

## **Basis Pac-Rim Opportunity Fund**

c/o Fortis Prime Fund Solutions (Cayman) Limited  
Grand Pavilion Commercial Centre  
802 West Bay Road  
PO Box 2003  
George Town, Grand Cayman  
Cayman Islands

25<sup>th</sup> November 2009

Dear Shareholder,

Since our last communiqué to Shareholders, we have been progressing the wind down of the Basis Pac-Rim Opportunity Fund (Master) (the "Master Fund") into the Basis Pac-Rim Opportunity Fund (the "Fund"). To date the Fund has returned over \$213 million dollars capital to Participating Shareholders.

Recent developments include:

- The legacy CDO portfolio was transferred from the Master Fund to the Fund;
- The legacy investment in the Basis Yield Alpha Fund was transferred from the Master Fund to the Fund;
- The 4<sup>th</sup> return of capital of US\$34mmn by way of compulsory redemption was paid;
- The former directors were replaced by Peter Dobson and Thomas Carrick as a cost saving to the funds;
- The CDO portfolio was sold for a nominal value on the basis that there was unlikely to be any further material cashflows generated by the portfolio and as a means to reduce holding costs;
- The BPROF (Master) has been placed into Voluntary Liquidation appointing Peter Dobson as sole Liquidator (as a solvent liquidation this represents a further cost saving to appointing an external liquidators); and
- We believe the Administrator will soon be able to distribute audited financial statements for the Fund and Master Fund due for 30<sup>th</sup> September 2007 following agreement with the Auditors as to the valuations of the Master Fund's credit assets and required risk management statements. The Auditors agree with the directors that subsequent years should now be quicker to finalise and distribute.

Finally, because of the continued management of the legacy issues mentioned in prior letters (and please also see the attached letter from the Basis Yield Alpha Fund), the Fund remains unable to lift the existing suspension of redemptions in the short to medium term.

### **Update from the Basis Yield Alpha Fund**

As per previous correspondence the Fund owns a significant stake in the Basis Yield Alpha Fund that invests its capital into the Basis Yield Alpha Fund (Master), which is under the control of the Joint Official Liquidators being 3 partners of Grant Thornton. Please find the attached letter from the BYAF updating Shareholders of the liquidation processes and litigation initiatives being undertaken seeking to recover lost value during the June-August period of 2007. The directors and Fund advisors fully support these initiatives to return maximum value to all Participating Shareholders.

Should you require further information please don't hesitate to contact Peter Dobson in Sydney on +61-2-8667 3147.

Yours faithfully

Tom Carrick and Peter Dobson  
Basis Pac-Rim Opportunity Fund