



19 March 2008

Dear Investor,

Basis Capital Funds Management Limited ("**Basis**") is the Responsible Entity for the Basis Yield Fund and the Basis Aust-Rim Diversified Fund. Basis has commenced proceedings in the Supreme Court of New South Wales seeking declarations in respect of the treatment of application monies received by the Funds in June 2007 ("**Application Monies**") and the payment of redemptions for the June 2007 quarter ("**Proceedings**").

The Proceedings were before the Court for directions on Wednesday, 12 March 2008. At that time, an appearance was made by Counsel for the Joint Official Liquidators of the Basis Yield Alpha Master Fund (Master) ("**JOLs**") who informed the Court that the JOLs were considering whether they had any claim in respect of the Application Monies held on behalf of the Basis Yield Fund. Counsel for the JOLs stated that they needed a short period to consider their position and form a view on whether or not they would seek to be joined to the Proceedings.

The purpose of this notice is to inform investors that yesterday, Basis received, from the solicitors for the JOLs, written confirmation that the JOLs will not be making any claim in respect of the Application Monies and that, without reservation, the JOLs will not seek to intervene in the Proceedings.

Attached (see below) to this notice is a statement issued by the JOLs today confirming their position.

Basis will now continue to work with the proposed representative defendants to expedite the Proceedings and will inform investors once the Court has made its declarations.-

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19 March 2008

Dear Sir

**RE: BASIS YIELD ALPHA FUND (MASTER) (IN OFFICIAL LIQUIDATION)
“BYAF(M)”**

We note that Basis Capital Funds Management Limited, as the Responsible Entity for the Basis Yield Fund and the Basis Aust-Rim Diversified Fund, has commenced proceedings in the Supreme Court of New South Wales seeking declarations in respect of the treatment of application monies received by the Funds in June 2007 and the payment of redemptions for the June 2007 quarter (“the Proceedings”).

The Joint Official Liquidators of the BYAF(M) advise that we do not seek to intervene in the Proceedings.

To clarify, BYAF(M) will not be making any claim in respect of the application monies against the parties to the proceedings and, without reservation, will not seek to intervene in the Proceedings.

Yours faithfully
BASIS YIELD ALPHA FUND (MASTER)

PAUL A BILLINGHAM
Joint & Official Liquidator

Ref: L - 19 Mar 08 to BCFML