



Dear Investor,

Please find attached a copy of the latest disclosure notice lodged with ASIC and pertaining to the status of the Basis Aust-Rim Diversified Fund ("Fund").

Additionally, given the Fund's significant exposure to the Basis Yield Alpha Fund, please also find attached a copy of the latest disclosure notice lodged with ASIC relating to the Basis Yield Fund, which also invests in that fund.

Basis Capital will continue to inform you of developments that affect the Fund.

Yours sincerely

Basis Capital Funds Management Limited

**Basis Capital Funds Management Limited**

Level 37, Gateway Building  
1 Macquarie Place  
Sydney NSW 2000

P: +61 2 8234 5500

F: +61 2 8234 5501

[www.basiscap.com.au](http://www.basiscap.com.au)

Basis Yield Fund ARSN: **107 898 948**

Basis Capital Funds Management Limited ACN: **092 478 441**; AFSL: **230 576**

**Basis Capital Funds Management Ltd**  
Level 37, Gateway Building  
1 Macquarie Place  
Sydney NSW 2000

PO Box N115  
Grosvenor Place NSW 1220

T +61 2 8234 5500

F +61 2 8234 5501

[www.basiscap.com.au](http://www.basiscap.com.au)

Disclaimer:

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ACN 092 478 441  
Australian Financial Services  
Licence No.230576



Tuesday 24 July 2007

Basis Capital today announced that the Blackstone Group has been appointed to act as financial advisor to the Basis Yield Alpha and Basis Pac-Rim Opportunity Funds. Both funds have recently suffered from an adverse reaction by some investment banks to a downgrading of US Sub-Prime Assets and CDO's, whereby prices were marked down, negatively effecting valuations, despite continued performance of the underlying assets.

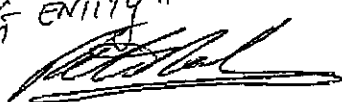
Blackstone is a leading global alternative asset manager and provider of financial advisory services, listed on the New York Stock Exchange (ticker symbol BX) with total assets under management of approximately \$88.4 billion, headquarters in New York and offices in Atlanta, Boston, Chicago, Dallas, 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 up more than 10 times, versus Basis's combined leverage of less than 2 times on its combined portfolios, which also included liquid Asian Debt.

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

Basis Capital Funds Management  
pp The Blackstone Group  
[www.basiscap.com.au](http://www.basiscap.com.au)  
[www.blackstone.com](http://www.blackstone.com)

Media Contact  
Michael Mullane  
Savage & Partners  
T: +61 2 8281 3232  
M: +61 (0) 414 590 296  
E: [michael@sandp.com.au](mailto:michael@sandp.com.au)

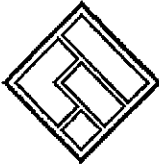
"THIS IS ANNEXURE 'A' OF ONE PAGE  
REFERRED TO IN FORM 1003:  
DISCLOSURE NOTICE FOR UNLISTED  
DISCLOSING ENTITY"  
SIGNED:   
DATED: 24 July 2007

Basis Capital Funds Management Ltd  
Level 37, Gateway Building  
1 Macquarie Place  
Sydney NSW 2000  
PO Box N115  
Grosvenor Place NSW 1220  
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F +61 2 8234 5501  
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ACN 092 478 441  
Australian Financial Services  
Licence No 230576

ASIC registered agent number \_\_\_\_\_  
 lodging party or agent name BASIS CAPITAL FUNDS MANAGEMENT LTD  
 office, level, building name or PO Box no. LEVEL 37, GATEWAY BUILDING  
 street number and name 1 MACQUARIE PLACE  
 suburb / city SYDNEY state/territory \_\_\_\_\_ postcode \_\_\_\_\_  
 telephone (02) 8234 5300  
 facsimile (02) 8234 5301  
 DX number \_\_\_\_\_ suburb / city \_\_\_\_\_

ASS. CASH. PROC.	<input type="checkbox"/>	REQ-A	<input type="checkbox"/>
	<input type="checkbox"/>	REQ-P	<input type="checkbox"/>



Australian Securities & Investments Commission

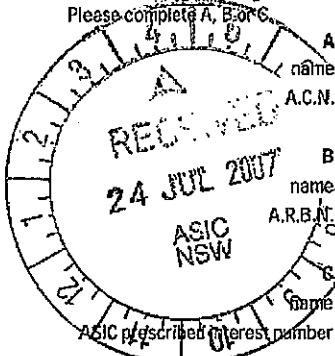
form **1003**

**Disclosure notice for unlisted disclosing entity**  
 (to be lodged as soon as practicable after the disclosing entity becomes aware of the information)

ASCOT 7053  
 Corporations Act 2001  
 1001B(1)

**Disclosing entity**

Please complete A, B, or C.



**A a company**  
 name \_\_\_\_\_  
 A.C.N. \_\_\_\_\_

**B a body (other than a company)**  
 name BASIS AUST-RIM DIVERSIFIED FUND  
 A.R.B.N. ARSN 099 160 095

**C a prescribed interest undertaking**  
 name \_\_\_\_\_  
 ASIC prescribed interest number \_\_\_\_\_

**Details of information**

date that the disclosing entity became aware of the information 24 17 2007

full information (if insufficient space please use an annexure)

PLEASE SEE ANNEXURE "A"

**Declaration**

I verify that the attached document marked ( ) is the original document.  
 I certify that the attached document marked ( A ) is a true copy of the original document.

**Signature**

This form is to be signed by:

if a company or a body a director or secretary or the equivalent  
 if a prescribed interest undertaking a director or secretary of the management company or trustee company acting in that capacity

name of management \_\_\_\_\_  
 or trustee company \_\_\_\_\_  
 ACN or ARBN \_\_\_\_\_  
 name of person signing (print) PETER DOBSON capacity DIRECTOR

sign here [Signature] date 24 17 2007

Small Business (less than 20 employees), please provide an estimate of the time taken to complete this form

**Include**

- The time actually spent reading the instructions, working on the question and obtaining the information
- The time spent by all employees in collecting and providing this information

hrs mins

**DISCLOSURE NOTICE**