33.4%	-24.3%	-20.3%	-15.9%
	Index*	-29.7%				
11.2 years-compounded (22 Apr 1997 - 30 Sep 2008)	Investment officer (full service track record - net to investors)	8.7%	7.2%	8.0%	14.8%	14.4%
	Index*	1.4%				
	NAV	\$117.59				

\*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.

***“In the near term, unemployment will rise, business activity will falter and headlines will continue to be scary.” - Warren Buffett (19 October 2008)***

*Letter to investors:*

The above results are unsightly, but rather meaningless due to the fact that short term fluctuations in share prices are bad indicators of the movement in the underlying or intrinsic value of the portfolio.

I will make a brief comment on the long term performance, though. Almost all of you have known me for many years and we have come to appreciate Baobab as an investment vehicle with above average performance. Although, our long term numbers are still good and will without a doubt put us comfortably in the top tier of just about any ranking of investment performance over the last 11 years, it's just not good enough for me. If I am going to spend a life time practicing the art of investment, despite enjoying every minute of it, then I need to be up there with the best. 8.7% per annum is just not going to cut it.

As for the current state of the markets; who cares? Have we ever cared? What I do care about very much though is the fundamentals of the businesses we are invested in. The macro picture is rarely important to us unless there are extreme dislocations, which clearly pose an exceptional threat to our portfolio as a whole. The current crisis is severe and you would think we would have been better prepared, as we did see this one coming (see attached). Over the last year or so, we had and still have a significant cash position, short position and generally undervalued portfolio. So that is why the above results are so disappointing; not because permanent damage to the portfolio worries me, but because I thought the portfolio will be much more resilient.

However, it is instructive to note that we have numerous investments that we purchased on a PE of 5 or less (the average market PE is around 15). Recently, those investments got promptly marked down to a PE of 3 or sometimes even 2. Some of our investments have been marked down to the point where it is now selling for less than the cash on the company's balance sheet. That simply begs the question; How can it be a bad thing? Sure the short term mark down in

**CONTACT** t: +267 319 1454  
f: +267 395 3306  
e: info@baobabglobalfund.com  
**VISIT** a: 4786 Moapare Rd, Gaborone,  
Republic of Botswana  
i: www.baobabglobalfund.com

**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.**

price might be unsightly, but the long term opportunity is vastly more important to our pocketbook.

I have no doubt that we have the flexibility, ability and opportunities at hand to perform. Baobab's best results have always grown from the seeds sown in the "worst" markets. This is a pretty awful time for the markets. Warren Buffett recently said he has never in his lifetime seen people so scared.

So my question is; How can this possibly be a bad time for Baobab? Don't be blinded by the short term.

God Speed,

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

Martin van Blerk