

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

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BAUPOST FUND

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Business Address
44 BRATTLE ST
P O BOX 1288
CAMBRIDGE MA 02238
6174976680

THE BAUPOST FUND

ANNUAL REPORT

OCTOBER 31, 1996

This report and the financial statements contained herein are submitted for the general information of the shareholders of The Baupost Fund. The report is not authorized for distribution to prospective investors in The Baupost Fund unless preceded or accompanied by the current prospectus.

THE BAUPOST FUND

ANNUAL REPORT

OCTOBER 31, 1996

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THE BAUPOST GROUP, INC.
44 Brattle Street
P.O. Box 389125
Cambridge, Massachusetts 02238-9125
(617) 497-6680
Fax (617) 876-0930

December 17, 1996

Dear Baupost Fund Shareholder,

We are pleased to report a gain of 22.51% for the year ended October 31, 1996. Due to our significant underinvestment in the U.S. stock market (a topic to which we will return shortly) this gratifying result comes in spite of, rather than as the result of, similarly robust results for the U.S. equity markets. We are chagrined that we could have achieved approximately the same

returns had we initiated the Baupost Index Fund a year ago. We are pleased, however, that we managed to do so with a vastly lower risk profile.

As we reflect back at fiscal year end, let us reiterate that Baupost's investment philosophy has remained consistent over time: bottom up, risk averse, absolute value oriented. In making tradeoffs among competing alternatives, we have distinguished ourselves from other professional investors in several ways: our willingness to hold cash balances, sometimes substantial, awaiting opportunities; our preference for investments with a catalyst for the realization of underlying value; our willingness to accept varying degrees of illiquidity in exchange for incremental return; and our flexibility in pursuing opportunities in new areas.

Baupost has long enjoyed a very flexible investment charter, one that has permitted us to depart considerably from our initial conception as US equity and high quality debt investors. This flexibility has been, we believe, at the core of our investment success over the years. Like Baskin Robbins ice cream, opportunities come in dozens of flavors, not all of which are served at the same time. (Like Haagen Dazs, some of these flavors are fantastic.) Investors who find an overly narrow niche to inhabit prosper for a time but then usually stagnate. Those who move on when the world changes at least have the chance to adapt successfully.

Our flexibility has served us very well over the years, allowing us to move into areas of temporary and compelling opportunity (usually characterized by falling prices, distressed or uninformed sellers, and/or decreased liquidity) and away from areas of full or excessive valuation, thereby enhancing return while simultaneously reducing risk. The same flexibility that led us into a heavy concentration in thrift conversions in the mid 1980's and distressed corporate debt in the mid-late 1980's, and a smaller hedging bet on Japanese stock market puts in the late 1980s, has led us into a moderate investment in Russian stocks earlier this year, and an important position in European holding companies in 1995-1996.

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The primary risk of entering new investment areas is unfamiliarity itself: the rules of the game might be unfamiliar or changing; others that have been in the area longer might have a significant advantage; and to paraphrase Warren Buffett, if you look around the poker table and cannot identify the patsy, it is probably you. Cognizant of this risk, we have worked diligently to understand new areas as well as existing participants do before we enter, utilizing external resources when necessary. We have entered timidly, probably foregoing some opportunities but ensuring that we had time to gain comfort and any expertise we were lacking.

Risk is also mitigated by both our constant emphasis on investment fundamentals and on knowing why each investment we make is available at a seeming bargain price. We regard investing as an arrogant act; an investor who buys is effectively saying that he or she knows more than the seller and the same or more than other prospective buyers. We counter this necessary arrogance (for indeed, a good investor must pull confidently on the trigger) with an offsetting dose of humility, always asking whether we have an apparent advantage over other market participants in any potential investment. If the answer is negative, we do not invest.

We have always told you that we invest the Fund's assets as if it were our own money (which, of course, a portion of it is). We thus enter a new area only when we gain conviction that our analytical, valuation and risk assessment skills will be useful in that area, and that we understand the potential risks and returns of specific opportunities in that area; then, we manage the size of the investment based upon our degree of conviction, assessment of risk, and opportunity for diversification within the area. Typically, a new area is not a wild leap from anything we have done before, but rather a smaller step from something we already do, with only one variable changing.

One of the consequences of entering new areas has been an increase in the portion of our assets invested in opportunities outside the U.S. This has not been the result of some top down asset allocation strategy, but rather the outcome of a bottom up, investment by investment search for opportunity. Like the underlying businesses, markets, too, have become more global over time. Most companies compete globally, capital flows are global, and many companies now maintain listings in more than one market. Popular US companies like Coca Cola earn well over half their profits overseas, while large European and Asian enterprises often have substantial US subsidiaries. Thus the most important investment criterion for us is not where a company does business, or where it is listed, but an understanding of the factors that might cause a company or security to be particularly undervalued in the market.

Of course, it seems reasonable that at this time we would be finding more opportunities overseas than at home. The U.S. stock market has been in a protracted bull market. With more and more very sophisticated pools of money

pursuing opportunities in the U.S., we believe the market has become more efficient than ever (and even when for some reason a stock is not priced efficiently, it is nonetheless considerably more likely to be overvalued than undervalued). The number of sizable, highly sophisticated, professional investors in overseas foreign markets is far fewer, making those markets more fertile fields to till.

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The key to increasing our international exposure in recent years was gaining comfort that we understood the potential risks and returns of foreign markets, something we could only achieve over time by immersing ourselves in a flow of information about companies and markets, by meeting directly with managements, and by making some toehold investments and observing their success or failure over time. We did all of this over the past seven years. The increased size and capability of our investment team allowed us to better analyze foreign opportunities; the increase in our assets under management (as compound returns were reinvested over the years) gained the attention of foreign brokers and analysts. We were also able to utilize our existing network of friends on the buy side to gain an ongoing exchange of information. Thus late last year when European holding companies sank to record-wide discounts to underlying asset values, which themselves were quite depressed, we were in a position to act.

Similarly, when we identified the opportunity unfolding in the former Soviet Union, we were able to dispatch three different analysts to cover the area, spending several man-months on the ground there and building relationships with brokers, analysts, and other emerging market investors. Our total assets under management demonstrated that we had the potential to be a very important client to a number of brokerage firms, and we did indeed become among the largest customers of several.

A key component of our investment strategy is sufficient but not excessive diversification. Rather than own a little bit of everything, we have always tended to place our eggs in a few dozen baskets and watch them closely. These bargain-priced opportunities are selected one at a time, bottom up, which provides a margin of safety in case of error, bad luck or disappointing business results. However, we are always conscious of whether these different investments involve essentially the same bet or very different bets. If each of our holdings turned out to involve similar bets (inflation hedges, interest rate sensitive, single market or asset type, etc.), we would be exposed to dramatic and sudden reversals in our entire portfolio were investor perceptions of the macroeconomic environment to change. Since we are not able to predict the future (it is hard enough to understand the present), we cannot risk such concentrated exposures.

The same is true for securities, even of very different companies, trading in a single stock market. Owning a diverse portfolio in one market may greatly reduce the risk associated with a single company hitting a bump in the road but will not at all reduce the risk of being in that market. If that market runs into a pothole, its components could all break down at once. This is particularly true if that market is trading at record levels of valuation, supported more by money flows than by fundamentals, as happens sometimes (read "U.S. equity market"). Exposure to a myriad of markets and asset classes will mitigate certain risks that even broadly diversified exposure in a single market cannot. (Of course, diversification is for us only the starting point for risk reduction. Solid fundamental research, emphasis on catalysts, value discipline, preference for tangible assets, hedged short selling, market put options and other strategies combine to create an overall portfolio safety net for our portfolio that we believe is second to none).

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During fiscal 1996, the Fund posted numerous healthy gains and only one substantial loss, that being on stock market put options which we buy as insurance against a steep market decline. Our largest gains and losses for the fiscal year, both realized and unrealized, are presented in Table 1 below.

Table 1
The Baupost Fund
Largest Gains and Losses
For the Twelve Months Ended 10/31/96
(\$ in millions)

<TABLE>		<CAPTION>	
Largest Gains		Largest Losses	
-----		-----	
<S>	<C>	<C>	<C>
Maxwell notes	\$3.0	Market put options	(\$1.6)
Lukoil common	2.8	Chargeurs/Pathe/BSkyB (hedged equities)	(0.5)

Mosenergo common	2.1	RJR Nabisco common and options	(0.4)
RIT Capital Partners common	1.4	Adam & Harvey common	(0.4)
Allmerica Financial common	1.3	Imperial Oil common	(0.3)
Semi Tech Global common	1.2	Northwestern Steel common	(0.2)
Emcor common and notes	1.2	Dun & Bradstreet common & options	(0.2)
Pullman common	1.1	Eagle Picher debt	(0.2)
Fourteen other investments	0.8 - 0.3 each		

</TABLE>

We believe that we are well positioned as we enter 1997, with attractive, well diversified long positions, a healthy balance in cash and cash equivalents, and a material position in market put options to protect against a serious decline. Many of our positions have either full or partial catalysts for the realization of underlying value. We continue to find attractive opportunities for our portfolio, increasingly outside of the frenzied U.S. stock market.

We are grateful for your ongoing confidence and support, and are working diligently to remain worthy of it.

Very Truly Yours,

/S/Seth A. Klarman

Seth A. Klarman
President

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AVERAGE ANNUAL TOTAL RETURNS (1) For Periods Ended 10/31/96	1 YEAR	LIFE OF FUND (SINCE 12/14/90)
	----	-----
THE BAUPOST FUND	22.51%	16.17%

=====
Total return is an historical measure of past performance and is not intended to indicate future performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

(1) Assumes reinvestment of all dividends.

GROWTH OF AN ASSUMED \$50,000 INVESTMENT
IN THE BEAPOST FUND FROM 12/14/90 THROUGH 10/31/96

<TABLE>
<CAPTION>

	FUND	S&P	BF	BF	S&P	S&P
	----	---	--	--	---	---
<S>	<C>	<C>	<C>	<C>	<C>	<C>
12/14/90	\$50,000.00	\$50,000.00	50000	\$50,000.00	50000	\$50,000.00
10/31/91	\$59,787.48	\$61,807.01	0.195749690050321	\$59,787.48	0.23614010906	\$61,807.01
10/31/92	\$65,471.71	\$67,963.62	0.309434297184303	\$65,471.71	0.35927247435	\$67,963.62
10/31/93	\$82,134.71	\$78,116.01	0.642694247972622	\$82,134.71	0.56232030643	\$78,116.02
10/31/94	\$91,217.43	\$81,134.73	0.82435	\$91,217.43	0.62269479514	\$81,134.74
10/31/95	\$98,430.31	\$102,587.46	0.96861	\$98,430.31	1.0517491977	\$102,587.46
10/31/96	\$120,585.06	\$127,306.16	1.41170	\$120,585.06	1.5461232049	\$127,306.16

</TABLE>

(1) Assumes reinvestment of all dividends.

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Report of Independent Auditors

To the Trustees and Shareholders of
The Baupost Fund

We have audited the accompanying statement of assets and liabilities of The

Baupost Fund, including the schedule of investments, schedule of securities sold short and schedule of forward foreign currency contracts, as of October 31, 1996, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 1996, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The Baupost Fund at October 31, 1996, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

December 4, 1996

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THE BAUPOST FUND
STATEMENT OF ASSETS AND LIABILITIES

OCTOBER 31, 1996

ASSETS:

Investments in securities - at value (Notes A and C) (cost \$97,297,169)	\$ 108,955,788
Cash	147,725
Receivable for investments sold	108,875
Receivable for investments sold short	4,132,636
Accrued investment income	221,189
Other assets	96,813

Total Assets	113,663,026

LIABILITIES:

Payable for investments purchased	216,075
Payable to The Baupost Group, Inc. (Note B)	339,451
Payable for securities sold short (Notes A and C) (proceeds \$4,132,636)	3,901,329
Unrealized depreciation on forward foreign currency contracts sold	168,092
Other payables and accrued expenses	250,037

Total Liabilities	4,874,984

NET ASSETS	\$ 108,788,042
	=====

COMPOSITION OF NET ASSETS:

Paid in capital	\$ 86,275,184
Distributions in excess of net investment income (Note A)	(99,004)
Accumulated undistributed net realized gain on investments and foreign currency transactions	10,890,028
Net unrealized appreciation on investments and assets & liabilities in foreign currencies	11,721,834

NET ASSETS \$ 108,788,042
=====

NET ASSET VALUE:

Offering and redemption price per share
(\$108,788,042 / 7,072,861.728) \$ 15.38
=====

See notes to financial statements.

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THE BAUPOST FUND

STATEMENT OF OPERATIONS

YEAR ENDED OCTOBER 31, 1996

INVESTMENT INCOME:

INCOME:

Interest \$ 2,195,944
Dividends (net of foreign withholdings of \$114,425) 1,532,435
Other income 10,010

Total Investment Income 3,738,389

EXPENSES:

Investment management fee (Note B) 991,872
Administrative fee (Note B) 247,968
Custodian fees 78,354
Legal fees 57,995
Audit fees 36,000
Registration and filing fees 28,081
Directors' fees 25,500
Amortization of organization costs 6,048
Miscellaneous 15,085

Total Expenses 1,486,903

NET INVESTMENT INCOME 2,251,486

REALIZED AND UNREALIZED GAIN ON INVESTMENTS:

Net realized gain (loss) on:
Investments 12,172,296
Short sales (1,764,472)
Foreign currency transactions (40,459)

10,367,365

Change in unrealized appreciation/(depreciation) on:

Investments 7,454,022
Short sales 204,566
Foreign currency transactions (242,619)

7,415,969

NET REALIZED AND UNREALIZED
GAIN ON INVESTMENTS 17,783,334

NET INCREASE IN NET ASSETS
RESULTING FROM OPERATIONS \$ 20,034,820
=====

See notes to financial statements.

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THE BAUPOST FUND

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	YEAR ENDED OCTOBER 31, 1996	YEAR ENDED OCTOBER 31, 1995
	-----	-----
<S>	<C>	<C>
INCREASE IN NET ASSETS FROM OPERATIONS:		
Net investment income	\$ 2,251,486	\$ 1,368,087
Net realized gain on investments and foreign currency transactions	10,367,365	4,176,280
Change in unrealized appreciation of investments and foreign currency transactions	7,415,969	1,080,207
	-----	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	20,034,820	6,624,574
DISTRIBUTIONS TO SHAREHOLDERS:		
From net investment income	(1,825,419)	(1,430,985)
In excess of net investment income		(432,464)
From net realized gain on investments	(4,283,665)	(8,459,115)
CAPITAL SHARE TRANSACTIONS (NOTE E)	5,422,927	11,350,535
	-----	-----
INCREASE IN NET ASSETS	19,348,663	7,652,545
NET ASSETS AT BEGINNING OF PERIOD	89,439,379	81,786,834
	-----	-----
NET ASSETS AT END OF PERIOD (including distributions in excess of net investment income of \$99,004 and \$30,449, respectively)	\$ 108,788,042	\$ 89,439,379
	=====	=====

</TABLE>

See notes to financial statements.

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THE BAUPOST FUND
SCHEDULE OF INVESTMENTS

OCTOBER 31, 1996

<TABLE>
<CAPTION>

NUMBER OF SHARES, UNITS OR FACE VALUE (\$)		MARKET VALUE
-----		-----
<S>	<C>	<C>
COMMON STOCKS - 63.81%		
	UNITED STATES - 28.71%	
	FINANCIAL INSTITUTIONS - 7.52%	
197,800	Allmerica Financial Corporation	\$ 6,008,175
110	Fidelity Federal Savings Bank Florida	1,801
132	First Federal Savings Bank of Siouland	3,300
100	Harbor Federal Savings Bank	3,163
1,949	Mid-Central Financial Corporation	31,184
808	Mid-Coast Bancorp Inc.	14,948
95,000	Mississippi View Holding Company	1,163,750
1,800	Shelby County Bancorp	28,800
65,000	Trenton Savings Bank FSB	926,250

		8,181,371
	WHOLESALE - FOOD-5.24%	

228,200	TLC Beatrice International Holdings	5,705,000
	AUTO & HOME SUPPLY - 4.63%	
53,000	Dart Group Corporation - Class A	5,035,000 ~
	ALUMINUM - 2.78%	
72,050	Maxxam, Inc.	3,026,100 *
	FIRE, MARINE & CASUALTY INSURANCE - 2.26%	
23,800	Farm Family Holdings, Inc.	473,025 *
78,400	Chartwell RE Corporation	1,989,400

		2,462,425
	LESSORS OF REAL PROPERTY - 1.34%	
833,959	MBO Properties, Inc.	1,459,428 *
	CEREAL BREAKFAST FOOD - 1.25%	
65,000	Ralcorp Holdings, Inc.	1,365,000 *

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THE BAUPOST FUND
SCHEDULE OF INVESTMENTS

OCTOBER 31, 1996

NUMBER OF SHARES,
UNITS OR FACE VALUE (\$)

MARKET
VALUE

	STEEL WORKS - 1.14%	
247,400	Northwestern Steel & Wire Company	\$ 1,237,000 *
	PHARMACEUTICALS - 1.11%	
116,200	Therapeutic Discovery	1,205,575
	PHOTOGRAPHIC PORTRAIT STUDIOS - 0.93%	
53,100	CPI Corporation	1,008,900
	MISCELLANEOUS - 0.51%	
154,240	Louise's Inc.	1,542 +*
33,700	Noel Group, Inc.	219,050
938,000	Regency Equities	14,070
10,000	RSI Holdings, Inc.	600 *
1,105	The Homestake Oil & Gas Company	99,450 +
1,579	The Homestake Royalty Corporation	205,270 +
1,000	Trak Auto Corporation	16,250 *

		556,232
	TOTAL COMMON STOCKS - UNITED STATES	\$ 31,242,031
	(Total Cost \$27,151,146)	=====

FRANCE - 14.51%

DIVERSIFIED HOLDING COMPANIES - 11.56%

5,891	Compagnie Generale D'Industrie et de Participations	\$	1,312,943
2,161	Financiere et Industrielle Gaz et Eaux		908,430
2,100	Fonciere Financiere et de Participation SA		67,213
5,990	Pathe SA		1,612,063 *
1,152	Sidel SA		76,688
5,308	Societe Eurafrance SA		2,315,258
102,000	Thomson CSF		3,175,059

			9,467,654

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THE BAUPOST FUND
SCHEDULE OF INVESTMENTS

OCTOBER 31, 1996

NUMBER OF SHARES, UNITS OR FACE VALUE (\$)			MARKET VALUE
-----			-----
FIRE, MARINE AND CASUALTY INSURANCE - 2.95%			
108,900	Assurances Generales de France	\$	3,204,941
TEXTILES - 2.86%			
71,835	Chargeurs International SA		3,112,289

TOTAL COMMON STOCKS - FRANCE		\$	15,784,884
			=====
(Total Cost \$14,164,224)			
HONG KONG - 7.38%			
ELECTRONIC & OTHER ELECTRICAL EQUIP. - 5.91%			
42,400	Semi-Tech Global Co. - ADR	\$	371,000
3,394,887	Semi-Tech Global Co. Ltd.		6,059,319

			6,430,319
MANUFACTURING - TOYS & DOLLS - 1.47%			
6,288,700	Playmates Toys Holdings Ltd.		1,602,310

TOTAL COMMON STOCKS - HONG KONG		\$	8,032,629
			=====
(Total Cost \$9,028,767)			
RUSSIA - 5.02%			
OIL & GAS FIELD EXPLORATION SERVICES - 5.02%			
112,500	Chernogorneft - Sponsored ADR	\$	1,125,000 *
111,200	Lukoil Oil Co. - Sponsored ADR		4,336,800

TOTAL COMMON STOCKS - RUSSIA		\$	5,461,800
			=====
(Total Cost \$2,676,975)			
ITALY - 2.51%			
DIVERSIFIED HOLDING COMPANIES - 2.51%			
597,000	IFIL Finanziaria di Partecipazioni ordinary shares	\$	1,552,515
733,300	IFIL Finanziaria di Partecipazioni savings shares		1,179,467

TOTAL COMMON STOCKS - ITALY		\$	2,731,982
			=====
(Total Cost \$2,953,751)			

THE BAUPOST FUND
SCHEDULE OF INVESTMENTS

OCTOBER 31, 1996

NUMBER OF SHARES,
UNITS OR FACE VALUE (\$)

MARKET
VALUE

BAHAMAS - 2.45%

CRUDE PETROLEUM - 2.45%

5,300	Basic Holdings Ltd.	\$	544,114 +*
69,400	Basic Petroleum International Ltd.		2,116,700 *

TOTAL COMMON STOCKS - BAHAMAS (Total Cost \$1,919,525)		\$	2,660,814
			=====

SWEDEN - 2.38%

DIVERSIFIED HOLDING COMPANIES - 2.38%

1,300	Investor AB Series A Shares	\$	52,834
62,900	Investor AB Series B Shares		2,532,437

TOTAL COMMON STOCKS - SWEDEN (Total Cost \$2,236,144)		\$	2,585,271
			=====

UNITED KINGDOM - 0.85%

CABLE & OTHER PAY TELEVISION SERVICES - 0.32%

6,200	British Sky Broadcasting Group PLC sponsored ADR	\$	347,975
-------	--	----	---------

LUMBER & OTHER CONSTRUCTION MATERIALS - 0.53%

115,000	Adam & Harvey Group PLC		579,954

TOTAL COMMON STOCKS - UNITED KINGDOM
(Total Cost \$809,560)

\$	927,929
	=====

TOTAL COMMON STOCKS
(Total Cost \$60,940,092)

\$	69,427,340
	=====

THE BAUPOST FUND
SCHEDULE OF INVESTMENTS

OCTOBER 31, 1996

NUMBER OF SHARES,
UNITS OR FACE VALUE (\$)

MARKET
VALUE

CLOSED-END MUTUAL FUNDS - 5.68%

UNITED KINGDOM - 5.25%

1,463,227	RIT Capital Partners PLC	\$	5,712,906

TOTAL CLOSED-END MUTUAL FUNDS - UK			5,712,906
(Total Cost \$3,498,956)			
CZECHOSLOVAKIA - 0.43%			
1,200	Komerčni Bank Investični Fond		28,952
7,300	Restitucni Investični Fond		203,532 *
18,700	Sportelni Privatiz Investični Fond		211,331
1,300	Zivnobanka Investični Fond		23,777 *

TOTAL CLOSED-END MUTUAL FUNDS - CZECH			467,592
(Total Cost \$534,486)			

TOTAL CLOSED-END MUTUAL FUNDS		\$	6,180,498
(Total Cost \$4,033,442)			=====

COLLATERALIZED MORTGAGE OBLIGATIONS - 4.20%

310,602	Guardian S&L 1990-4A FRN due 06/25/20	\$	181,702
470,102	RTC Series 1991-M2 Class A1 principal only due 09/25/20		305,566
2,402,841	RTC Series 1991-M2 Class A3 principal only due 09/25/20		1,561,847
581,462	RTC Series 1991-M2 Class B principal only due 09/25/20		7,268 *
492	RTC Series 1991-M2 Class X1 interest only due 09/25/20		288,665
507	RTC Series 1991-M2 Class X2 interest only due 09/25/20		32,926
791	RTC Series 1991-M2 Class X3 interest only due 09/25/20		71,275
23,695,286	Structured Asset Sec. 1996-CFL Class X1 due 02/25/28		1,229,193
27,415,718	Structured Asset Sec. 1996-CFL Class X2 due 02/25/28		891,011

TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS		\$	4,569,453
(Total Cost \$4,704,588)			=====

OPTIONS - 3.89%

1,028	British Sky Broadcasting Group 7.707 Puts expiring 10/13/97	\$	324,436 +
1,496	British Sky Broadcasting Group 7.920 Puts expiring 10/15/97		523,244 +
65	Chargeurs/Pathe 1400 Calls expiring 12/17/96		260,051 +
50	Gold April 550 Calls expiring 04/07/97		50 +
50	Gold April 555 Calls expiring 04/07/97		50 +
50	Gold May 555 Calls expiring 05/12/97		50 +

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THE BAUPOST FUND
SCHEDULE OF INVESTMENTS

OCTOBER 31, 1996

NUMBER OF SHARES, UNITS OR FACE VALUE (\$)			MARKET VALUE
-----			-----
95	Nasdaq 100 Index 534.936 Puts expiring 08/04/97	\$	53,452 +
53	Nasdaq 100 Index 551.816 Puts expiring 06/04/97		28,090 +
90	Nasdaq 100 Index 552.800 Puts expiring 11/22/96		450 +
44	Nasdaq 100 Index 580.910 Puts expiring 03/18/97		22,543 +
88	Nasdaq 100 Index 583.560 Puts expiring 03/18/97		41,205 +
44	Nasdaq 100 Index 584.950 Puts expiring 03/19/97		23,658 +
52	Nasdaq 100 Index 593.440 Puts expiring 03/25/98		93,096 +
85	Nasdaq 100 Index 606.602 Puts expiring 04/24/97		79,236 +
52	Nasdaq 100 Index 629.330 Puts expiring 09/26/97		104,573 +
86	Nasdaq 100 Index 635.205 Puts expiring 10/06/97		173,707 +
51	Nasdaq 100 Index 635.350 Puts expiring 09/29/97		110,000 +
42	Nasdaq 100 Index 642.290 Puts expiring 10/20/97		95,220 +
50	Nasdaq 100 Index 653.820 Puts expiring 10/15/97		128,840 +
5,100	Pathe BSY Spread Calls expiring 08/29/97		355,577 +
4,900	Pathe BSY Spread Calls expiring 09/21/97		262,126 +

450	Philip Morris 50 Puts expiring 05/19/97	450 +
360	Philip Morris 50 Puts expiring 05/19/97	720 +
295	Philip Morris 50 Puts expiring 05/23/97	295 +
295	Philip Morris 50 Puts expiring 05/23/97	295 +
125	Ralcorp Holdings 20 Calls expiring 12/20/96	20,000 +
6	Ralcorp Holdings 20 Calls expiring 12/21/96	900
516	RJR Nabisco Holdings 25 Calls expiring 07/17/97	268,836 +
330	RJR Nabisco Holdings 25 Calls expiring 11/07/97	193,050 +
253	RJR Nabisco Holdings 25 Calls expiring 11/10/97	140,574 +
400	RJR Nabisco Holdings 25 Calls expiring 11/11/97	226,800 +
330	RJR Nabisco Holdings 25 Calls expiring 11/14/97	184,140 +
30	RJR Nabisco Holdings 25 Calls expiring 01/17/98	17,625
280	RJR Nabisco Holdings 30 Calls expiring 10/10/97	80,500 +
375	RJR Nabisco Holdings 30 Calls expiring 10/13/97	114,750 +
187	S&P 500 Index 582.000 Puts expiring 12/31/96	16,345 +
93	S&P 500 Index 616.230 Puts expiring 12/31/96	16,345 +
117	S&P 500 Index 505.575 Puts expiring 01/17/97	2,105 +
104	S&P 500 Index 554.230 Puts expiring 01/06/97	5,632 +
104	S&P 500 Index 556.650 Puts expiring 01/27/97	9,453 +
83	S&P 500 Index 556.750 Puts expiring 01/27/97	8,309 +
104	S&P 500 Index 557.110 Puts expiring 01/27/97	10,380 +
205	S&P 500 Index 581.310 Puts expiring 02/10/97	33,668 +
103	S&P 500 Index 583.990 Puts expiring 03/19/97	25,544 +
102	S&P 500 Index 585.675 Puts expiring 02/10/97	17,408 +
204	S&P 500 Index 585.810 Puts expiring 02/10/97	35,012 +
101	S&P 500 Index 589.500 Puts expiring 02/18/97	21,037 +
94	S&P 500 Index 614.700 Puts expiring 09/19/97	97,141 +

TOTAL OPTIONS \$ 4,226,968
(Total Cost \$6,217,752)

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THE BAUPOST FUND
SCHEDULE OF INVESTMENTS

OCTOBER 31, 1996

NUMBER OF SHARES, UNITS OR FACE VALUE (\$)		MARKET VALUE
-----		-----
GOVERNMENT OBLIGATIONS - 3.74%		
GBP	2,500,000 United Kingdom Treasury note due 03/11/99	\$ 4,063,746

	TOTAL GOVERNMENT OBLIGATIONS	\$ 4,063,746
	(Total Cost \$4,003,601)	=====
PARTNERSHIPS - 1.83%		
	NCH Investors Fund L.P.	\$ 625,000 +
	New Century Capital Partners II L.P.	649,980 +
	Sigma/Ukraine LP	721,000 +

	TOTAL PARTNERSHIPS	\$ 1,995,980
	(Total Cost \$2,024,316)	=====
PURCHASED BANK DEBT & TRADE CLAIMS - 1.83%		
\$	2,453,801 Maxwell Comm. Bank Debt - Baker Nye	\$ 272,517 +*
	5,000,000 Maxwell Comm. Berlitz Obligations	550,000 +*
	167,868 Maxwell Comm. Revolving Bank Debt - First Chicago	18,970 +*
	943,496 Maxwell Comm. Revolving Bank Debt - Halcyon	106,970 +*
	396,015 Maxwell Comm. Revolving Bank Debt - Halcyon II	44,751 +*
	875,543 Maxwell Comm. Revolving Bank Debt - Lazard Freres	98,871 +*
	264,059 Maxwell Comm. Revolving Bank Debt - Merrill Lynch	29,839 +*
	823,981 Maxwell Comm. Revolving Bank Debt - San Paolo	93,383 +*
	1,015,000 Maxwell Comm. Revolving Bank Debt - TCC Associates	114,985 +*
	579,133 Maxwell Comm. Term Bank Debt - First Chicago	63,705 +*

1,678,704	Maxwell Comm. Term Bank Debt - Halcyon	184,657	+
702,221	Maxwell Comm. Term Bank Debt - Halcyon II	77,244	+
426,846	Maxwell Comm. Term Bank Debt - Lazard Freres	46,953	+
468,269	Maxwell Comm. Term Bank Debt - Merrill Lynch	51,510	+
325,093	Maxwell Comm. Term Bank Debt - San Paolo	35,760	+
1,806,952	Maxwell Comm. Term Bank Debt - TCC Associates	198,765	+
1,750,000	Wheeling-Pittsburgh Nonrestricted Trade Claims	0	+

TOTAL PURCHASED BANK DEBT & TRADE CLAIMS \$ 1,988,880
(Total Cost \$44,043)

COMPANIES IN LIQUIDATION - 1.49%

5,682,800	Antonelli Liquidating Trust	\$ 22,731	+
3,150	EHLCO Liquidating Trust	315	+

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THE BAUPOST FUND
SCHEDULE OF INVESTMENTS

OCTOBER 31, 1996

NUMBER OF SHARES, UNITS OR FACE VALUE (\$)		MARKET VALUE
\$ 250,000	Lionel Corp. Subordinated Notes 12.375% due 08/01/96	\$ 2,500 *
364,000	Lionel Corp. Subordinated Convertible Debentures 8.000% due 07/15/07	3,640 *
DEM 15,000,000	Maxwell Comm. Corp. PLC 6.000% due 06/15/93	1,086,885 *
SFS 5,500,000	Maxwell Comm. Corp. PLC 5.000% due 06/16/95	477,129 *
1	MBO Properties Inc. Liquidating Trust	\$ 0 +*
100,550	Timber Realization Liquidating Trust	26,143 +*
TOTAL COMPANIES IN LIQUIDATION (Total Cost \$188,452)		\$ 1,619,343

BONDS & NOTES IN REORGANIZATION - 0.91%

\$ 3,090,000	Eagle-Picher 9.500% due 03/01/17	\$ 896,100 *
45,000	Mansfield Ohio IDR Eagle-Picher 9.750% due 10/01/00	12,150 *
90,130	MBL Class 4 Unsecured Claim	15,322 +*
265,000	Port Development Corp. TX Eagle-Picher 9.750% due 10/01/20	71,550 *
TOTAL BONDS AND NOTES IN REORGANIZATION (Total Cost \$1,311,476)		\$ 995,122

WARRANTS - 0.11%

13,900	Alza Corporation Warrants Exp. 12/31/99	\$ 1,738
60,000	Five Arrows Chile Inv. Trust Warrants Exp. 5/31/99	31,200
240,300	Jardine Strategic Holdings Warrants Exp. 5/02/98	69,687
800	Letchworth Indep Bancshares Warrants Exp. 12/31/97	5,400
11,500	Scania AB-B Warrants Exp. 06/04/99	10,833
TOTAL WARRANTS (Total Cost \$91,362)		\$ 118,858

CORPORATE BONDS - 0.01%

\$ 11,000	Chartwell Contingent Interest Note 8.000% due 06/30/06	\$ 4,702 +
-----------	--	------------

TOTAL CORPORATE BONDS
(Total Cost \$5,372)

\$ 4,702
=====

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THE BAUPOST FUND
SCHEDULE OF INVESTMENTS

OCTOBER 31, 1996

NUMBER OF SHARES, UNITS OR FACE VALUE (\$)		MARKET VALUE
-----		-----
TEMPORARY INVESTMENTS - 12.65%		
CANADIAN GOVERNMENT OBLIGATIONS - 4.64%		
CAD	6,800,000	Canadian Treasury Bill due 01/23/97
		\$ 5,047,464
U S GOVERNMENT OBLIGATIONS - 4.58%		
\$	3,000,000	U S Treasury Bill due 11/14/96
	2,000,000	U S Treasury Bill due 12/12/96
		2,994,800 ~
		1,988,634 ~

		4,983,434
REPURCHASE AGREEMENT - 3.43%		
	2,340,000	Repurchase Agreement with Chase Manhattan Bank dated 10/31/96; collateralized by U.S. Government and/or Federal agency securities; rate 5.32%; matures 11/01/96; repurchase amount \$3,734,552
		3,734,000

		TOTAL TEMPORARY INVESTMENTS
		\$ 13,764,898
		=====
		TOTAL INVESTMENTS - 100.15%
		\$ 108,955,788
		=====
		(Total Cost of Investments \$97,297,169)

</TABLE>

* Non-income producing security.

+ Restricted Securities - securities not registered under the Securities Act of 1933. See Note D in the Notes to Financial Statements.

~ A portion of the security is serving as collateral or is segregated for securities sold short.

Foreign Currency Abbreviations

CAD	Canadian Dollar
DEM	Deutschemark
GBP	British Pounds
SFS	Swiss Franc

The percentage shown for each investment category is the total value of that category expressed as a percentage of total net assets of the Fund.

See notes to financial statements.

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THE BAUPOST FUND

SCHEDULE OF FORWARD FOREIGN CURRENCY CONTRACTS

OCTOBER 31, 1996

<TABLE> <CAPTION>				MARKET VALUE	UNREALIZED GAIN/ (LOSS)
<S>	<C> CONTRACTS TO SELL	<C>	<C>	-----	-----
GBP	5,609,679	British Pound Sterling due 11/29/96 (Receivable amount \$8,876,765)	\$	9,124,255	\$ (247,490)
CAD	6,750,046	Canadian Dollar due 11/29/96 (Receivable amount \$5,025,699)		5,050,010	(24,311)
FRF	85,800,000	French Franc due 11/29/96 (Receivable amount \$16,924,288)		16,776,260	148,028
ITL	3,839,000,000	Italian Lira due 11/29/96 (Receivable amount \$2,517,600)		2,522,171	(4,571)
SEK	17,000,000	Swedish Krona due 12/13/96 (Receivable amount \$2,542,512)		2,582,260	(39,748)
TOTAL CONTRACTS TO SELL			\$	36,054,956	\$ (168,092)
(Receivable amount \$35,886,864)				=====	=====

</TABLE>

See notes to financial statements.

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THE BAUPOST FUND

SCHEDULE OF SECURITIES SOLD SHORT

OCTOBER 31, 1996

<TABLE> <CAPTION>				MARKET VALUE
<S>	<C> NUMBER OF SHARES, UNITS OR FACE VALUE (\$)	<C>	<C>	-----
COMMON STOCK - 3.59%				
	21,975	British Sky Broadcasting ADR (United Kingdom)	\$	1,233,347
	172,450	Kaiser Aluminum Corporation		1,918,506
	23,300	RJR Nabisco Holdings Corp.		672,788
	1,152	Sidel SA (France)		76,688
TOTAL SECURITIES SOLD SHORT			\$	3,901,329
(Total Proceeds from Securities Sold Short \$4,132,636)				=====

</TABLE>

The percentage shown for each investment category is the total value of that category expressed as a percentage of total net assets of the Fund.

See notes to financial statements.

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THE BAUPOST FUND

OCTOBER 31, 1996

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Baupost Fund (the Fund) was established as a Massachusetts business trust under an Agreement and Declaration of Trust dated June 29, 1990, and is registered under the Investment Company Act of 1940, as amended, as a no-load, nondiversified, open-end management investment company. The Fund is the successor organization to Baupost Limited Partnership 1985 E-1 (the Partnership).

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities. Actual results could differ from those estimates.

SECURITY VALUATION: Portfolio securities, options and futures contracts for which market quotations are available and which are traded on an exchange or on NASDAQ are valued at the last quoted sales price or, if there is no such reported sale that day, at the closing bid price. Securities, options and forward contracts traded in the over-the-counter market (other than those traded on NASDAQ) and other unlisted securities are valued at the most recent bid price as obtained from one or more dealers that make markets in the securities. Portfolio securities which are traded both in the over-the-counter market and on one or more stock exchanges are valued according to the broadest and most representative market. To the extent the Fund engages in "naked" short sales (i.e., it does not own the underlying security or a security convertible into the underlying security without the payment of any further consideration) the Fund will value such short position as described above, except that the valuation, where necessary, will be based on the asked price instead of the bid price.

Assets for which no quotations are readily available are valued at fair value as determined in good faith in accordance with procedures adopted by the Trustees of the Fund. Determination of fair value is based upon such factors as are deemed relevant under the circumstances, including the financial condition and operating results of the issuer, recent third-party transactions (actual or proposed) relating to such securities and, in extreme cases, the liquidation value of the issuer.

Certain investments held by the Fund are restricted as to public sale in accordance with the Securities Act of 1933. Whenever possible, such assets are valued based on bid prices obtained from reputable brokers or market makers as of the valuation date. For assets not priced by brokers or market makers, fair value is determined by The Baupost Group, Inc. (Baupost) in accordance with procedures adopted by the Trustees of the Fund.

SHORT SALES: The Fund is engaged in short-selling which obligates the Fund to replace the security borrowed by purchasing the security at current market value. The Fund would incur a loss if the price of the security increases between the date of the short sale and the date on which the Fund replaces the borrowed security. The Fund would realize a gain if the price of the security declines between those dates. Until the Fund replaces the borrowed security, the Fund maintains daily, in a segregated account with its custodian, cash or securities sufficient to cover its short position. At October 31, 1996, the Fund has approximately \$4.5 million of U.S. Treasury bills and \$3.7 million of common stock in a segregated account relating to its short positions.

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THE BAUPOST FUND

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 1996

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

Securities sold short at October 31, 1996 and their related market values and proceeds are set forth in the Schedule of Securities Sold Short.

FORWARD FOREIGN CURRENCY CONTRACTS: The Fund may enter into forward foreign currency contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date. The U.S. dollar value of the currencies the Fund has committed to buy or sell is shown in the Schedule of Forward Foreign

Currency Contracts. Losses may arise from changes in the value of a foreign currency relative to the U.S. dollar or from the potential inability of the counterparties to meet the terms of their contracts. The Fund uses forward foreign currency contracts to hedge the risks associated with holding securities denominated in foreign currencies. These contracts are adjusted by the daily exchange rate of the underlying currency, and any gains or losses are recorded as unrealized until the contract settlement date.

FOREIGN CURRENCY TRANSLATION: The value of foreign securities is translated into U.S. dollars at the rate of exchange on the day of valuation. Purchases and sales of foreign securities, as well as income and expenses relating to such securities, are translated into U.S. dollars at the exchange rate on the dates of the transactions. The portion of both realized and unrealized gains and losses on investments that result from fluctuations in foreign exchange rates is not separately disclosed.

SECURITIES TRANSACTIONS AND INVESTMENT INCOME: Securities transactions are recorded on the trade date. Gains and losses on securities sold are determined using the specific identification method. Dividend income is recorded on the ex-dividend date or, for certain foreign dividends, as soon as the Fund becomes aware of the dividends. Interest income, including original issue discount, where applicable, is recorded on an accrual basis, except for bonds in default for which there is some concern as to whether interest will be received in cash, in which case interest is recorded when received.

REPURCHASE AGREEMENTS: The Fund may enter into repurchase agreements with institutions that Baupost has determined are creditworthy. Each repurchase agreement is recorded at cost. The Fund requires that the securities purchased in a repurchase transaction be transferred to the custodian in a manner sufficient to enable the Fund to obtain those securities in the event of a default under the repurchase agreement.

PURCHASED CALL AND PUT OPTIONS: The Fund may enter into purchased call and put options for both hedging and non-hedging activities. The Fund's exposure to market risk relating to the securities is affected by a number of factors including the size and composition of the options held, the time period during which the options may be exercised, the volatility of the underlying security or index, and the relationship between the current market price of the underlying security or index and the strike or exercise price of the option. Baupost closely monitors the Fund's exposure to risk. In addition, all positions involving future settlement are collateralized by cash balances or security deposits at the broker through which the transaction was performed.

FEDERAL INCOME TAXES AND DISTRIBUTIONS: The Fund is a regulated investment company, as defined under Subchapter M of the Internal Revenue Code (the Code). By complying with Code provisions, the

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THE BAUPOST FUND

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 1996

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

Fund is relieved from federal income tax provided that substantially all of its taxable income is distributed to shareholders. Therefore, no provision has been made for federal income taxes.

The Fund's income and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are primarily due to different treatment for certain of the Fund's foreign securities. Differences in the recognition or classification of income between the financial statements and tax earnings and profits, which result in temporary overdistributions for financial statement purposes are classified as distributions in excess of net investment income or accumulated net realized gains. During the year ended October 31, 1996, \$494,622 was reclassified from distributions in excess of net investment income to accumulated undistributed net realized gain on investments and foreign currency transactions, due to differences between book and tax accounting for foreign currency transactions and passive foreign investment companies (PFICs). This change had no effect on the net asset value per share.

CONCENTRATION OF CREDIT RISK: Concentrations of credit risk exist if a number of companies in which the Fund has invested are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. To mitigate its exposure to concentrations of credit risk, the Fund invests in a variety of industries located in diverse geographic areas. While the portfolio is not concentrated in any one industry, securities of distressed companies, many of which are restricted as to resale and which were purchased at

a significant discount, are an important component of the Fund's investments in bonds.

NOTE B--INVESTMENT MANAGEMENT CONTRACT AND OTHER TRANSACTIONS WITH AFFILIATES

The Fund retains Baupost as its investment adviser, transfer agent and administrator. Certain individuals who are officers and trustees of the Fund are also officers, directors and shareholders of Baupost.

The Fund pays Baupost a quarterly management fee at an annual rate of 1% of average net assets of the Fund and an administrative fee at an annual rate of 0.25% of average net assets of the Fund, to serve as transfer agent, dividend disbursing agent and administrator. Baupost has agreed with the Fund to reduce its management fee by up to 0.75% of the Fund's average net assets until further notice to the extent that the Fund's total annual expenses (including the management fee, administrative fee and certain other expenses, but excluding brokerage commissions, transfer taxes, interest and expenses relating to preserving the value of the Fund's investments) would otherwise exceed 1.5% of the Fund's average net assets. For the purpose of determining the applicable management and administrative fees, average net assets is determined by taking an average of the determination of such net asset values during each quarter at the close of business on the last business day of each month during such quarter before any month-end share purchases or redemptions.

Management and administrative fees for the period November 1, 1995 through October 31, 1996 amounted to \$991,872 and \$247,968, respectively.

THE BAUPOST FUND

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 1996

NOTE C--INVESTMENT TRANSACTIONS

Purchases and proceeds from the sale of investment securities (excluding short-term investments) for the period ended October 31, 1996 aggregated \$106,797,967 and \$102,485,242, respectively.

For federal income tax purposes, the identified cost of investments at October 31, 1996 was \$99,721,467. Net unrealized appreciation, on a federal income tax basis, for all securities and securities sold short was as follows:

	Year Ended October 31, 1996 -----
Gross unrealized appreciation	\$14,671,154
Gross unrealized depreciation	(5,230,845)

Net unrealized appreciation	\$ 9,440,309 =====

NOTE D--RESTRICTED SECURITIES

At October 31, 1996 the Fund held the following securities which are restricted as to public sale in accordance with the Securities Act of 1933:

<TABLE>
<CAPTION>

	Cost ----	Value at October 31, 1996 -----	Earliest Acquisition Date ----
Purchased Bank Debt & Trade Claims: -----			
<S>	<C>	<C>	<C>
Maxwell Communications Corporate Debt	\$ 44,044	\$1,988,881	11/22/93
Wheeling-Pittsburgh Nonrestricted Trade Claims	0	0	05/11/89
Corporate Bonds: -----			
Chartwell Inc. 8.00% due 06/30/06	5,372	4,702	12/21/95
Options: -----			
British Sky Broadcasting Puts Expiring			

10/13/97 - 10/15/97	588,122	847,680	10/11/96
Chargeurs/Pathe Call Expiring 12/17/96	199,402	260,051	09/17/96
Gold Calls Expiring 04/07/97 - 05/12/97	6,275	150	11/06/95
Nasdaq 100 Puts Expiring 11/22/96 - 10/20/97	1,271,424	954,070	05/24/96
Pathe/BSY Spread Calls Expiring 08/29/97 - 09/21/97	787,800	617,703	08/27/96
Philip Morris Puts Expiring 05/19/97 - 05/23/97	183,355	1,760	05/19/95
Ralcorp Holdings, Inc. Call Expiring 12/20/96	45,375	20,000	06/24/96
RJR Nabisco Calls Expiring 07/17/97- 11/14/97	1,583,425	1,208,650	05/08/95
S & P 500 Index Puts Expiring 12/31/96 - 09/19/97	1,529,440	298,379	07/17/95

</TABLE>

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THE BAUPOST FUND
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1996

NOTE D--RESTRICTED SECURITIES -- CONTINUED

<TABLE>

<CAPTION>

	Cost ----- <C>	Value at October 31, 1996 ----- <C>	Earliest Acquisition Date ----- <C>
<S>			
Partnerships: -----			
NCH Investors Fund, L.P.	\$ 651,806	\$ 625,000	12/18/95
New Century Capital Partners II, L.P.	651,510	649,980	11/30/95
Sigma Ukraine, LP	721,000	721,000	05/14/96
Common Stock: -----			
Basic Holdings Limited	346,885	544,114	07/06/95
Louise's, Inc.	0	1,542	07/15/96
The Homestake Oil & Gas Company	113,815	99,450	02/10/94
The Homestake Royalty Corporation	241,587	205,270	02/10/94
Companies in Liquidation: -----			
Antonelli Liquidating Trust	86,490	22,731	12/02/93
Ehlco Liquidating Trust	431	315	01/30/89
MBO Properties Inc. Liquidating Trust	0	0	11/25/92
Timber Realization Liquidating Trust	0	26,143	08/03/87
Bonds & Notes in Reorganization: -----			
MBL Class 4 unsecured claim	0	15,322	06/18/96
	-----	-----	
TOTAL RESTRICTED SECURITIES (8.38% Net Assets)	\$9,057,558 =====	\$9,112,893 =====	

</TABLE>

The Fund does not have the right to demand that such securities be registered. The Fund does not anticipate any significant costs associated with the disposition of these securities.

NOTE E--CAPITAL SHARE TRANSACTIONS

Transactions in capital shares were as follows:

<TABLE>

<CAPTION>

	For the Year Ended October 31, 1996		For the Year Ended October 31, 1995	
	Shares	Amount	Shares	Amount
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Shares sold	1,109,681.050	\$15,369,110.78	1,160,287.242	\$14,670,652
Shares issued in reinvestment of dividends	454,829.173	5,799,072.03	798,660.448	9,823,524
Shares redeemed	(1,132,554.464)	(15,745,255.86)	(1,026,796.162)	(13,143,641)
	-----	-----	-----	-----
NET INCREASE	431,955.759	\$ 5,422,926.95	932,151.528	\$11,350,535
	=====	=====	=====	=====

</TABLE>

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THE BAUPOST FUND

FINANCIAL HIGHLIGHTS

<TABLE>

<CAPTION>

	Year Ended October 31,				
	1996	1995	1994	1993	1992
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
SELECTED PER SHARE DATA (a)					
Net Asset Value, beginning of period	\$13.47	\$14.33	\$14.77	\$12.56	\$11.97
	-----	-----	-----	-----	-----
Income from investment operations					
Net Investment income	0.41	0.25	0.22	0.28	0.24
Net realized and unrealized gain	2.43	0.71	1.23	2.76	0.88
	-----	-----	-----	-----	-----
Total from investment operations	2.84	0.96	1.45	3.04	1.12
	-----	-----	-----	-----	-----
Less distributions					
From net investment income	0.28	0.25	0.46	0.22	0.53
In excess of net investment income	-	0.08	-	-	-
From net realized gain	0.65	1.49	1.43	0.61	-
	-----	-----	-----	-----	-----
Total distributions	0.93	1.82	1.89	0.83	0.53
	-----	-----	-----	-----	-----
Net Asset Value, end of period	\$15.38	\$13.47	\$14.33	\$14.77	\$12.56
	=====	=====	=====	=====	=====
Total Return	22.51%	7.91%	11.06%	25.45%	9.51%
RATIOS AND SUPPLEMENTAL DATA					
Net assets, end of period					
(in thousands)	\$108,788	\$89,439	\$81,787	\$75,378	\$46,942
Ratio of expenses to average net assets	1.50%	1.54%	1.53%	1.52%	1.50%
Total expenses to average net assets	1.50%	1.54%	1.55%	1.63%	1.72%
Ratio of net investment income to average net assets	2.27%	1.60%	1.32%	2.29%	2.07%
Ratio of net investment income excluding waiver of management fee to average net assets	2.27%	1.60%	1.30%	2.17%	1.85%
Portfolio turnover rate	120%	106%	161%	183%	137%
Average commission rate (b)	\$.0271				

</TABLE>

(a) All per share amounts reflect the effect of the ten-for-one share split as of the close of business October 31, 1993

(b) For fiscal years beginning after Sept. 1, 1995 a fund is required to disclose its average commission rate per share for security trades on which commissions are charged.

<TABLE> <S> <C>

<ARTICLE> 6
<LEGEND>

This schedule contains summary financial information extracted from the Baupost Fund's audited financial statements at 10/31/96 and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<S>	<C>
<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	OCT-31-1996
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<INVESTMENTS-AT-COST>	97,297,169
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<RECEIVABLES>	4,241,511
<ASSETS-OTHER>	465,727
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<TOTAL-ASSETS>	113,663,026
<PAYABLE-FOR-SECURITIES>	4,117,404
<SENIOR-LONG-TERM-DEBT>	0
<OTHER-ITEMS-LIABILITIES>	757,580
<TOTAL-LIABILITIES>	4,874,984
<SENIOR-EQUITY>	0
<PAID-IN-CAPITAL-COMMON>	86,275,184
<SHARES-COMMON-STOCK>	7,072,862
<SHARES-COMMON-PRIOR>	6,640,906
<ACCUMULATED-NII-CURRENT>	0
<OVERDISTRIBUTION-NII>	99,004
<ACCUMULATED-NET-GAINS>	10,890,028
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<ACCUM-APPREC-OR-DEPREC>	11,721,834
<NET-ASSETS>	108,788,042
<DIVIDEND-INCOME>	1,532,435
<INTEREST-INCOME>	2,195,944
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<EXPENSES-NET>	1,486,903
<NET-INVESTMENT-INCOME>	2,251,486
<REALIZED-GAINS-CURRENT>	10,367,365
<APPREC-INCREASE-CURRENT>	7,415,969
<NET-CHANGE-FROM-OPS>	20,034,820
<EQUALIZATION>	0
<DISTRIBUTIONS-OF-INCOME>	1,825,419
<DISTRIBUTIONS-OF-GAINS>	4,283,665
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<NUMBER-OF-SHARES-SOLD>	1,109,681
<NUMBER-OF-SHARES-REDEEMED>	1,132,554
<SHARES-REINVESTED>	454,829
<NET-CHANGE-IN-ASSETS>	19,348,663
<ACCUMULATED-NII-PRIOR>	0
<ACCUMULATED-GAINS-PRIOR>	4,311,706
<OVERDISTRIB-NII-PRIOR>	30,449
<OVERDIST-NET-GAINS-PRIOR>	0
<GROSS-ADVISORY-FEES>	991,872
<INTEREST-EXPENSE>	0
<GROSS-EXPENSE>	1,486,903
<AVERAGE-NET-ASSETS>	98,289,342
<PER-SHARE-NAV-BEGIN>	13.47
<PER-SHARE-NII>	.41
<PER-SHARE-GAIN-APPREC>	2.43
<PER-SHARE-DIVIDEND>	.28
<PER-SHARE-DISTRIBUTIONS>	.65
<RETURNS-OF-CAPITAL>	0
<PER-SHARE-NAV-END>	15.38
<EXPENSE-RATIO>	0
<AVG-DEBT-OUTSTANDING>	0
<AVG-DEBT-PER-SHARE>	0

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