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# Press Release

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**5 February 2008 – For Immediate Release**

## **SELECT VOTES AGAINST UNFAIR AND UNREASONABLE LINQ RESOURCES FUND EXIT PLAN**

Select Asset Management (SELECT) which holds around 4.5% in listed investment trust, the LinQ Resources Fund (LinQ), has labelled current proposals to provide a favourable exit for 2 hedge fund investors on special terms both unfair and unreasonable for the other investors.

It feels so strongly that it is taking the extraordinary step of contacting other investors to update them on SELECT's concerns and recommend that they vote against the resolutions at the upcoming LinQ Extraordinary General Meeting in Perth on 22 February 2008.

The proposals involve special deals for investors in LinQ ~ they are both offshore hedge funds ~ who (if approved) will exit LinQ at a 10% and a 15% discount respectively to the value of LinQ's net tangible assets. This is a special deal, compared to the current discount on market of over 25%.

SELECT is also very concerned that the structuring of the proposals, if passed, will potentially burden remaining investors with unwarranted debt and a further unit overhang in the current volatile environment. Whilst the proposals are supposedly sweetened by possible option issues over the next three years, these may practically force investors to stump up further cash or else see the value of their investment diluted.

*“Investors, the broader market and the regulators should be deeply concerned that the integrity of listed trusts and investment companies is at stake, and will potentially be seriously undermined if these types of proposals are allowed to be implemented,”* said SELECT's Chief Investment Officer, Dominic McCormick. *“Particularly given that LinQ apparently intends to allow the two hedge funds to vote on some of the proposals.”*

*“We are a great supporter of active capital management and providing measures that narrow discounts for investors, but they should be measures that provide benefits for all investors, not just a couple of noisy hedge funds where the manager’s primary justification could be seen as protecting their own fees”, McCormick said.*

*McCormick added, “We fail to see how anyone (other than the two hedge funds) concerned for the current and future value of their investment in LinQ could possibly vote in support of these proposals. We find it amazing that LinQ’s Board considers them in the investors’ best interests ~ the hedge funds’ interests perhaps, but everyone else? It is unfortunate the proposals appear complex to the average investor and that LinQ has mounted a concerted campaign to convince investors of the supposed benefits.”*

SELECT has also written to BDO Kendalls (the independent expert) detailing what SELECT believes to be a number of flaws and factual errors in their report. To date there has been no response to SELECT on the issues raised.

SELECT intends writing to investors this week putting forward a clear case against the proposals and bringing what it considers to be balance to the disclosure. SELECT will also provide a fresh proxy form allowing all investors to have their say.

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### **Notes to Editor**

**Select Asset Management Limited** is an independent Australian specialist investment management group with an absolute return focus (i.e we aim to preserve wealth in down markets and enhance wealth in up markets) offering truly diversified investment solutions and alternative investment “components Via the SELECT Portfolios, **SELECT** provides investors with access to innovative, absolute return focused portfolio solutions, incorporating the best investment ideas of our world-class partners (Gottex, Aspect, Baker Steel and Barwon). These are managed in-house by **SELECT**’s experienced investment management team. Via the SELECT Funds, **SELECT** offers direct access to its world-class partners (Gottex, Aspect, Baker Steel and Barwon). Dominic McCormick, Brendan Foley, David Yale, Clayton Freind, and Roger Campbell created the Sydney-based company in 2002. The team has more than 90 years combined experience in finance and funds management with an emphasis on absolute returns.

**SELECT**’s total FUM is approximately A\$735 million<sup>1</sup>.

Further information on **SELECT** can be found at [www.selectfunds.com.au](http://www.selectfunds.com.au)

<sup>1</sup>FUM numbers are estimates as at 29 January 2008 and exclude internal fund allocations.

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