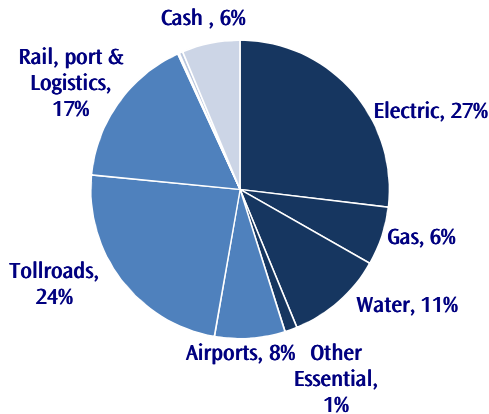
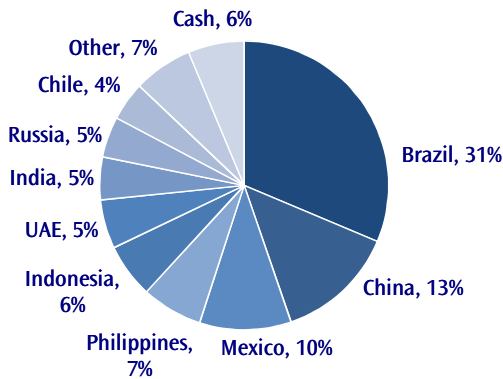
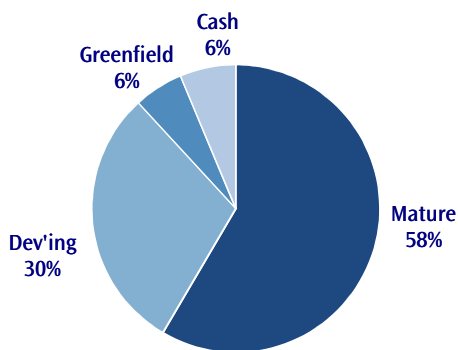


Performance Summary (total return in AUD after fees)

1, 5, 6

	This Month	3 months	1 Year	3 Years	Inception ⁷
RARE Infrastructure Series Emerging Markets Fund	1.4%	1.3%	-9.0%	14.7%	14.5%
BENCH:Citi EM Sov Invest Bonds USD + 5%	0.2%	1.4%	12.9%	22.0%	14.7%
MSCI EM World (Net)	-1.0%	-1.0%	-18.4%	5.6%	-1.1%

Overview of Fund Exposures and Portfolio Statistics
Sector Exposures ²

Country Exposure By Asset ²

Maturity Exposures ²

Portfolio Statistics ³

Total RARE AUM (AUD Billions)	4.4
Dividend Yield	3.8%
EV ⁴ / EBITDA ⁴	7.3x
Interest Cover	4.2x
Gearing (Net Debt/ EV)	17.7%

Fund Details

Fund Size	\$70m
Number of holdings	31
Minimum Investment ⁸	\$20,000
Application Price	1.3844
Redemption Price	1.3761
Distribution Frequency	Semi-Annually
Distribution for Dec 11 (cpu)	0.5000
APIR Code	TGP0015AU
Morningstar Ticker	16750
Management Fee	1.333% per annum
Buy / Sell spread	0.30% / 0.30%

Performance Fee

10.25% of investment returns made in excess of the Benchmark. The total performance fee will not exceed 0.30% of the net average daily asset value of the fund in any financial year.

Benchmark

An accumulation index comprised of the Citigroup Global Emerging Market Sovereign Investment Grade USD Index plus 5.0% per annum.

Fund Status

Open

¹ Sources: RARE internal calculations for RARE Infrastructure Series Emerging Markets Fund. All index data sourced from FactSet. Results over one year annualized.

² Based on the exposures of the underlying assets of the stocks in the Fund, as assessed by RARE Infrastructure.

³ Based on weighted averages.

⁴ EV means Enterprise Value (market capitalization + preferred equity, if any + net debt) and EBITDA means earnings before interest, tax, depreciation & amortization.

⁵ Fund Performance is net of fees, assuming all distributions are reinvested.

⁶ All values in AUD and net of withholding taxes for Benchmarks, if applicable. Non AUD values converted into AUD using FactSet Forex data.

⁷ Performance inception date for RARE Infrastructure Series Emerging Markets Fund is 30/09/2008.

⁸ If you invest through an IDPS operator such as Master Trust or Wrap Account platform, this minimum may not apply to you.

Market Commentary for the Month

Global markets were flat in December. The MSCI World index was up 0.59%, while MSCI EM was down 0.02% (in local currency with net dividends reinvested). The month started on a strong note on continued positive reaction to the intervention from several central banks on Nov 30, a strong US employment report and an agreement between France and Germany on a plan for stronger fiscal ties in the euro-zone. However, renewed concerns about the European debt crisis and geopolitical concerns including Iran's military drills in the Strait of Hormuz and the death of North Korean leader Kim Jong Il dampened returns.

In the emerging markets, 11 of 21 countries had positive performance in December. The best performers were Czech Republic (up 4.26%) and the Philippines (4.18%), and Egypt (down 9.69%) and Russia (-7.11%) were the worst performing countries. Brazil was up 1.43%. In the developed markets, 15 of 24 countries had positive performance in December. All returns are of the main country index, in local currency with dividends reinvested.

We noted last month that in India, NHAI (National Highway Authority of India) was making solid progress in the awarding of roads. However in December, IRB (an Indian toll road operator) announced the NHAI cancelled the company's Goa-Karnataka road project on account of NHAI's inability to provide land for the implementation of the project. IRB will claim compensation as per Termination payment provisions of the Concession Agreement. The NHAI is still confident it will achieve its target of building 20km of national highways a day in the next three years, as contracts being awarded this fiscal year will translate into that daily distance. NHAI awarded 3,360km of roads in 2009-10, 5,058km in 2010-11 and has more than 7,300km planned for this fiscal year. NHAI is in the process of raising as much as '10,000 crore by selling tax-free bonds starting 28 December to meet some of its funding requirement. There is no doubt however that we are seeing some delays due to land acquisition and a shortage of civil engineers, especially in Maharashtra, West Bengal and Kerala. IRB was very weak last year (along with the Indian market). While the near-term outlook continues to be blurred, IRB will benefit as the competitive intensity in road bids drops further. It is well capitalised and well run.

Of greater importance, Indonesia's parliament has finally approved the long-delayed land acquisition bill that will allow the government to spur road, port and airport development projects in Indonesia. Once the land is designated for public projects, the government has right of way over land and land rights are automatically revoked.

We continue to maintain a very positive view on emerging markets as a whole. We will see some short term volatility as the global backdrop worsens. However, in our view, company fundamentals remain very compelling on a medium- to long-term investment horizon. For investors, investment in Emerging Market infrastructure provides excellent growth, diversification, and strategic benefits.

Important Information:

RARE Infrastructure Limited may be contacted by writing to Level 18, 1 York Street, Sydney, NSW, 2000, by tel. on (02) 9397 7300, by fax on (02) 7397 7399 or by email at operations@rareinfrastructure.com. RARE provides this information as an authorised representative of Treasury Group Investment Services (TIS) AFSL No. 227 326.

TIS is the responsible entity for the RARE funds. TIS can be contacted by writing to Level 5, 50 Margaret Street, Sydney, NSW, 2000, by telephone on (02) 8243 0400 or by fax on (02) 8243 0410.

TIS receives a management fee for the RARE funds out of which it pays an investment management fee to RARE in return for RARE acting as investment manager for the RARE funds. The employees and directors of RARE and TIS are paid a salary. They are not paid any commissions but may be paid a performance bonus based on personal performance or the company's performance. TIS is a wholly owned subsidiary of Treasury Group Limited. Treasury Group Limited is also a shareholder in RARE.

Portfolio Commentary

The RARE Series EM Fund ended December up 1.4% (in AUD and net of fees), outperforming the MSCI EM AUD index (-1.0%). The funds local currency returns were strong also handsomely outperforming the MSCI EM Index Local currency returns.

As mentioned, returns in local currency were strong and there were many bright spots. In particular, as in November, our Latin America utilities performed strongly. CEMIG (Brazilian Integrated Utility), Eletropaulo (Brazil Electricity Distribution) and MPX (Brazil Electricity Generation) were all very solid. We saw some strength in our Infrastructure names, with LLX (Brazilian Port Operator) and CCR (Brazilian toll Road) performing strongly. CCR announced that it had agreed on the value for the three airports to be potentially acquired by CCR. The announced equity value of U\$214 million is broadly in line with our estimates (based on Mexican airports average EV/EBITDA) and at the bottom of the valuation range proposed by the Independent Committee. Beijing Enterprises (Chinese Gas distribution) rose 11.5%. BEH will benefit from Chinas long-term natural gas consumption growth with various gas-fire conversions in power plants and boilers in the next few years. We thus expect gas volume CAGR of 17% in 2011-16E. BEH is a true utilities company, sells a small fraction of its gas to industrial (2%); its main customers are heating and cooling (48%) and cogeneration power plants (23%).

We saw some weakness in DP World. DP World's diversified portfolio of terminals outperformed global container trade in 2009. Further, container revenue per TEU (like for like) improved in 1H11 driven by CPI increases and contract negotiations. Even with a stagnation of volumes in 2012 and marginal improvement in EBITDA margins, DP World represents attractive long-term value.

Charles Hamieh, Richard Elmslie, Nick Langley
(RARE EM Investment Committee)

Overview of Fund Holdings

Top 10 Holdings	Weighting
JASA MARGA (PERSERO) TBK PT	6.1%
DP WORLD LTD	5.5%
GRUPO AEROPORTUARIO DE SUR-B	5.0%
TRACTEBEL ENERGIA SA	4.6%
AGUAS ANDINAS SA-A	4.3%
ELETROPAULO METROPOLI-PREF B	4.2%
OHL MEXICO SAB DE CV	4.0%
GLOW ENERGY PCL	4.0%
ENERGY DEVELOPMENT CORP	3.9%
CIA ENERGETICA MINAS GER-PRF	3.7%