

IFSA UPDATE

17 January 2008



Investment & Financial Services Association Ltd

Basis Capital Update: IFSA member group seeks clarity as representative defendants

For some months, IFSA has hosted meetings of a number of IFSA Members with holdings on behalf of retail investors in the Basis Capital funds

What IFSA Members are doing: IFSA contacted Basis Capital Funds Management Limited (**Basis Capital**) and ASIC on behalf of the IFSA Members to assist with the management and determination of issues surrounding the suspension of transactions in July 2007 in the Basis Yield Fund and the Basis Aust-Rim Diversified Fund (formerly known as the Basis Aust-Rim Opportunity Fund) (**Basis funds**).

IFSA has provided a forum for the IFSA Members to discuss the issues and to help progress any actions to clarify and protect the rights of the different classes of investor in the Basis funds.

IFSA Members have agreed to take a combined approach to more effectively represent the interests of investors in each of the following three classes of investors in the Basis funds:

- Those investors with a valid June application (**applicants**);
- Those investors with a valid redemption request in respect of the 2 July 2007 redemption date (**redeemers**); and
- Existing investors in the Basis Yield Fund and the Basis Aust-Rim Diversified Fund who are not applicants or redeemers (**continuing investors**).

What Basis is doing: The trustee of the Basis funds, Basis Capital, has sought declarations from the Court on the rights of investors who lodged applications for interests in the Basis funds and the rights of investors who made redemption requests from the Basis funds before withdrawals from the funds were suspended by the trustee.

Where to from here: For the purpose of the application to the Court, Basis Capital has nominated separate representative defendants for the applicants, the redeemers and the continuing investors, as each of these classes of investor may have different interests in the outcome of the Court proceedings.

The role of the representative defendants is to put to the Court the best case for the class of investor they represent. The IFSA Members will consider and provide input into the case for each of the nominated representative defendants. By taking this approach, IFSA Members are seeking to avoid a multiplicity of defendants appearing on each individual issue and thereby lessen the potential cost of legal proceedings.

Court declarations will clear the way for further action and clarify the potentially competing rights of the different classes of investors in the Basis funds.

High level cooperation by the IFSA Members will assist in expediting the legal proceedings so that investors rights can be determined as soon as practicable.

For further information please call Richard Gilbert on 0417 247 998 or Simon Disney, Senior Manager, Media and Communications on 0408 161 466