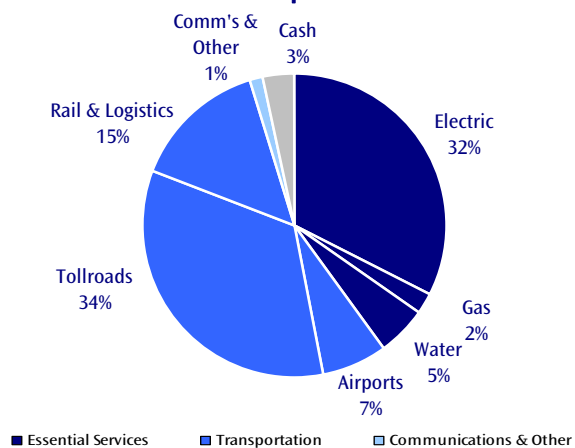
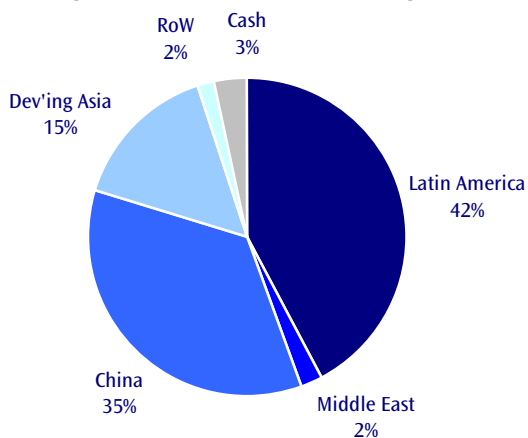
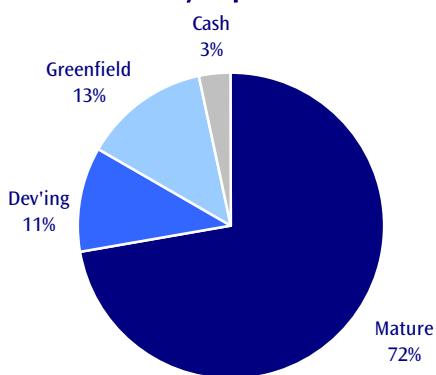


**Performance Summary (total returns in AUD after fees)**

	This Month	Three Months	Twelve Months	Inception <sup>1</sup>
RARE Series EM Fund	-3.2%	4.1%	37.4%	36.7%
Benchmark <sup>2</sup>	-0.8%	2.5%	24.7%	13.8%
MSCI EM World	-4.6%	3.6%	29.4%	6.3%

**Overview of Fund Exposures and Portfolio Statistics**
**Sector Exposures<sup>3</sup>**

**Regional Exposures - by Listing**

**Maturity Exposures<sup>3</sup>**

**Portfolio Statistics**

Current statistics of the RARE Infrastructure Value Fund are as follows<sup>4</sup>:

Dividend Yield	3.9%
EV <sup>5</sup> / EBITDA <sup>6</sup>	7.2x
Interest Cover	5.8x
Gearing (Net Debt/ EV)	24.9%
Asset Beta	0.54

**Fund Details**

Fund Size	\$1.7m
Number of Holdings	33
Minimum Investment	\$20,000 <sup>7</sup>
Application Price	1.4503
Redemption Price	1.4402
Distribution Frequency	Semi-Annually
Distribution for Dec 09 (cpu net)	1.5000
APIR Code	TGP0015AU
Morningstar Ticker	tbc
Management Fee	1.333% per annum
Transaction Costs	0.35%
Performance Fee	10.25% of investment returns made in excess of the Benchmark
Benchmark	An accumulation index comprised of the Citigroup Global Emerging Market Sovereign Investment Grade USD Index plus 5.0% per annum

<sup>1</sup> Fund inception date 9 July 2008; Performance inception date 30 September 2008

<sup>2</sup> S&P Emerging Markets Sovereign Bonds Index+ 5%

<sup>3</sup> Based on the exposures of the underlying assets of the stocks in the Fund, as assessed by RARE Infrastructure

<sup>4</sup> Based on weighted averages

<sup>5</sup> EV means Enterprise Value (market capitalisation + preferred equity, if any + net debt)

<sup>6</sup> EBITDA means earnings before interest, tax, depreciation & amortisation

<sup>7</sup> If you invest through an IDPS operator such as a Master Trust or Wrap Account platform, this minimum may not apply to you

## Market Commentary for the Month

Markets started the year strong but collapsed towards the end of January to end the month down. And contrary to 2009, the EMs under-performed their developed peers (MSCI EM -4.4% versus MSCI World -3.7% in local terms). Within the EMs some of the big winners of 2009 were the largest under performers of January suggesting that some investors started the year by crystallising their 2009 gains (Shanghai -8.8% & Shenzhen -6.7%, Hong Kong -8.0%, Mexico -5.4%, Thailand -5.2%, India -4.9%, Brazil -4.6% & Malaysia -1.1%). The anomaly for January was Indonesia, up 3%.

Was the January weakness the start of a negative trend, adhering to the age old adage that what happens in January is indicative of how the full year will play out? Was it a much needed correction after markets ran ahead of fundamentals in December? Or were investors crystallising 2009 gains ahead of a reallocation for 2010? We don't believe the overall recovery has been derailed. However, we do expect that volatility could be quite high over the next few months as the developed market continues to work through their balance sheet worries - a large share of the negative news flow in January was to do with sovereign balance sheets

- \* Mounting concerns over a ballooning US deficit
- \* The introduction of "PIIGS" - representing the weakening financial position of the Southern Europeans with Greece leading the way

While the EM markets fell along with their developed peers (risk appetite deteriorated) we continue to advocate that the majority of EM countries should not be tarred with the same brush as their developed peers and in fact offer much less risky fundamental exposure

- \* Concerns over China stem from their rapid growth recovery, driven by domestic demand, and their ability to manage the tightening process - if managed properly, is this such a bad thing for China itself?
- \* EM balance sheets remain strong providing a domestic safety net if the developed markets weaken again
- \* Chile was added to the OECD

Infrastructure remains an attractive way to play the EMs

- \* Infrastructure development and public spending in the EMs continues on track with a number of countries announcing or re-affirming significant programmes (India, Indonesia, Mexico, Brazil)
- \* Domestic EM infrastructure operators have the balance sheets and desire to support government mandated infrastructure programmes
- \* EM stocks remain cheap relative to their developed peers despite the stronger EM domestic outlook.

### Important Information:

While the information contained in this report has been prepared with all reasonable care, RARE Infrastructure Limited ("RARE") accepts no responsibility or liability for any errors, omissions or misstatements however caused. This information is not personal advice. This advice has been prepared without taking account of your objectives, financial situation or needs. Treasury Group Investment Services Limited ("TIS") is the responsible entity for the RARE Infrastructure Value Fund (the "Fund"). Applications can only be made on the form in the current product disclosure statement dated 17 January 2007 for this Fund. The product disclosure statement can be obtained by contacting the RARE Infrastructure investment team on (02) 9397 7300, by fax (02) 9397 7399, by emailing invest@RAREinfrastructure.com or at www.RAREinfrastructure.com. Potential investors should consider the product disclosure statement before deciding whether to invest, or continue to invest in the Fund. The fact that shares in a particular company may have been mentioned should not be interpreted as a recommendation to buy, sell or hold that stock. Investors should be aware that past performance is not indicative of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments. Potential investors should seek independent advice as to the suitability of the Fund to their investment needs. TIS may be contacted by writing to Level 5, 50 Margaret Street, Sydney, NSW, 2000, by telephone (02) 8243 0400 or by fax (02) 8243 0410. TIS receives an investment management fee of 1.333% per annum of the amount invested in the fund (including GST less the maximum applicable reduced input tax credits), which is the entire management fee, out of which responsible entity fees, investment management costs, ongoing administrative expenses and other fees will be paid.

## Portfolio Commentary

The RARE Series EM Fund was down 3.2% in January under performing the benchmark return by 240bps (-0.8%) but out performing the MSCI EM by 140bps (-4.6% in AUD terms).

Our Chinese holdings on balance out-performed the rest of the portfolio which was somewhat surprising given how weak the HK and Chinese markets were in January. But in general, the winners and losers for the month were again stock specific. DPW (global ports) continued its recovery and was again the strongest 1 month performer up 9.1%. CEZ +6.5% (Czech utility) and Shenzhen Exp +6.5% (Chinese toll road) also outperformed. By contrast our weakest stories for the month were Copasa (Brazilian water) down 28.3% on a weak regulatory decision and BCIA down 14.2% (Chinese airport).

We were disappointed with the regulatory decision for Copasa and having adjusted valuations reduced our holding. We believe it has now been over sold and would look to use on-going weakness to top up to our adjusted core weighting of 2.5%. Otherwise, in January we increased our exposure to Mexican airports at the expense of reduced positions in Brazilian toll roads which had run very hard to December - valuation call.

We spent two weeks in January travelling across South America meeting with companies we own and potential new portfolio entrants. While we didn't walk away with an urgent need to adjust portfolio positioning we would expect some portfolio re-balancing over the next month or so.

**Sarah Shaw, Richard Elmslie, Nick Langley**  
(RARE EM Investment Committee)

## Overview of Fund Holdings

Top 10 Holdings	Weighting
SICHUAN EXPRESSWAY CO LTD	5.2%
COMPANIA ENERGETICA DE MINAS GERAIS	5.0%
ELETROPAULO METROPOLITANA ELTRICII	5.0%
DP WORLD LIMITED	4.9%
AES TIETE SA	4.6%
SHENZHEN EXPRESSWAY CO LTD	4.6%
ANHUI EXPRESSWAY CO LTD	4.2%
SHENZHEN INTERNATIONAL HOLDINGS LII	4.1%
MPX MINERACAO E ENERGIA SA	4.0%
RELIANCE INFRASTRUCTURE LTD	3.7%