

3 October 2008

Investor Update - Basis Aust-Rim Diversified Fund

Dear Investor,

On 26 August 2008 we advised you that we intended to make a pro-rata partial return of capital of A\$116.43 per Unit to the holders of units in the Basis Aust-Rim Fund ('Fund') during September. The Registrar has been unable to process this payment until the removal from the register of those unitholders who had lodged a valid redemption request in respect of the 2 July 2007 Redemption Date and who are required to be paid in accordance with the recent final Orders made by the Supreme Court of New South Wales. Those unitholders are to be paid a redemption price calculated as at 30 June 2007. Payments due to them can only be calculated and paid once the audited financial statements of the Fund for the year ended 30 June 2007 are finalised and lodged with ASIC. The 30 June 2007 accounts are currently with Ernst & Young, the auditors of the Fund, and are expected to be finalised and lodged with ASIC within the next two weeks. Once this occurs the return of capital of A\$116.43 per Unit referred to in the letter of 26 August 2008 will be paid to the remaining unitholders. It is anticipated that this payment will be made during October 2008.

In addition, we are pleased to advise that a second return of capital has been announced by the directors of the Basis Pac-Rim Opportunity Fund. It is expected that the receipt of these further moneys by the Fund from the Basis Pac-Rim Opportunity Fund will enable the Fund to make a further return of capital of A\$38 million to Unitholders in the Fund during November 2008. This amount represents a further A\$116.43 per Unit.

After the payment to those persons whose Units were redeemed as at 2 July 2007 and the two returns of capital of A\$116.43 per Unit each are made it is estimated that the remaining Net Asset Value of the Fund will be approximately A\$260.00 per Unit based on the estimated NAV as at 31st August, 2008. This is an estimate only and the actual further amounts which will become available for payment to Unitholders in the Fund will depend upon the future receipt of payments to the Fund from Basis Pac-Rim Opportunity Fund.

We appreciate your patience and continued support in these difficult times.

Yours faithfully,

Directors

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