



16 July 2007

Notice to Investors in Basis Yield Fund

Dear Investors

Following our recent advice in relation to the monthly estimate for June we advise that there have been further developments in relation to the Basis Yield Alpha Fund (Master) in which the Basis Yield Fund indirectly invests most of its assets. The concerns surrounding US sub-prime mortgages have caused significant disruptions in global credit markets with adverse implications for the valuation of a wide range of structured credit investments to which the Yield Alpha Fund (Master) has exposure. The uncertainty regarding the valuations of these investments has resulted in difficulties for the Basis Yield Alpha Fund (Master), which has liabilities to its financiers secured over structured credit investments.

This recent turn of events has made it impracticable to be able to fairly calculate the net asset value of the Basis Yield Fund. For this reason Basis Capital Funds Management Limited as the responsible entity of the Basis Yield Fund has decided, in accordance with the constitution of the Basis Yield Fund, to suspend the redemption of units until the net asset value can be determined fairly. All reasonable steps will be taken to bring the period of suspension of the redemption of units in the Fund to an end as soon as possible. During this period, no applications for the issue of units in the Fund will be accepted.

Please be assured that we are attempting to clarify the position in the interests of investors in the Fund and will keep you advised of developments.

Yours sincerely

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