

## DISCLOSURE NOTICE

### BASIS PAC-RIM OPPORTUNITY FUND

The Directors of Basis Pac-Rim Opportunity Fund ("**Fund**") have been advised by Basis Capital Funds Management Limited, the investment advisor to the Fund, that the Basis Pac-Rim Opportunity Fund (Master) ("**Master Fund**") in which the Fund invests most of its assets had, as at May 31<sup>st</sup> 2007, approximately 50% exposure to liquid high yield Asian and Emerging Market Credit securities and a 50% exposure to Structured Credit Securities consisting of CDOs (Collateralised Debt Obligations), CLOs (Collateralised Loan Obligations) and ABSs (Asset Backed Securities). Of this exposure, approximately \$US79m represented a long-term strategic investment in the Basis Yield Alpha Fund ("**BYAF**").

The Master Fund has liabilities to its financiers secured over most of its assets and these financiers have increased their margin requirements for both structured and liquid securities as a result of a global market-wide increase in risk aversion and a general desire by Banks to reduce their exposure to these markets. This has resulted in the Master Fund having to sell assets in order to meet additional margin calls on both liquid Emerging Market and Structured Credit assets.

The Master Fund is not in default in meeting any margin calls and has taken steps to maintain liquidity, however, the Fund is not currently in a position to meet redemption requests made by existing investors for June 30<sup>th</sup>, 2007. Consequently, in the interests of shareholders, the Directors of the Fund have resolved to suspend payment of the Redemption Price in respect of all June 30<sup>th</sup>, 2007 redemptions.

The Master Fund recently appointed the Blackstone Group to act as its financial advisor. Blackstone is a leading global alternative asset manager and provider of financial advisory services, listed on the New York Stock Exchange (ticker symbol BX) with total assets under management of approximately \$88.4 billion, headquarters in New York and with offices in Atlanta, Boston, Chicago, Dallas, Los Angeles, San Francisco, London, Paris, Mumbai and Hong Kong.

Blackstone recently advised Bear Stearns Asset Management on its Sub-Prime Asset Investment Funds, one of which had attracted \$638m from investors by the end of March 2007 and was geared more than 10 times, versus the Fund's leverage of approximately 2.

Blackstone's role will include negotiating with investment banks to prevent adverse pricing and selling of assets, as well as adding to the international experience of the Fund's investment management and advisory teams.

The Board of the Fund, working together with Basis Capital Funds Management Limited, is attempting to minimise the losses to investors and will continue to advise investors as more precise information becomes available.

Yours sincerely,

Basis Pac-Rim Opportunity Fund  
6 August 2007