



# BARING ASIA HEDGE SELECT FUND

[www.asiahedgeselectfund.com](http://www.asiahedgeselectfund.com)

## MANAGER'S COMMENTS

- The Fund is estimated to be down -0.42% in US\$ for the month of December and it ended the year with 14.26% on an estimated basis. By comparison the MSCI Asia ex Japan US \$ Index lost -0.39% (40.52% YTD). The MSCI Japan Index decreased by -3.27% in US\$ terms (-4.14% YTD).
- December turned out to be another difficult month for Asian equity markets. Despite the rate cut by the US Federal Reserve and a concerted effort by global central banks to inject additional liquidity into the financial system. Investors continued to be worried about the prospect of a US recession. Amongst the individual markets performance was mixed and showed significant dispersion, the result of heightened inflows into some and sparser year end trading in others. In China the MSCI index fell -4.3%, the Japan index fell by -3.3% and in contrast the India Index was up nearly 7.0%.
- Returns on Japanese equities remained rather miserable in December; the index fell by almost 4% in local currency terms. This disappointing result concluded the market's first calendar year decline in five years.
- Accordingly our Asia managers were affected by their relative exposures to China and India. In the former, the Property sector was particularly hard hit as concern and speculation gathered on the extent and form that Government intervention to reduce inflation might take. In India smaller cap stocks were strongly favoured by foreign buyers, who bought over \$1.4bn in December, over their large cap same sector equivalents.
- During December we have not made any changes to our portfolio
- The annualised return since inception increased to 12.34% with a volatility (Standard Deviation) 6.37%. Both statistics have slightly deteriorated, however they are still slightly better than the target range.

## FUND OBJECTIVE

The Company is an open-ended, multi-class exempted company incorporated with limited liability in the Cayman Islands.

The objective of the fund is to achieve absolute returns for investors, primarily through participation in selected fund managers with a focus on Asia. The Fund aims to minimise volatility.

The Fund is managed by Baring Asset Management Limited (authorised and regulated by the Financial Services Authority) which uses Fauchier Partners Limited as its investment adviser.

## FUND INFORMATION

<b>Fund Size (Mn)</b>	US\$84.9
<b>NAV per share</b>	\$17.15    £12.58    € 16.32
<b>Dealing</b>	Monthly
<b>Launch date</b>	01 May 2003
<b>Listing</b>	Irish Stock Exchange
<b>NAV Publication</b>	\$ FT: BABD; Bloomberg: BARHABU.KY; Reuters: BAMCI
<b>Sedol</b>	3-279-324 US\$ 3-279-357 £ 3-279-335 €
<b>Target</b>	US 3 month T-Bill + 7% pa
<b>Management Fee</b>	1.50%
<b>Performance Fee</b>	None

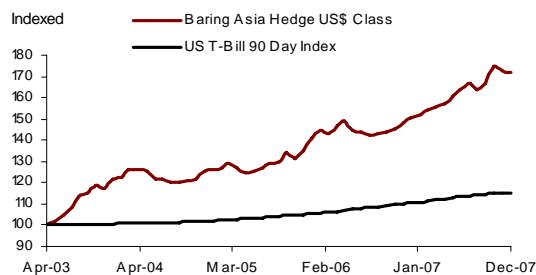
## PERFORMANCE CHARACTERISTICS USD CLASS\*

### CALCULATED SINCE INCEPTION

Since Inception	71.6%
Standard Deviation	+6.3
Sharpe Ratio	+2.0
Risk Free Rate	3.4%
Maximum Drawdown	-5.0%
% of positive mths	73.2%
Correlation (Lehman Aggregate Bond Index)	0.1
Correlation (MSCI AC Pacific Free - Gross)	0.9
Correlation (MSCI AC Pacific EX Japan - Gross)	0.8

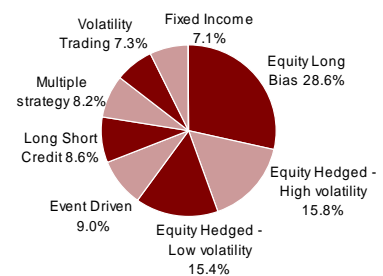
## PERFORMANCE CHART\*

Index is shown for perspective purposes and not as a benchmark



## FUND BREAKDOWN

Estimated Data as at 31.12.2007



## MONTHLY PERFORMANCE FOR USD SHARE CLASS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2007</b>	+1.00	+1.58	+0.97	+1.03	+2.48	+1.61	+1.89	-1.75	+1.89	+4.54	-1.27	-0.42*	+14.26*
<b>2006</b>	+2.69	-1.04	+2.37	+1.43	-3.09	-0.35	-0.97	+0.42	+0.56	+1.18	+1.99	+1.21	+6.45
<b>2005</b>	+0.46	+2.06	-1.70	-1.73	+0.24	+1.20	+1.89	+0.77	+2.92	-2.17	+3.21	+4.36	+11.89
<b>2004</b>	+0.73	+0.88	+2.39	-0.54	-2.92	-0.18	-1.39	+0.31	+0.67	+0.41	+2.74	+0.84	+3.88

Past performance is not a guide to future performance

\* Estimated data as at 31.12.2007

The Fund is denominated in US\$. Sterling and Euro share classes are also available. Performance characteristics and Calendar month performance are based on the US\$ Class. Performance source: Barings 31.12.2007, NAV per share basis

**MONTHLY PERFORMANCE FOR € SHARE CLASS**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	+0.83	+1.43	+0.81	+0.73	+2.38	+1.50	+1.72	-1.80	+1.57	+4.40	-1.21	-0.45*	+12.41*
2006	+2.21	-1.16	+2.09	+1.10	-3.21	-0.56	-1.21	+0.14	+0.36	+1.00	+1.70	+0.49	+2.85
2005	+0.51	+1.95	-1.73	-1.77	+0.08	+1.08	+1.80	+0.67	+2.84	-2.33	+3.05	+3.92	+10.29
2004	+0.87	+0.94	+2.51	-0.45	-2.76	-0.08	-1.38	+0.35	+0.67	+0.39	+2.53	+0.80	+4.47

**MONTHLY PERFORMANCE FOR £ SHARE CLASS**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	+1.00	+1.62	+0.97	+0.88	+2.52	+1.64	+1.83	-1.69	+1.90	+4.48	-1.15	-0.32*	+14.36*
2006	+2.39	-1.01	+2.38	+1.20	-3.01	-0.47	-1.04	+0.29	+0.57	+1.04	+1.87	+1.29	+5.49
2005	+0.72	+2.12	-1.49	-1.52	+0.29	+1.29	+2.05	-0.87	+3.04	-2.12	+3.27	+4.11	+13.15
2004	+0.95	+1.15	+2.70	-0.31	-2.51	+0.11	-1.14	+0.56	+0.92	+0.62	+2.76	+1.04	+7.06

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