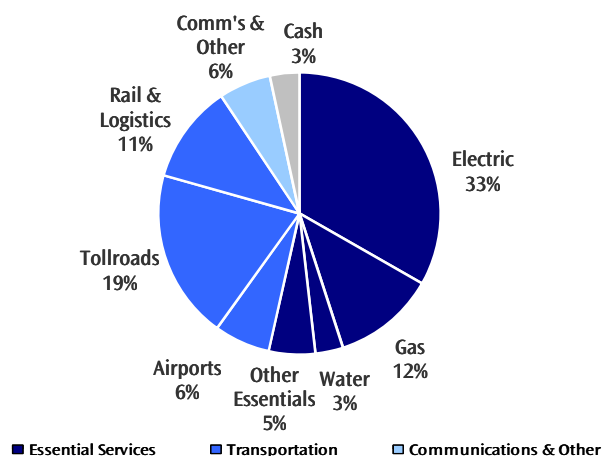
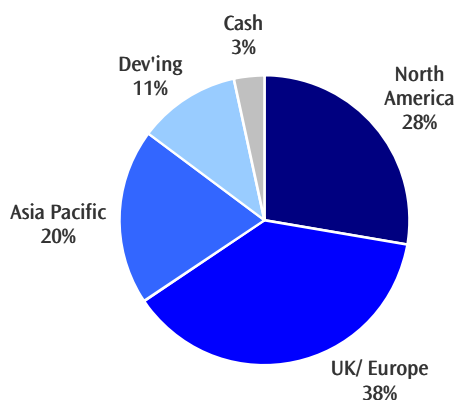
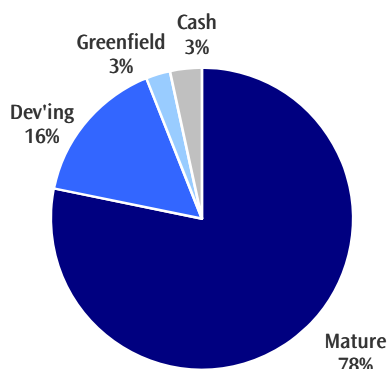


Performance Summary (total returns in AUD after fees)

	This Month	Three Months	Twelve Months	Inception ¹
RARE Series Value Fund	-6.0%	-2.2%	15.1%	9.8%
Benchmark ²	0.6%	1.6%	7.1%	5.2%
UBS Global Infra & Utility 50/50 ²	-5.5%	-1.7%	16.6%	-1.6%
MSCI World (Local Currency)	-7.2%	-0.8%	17.2%	0.1%

Overview of Fund Exposures and Portfolio Statistics
Sector Exposures³

Regional Exposures - by Listing

Maturity Exposures³

Portfolio Statistics

Current statistics of the RARE Infrastructure Value Fund are as follows⁴:

Dividend Yield	5.5%
EV ⁵ / EBITDA ⁶	9.1x
Interest Cover	4.2x
Gearing (Net Debt/ EV)	39.5%
Asset Beta	0.50

Fund Details

Fund Size	\$0.9m
Number of Holdings	46
Minimum Investment	\$20,000 ⁷
Application Price	1.0107
Redemption Price	1.0056
Distribution Frequency	Quarterly
Distribution for Mar 10 (cpu net)	1.4500
APIR Code	TGP0016AU
Morningstar Ticker	tbc
Management Fee	1.23% per annum
Transaction Costs	0.25%
Performance Fee	10.25% of investment returns made in excess of the Benchmark
Benchmark	An accumulation index comprising the OECD G7 Inflation Index plus 5.5% per annum

¹ Fund inception date 9 July 2008; Performance inception date 30 September 2008

² Benchmark is OECD G7 Inflation Index plus 5.5% pa, the comparative index is UBS Global Infrastructure & Utilities 50-50 Index (TR, AUD Hedged)

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

⁴ Based on weighted averages

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

⁶ EBITDA means earnings before interest, tax, depreciation & amortisation

⁷ 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

May was a “shocker” for equity markets, with the US market (Dow Jones index) having its worst month since 1940. All markets were down in May (developed markets (MSCI World down -7.2%) and Emerging Markets (MSCI EM Local) down 5.6%

Markets (MoM%, local)	
S&P500	-8.2
EuroStoxx	-5.4
Japan	-11.7
Hong Kong	-6.4
Shanghai	-9.7
Brazil	-6.6
MSCI World	-7.2
MSCI EM	-5.62
Oil (USD)	-16.3

Volatility was heightened due to:

- * the Greek debt crisis spreading to Iberia’s debt funding/refinancing needs and associated anxiety over the effectiveness of austerity measures introduced to help reduce debt
- * mixed economic news as to the sustainability of global growth ; and
- * to a lesser extent the temporary concerns created from volcanic ash spreading over Europe.

There are many views on the economic outlook but in essence we need to see the European sovereign credit outlook stabilize, further evidence of cyclical improvement in the US and less volatility for confidence to return to the markets.

Infra Regulation. The NZ Commerce Commission released a draft decision on airport regulation which was viewed by the market as being favourable, establishing an appropriate regulated asset base for future price resets.

Infra M&A.

- * Transurban (tollroads) rejected two further bids from major shareholders and proceeded with a \$530m equity raising at \$4.60 to fund the Lane Cove Tunnel acquisition. One of the shareholders subsequently sold their 12% stake at \$4.44 after the raising.
- * MAP (Airports) issued notices to certain foreign shareholders to dispose of their shareholdings because the 40% government imposed foreign shareholding threshold had been breached.

Infra Funding. Canadian government committed US\$550m in loans for a Detroit River toll bridge. AdP (airports, Europe) announced a €500m bond issue at 80bps over swap (this is an attractive rate). Abertis has financed the R3-R5 tollroad in Spain with €370m from commercial lenders and €300m from the European Investment bank.

Other Infra News. The new UK coalition government announced its plans for the energy sector, in particular its support for nuclear generation and renewable energy.

Richard Elmslie & Nick Langley
Senior Portfolio Managers

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 1.23% 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

RARE underperformed its benchmark in May (-6.0% v 0.6%) and the UBS Global Infra & Utility 50/50 (-5.5%).

We added Transurban (Australian, tollroad), and sold two stocks in the period; Terna (Italy, electric) and Enbridge (Canada, gas/oil pipelines).

Toll Roads, electric and gas sectors were the biggest detractor to performance during May, whilst the water and logistics sectors were in positive territory over the month. By Region, Europe/UK was again the biggest detractor of performance, followed by North America, whilst Developed Asia outperformed.

Strong performers for the month (MoM%) included AES Tiete +5.7% (Brazil, electric), Severn Trent +3.4% (UK, water) and Northumbrian +2.7% (UK, water).

The worst performers for May were DP World -5.3% (Middle East, ports), Shenzhen International -13.8% (China, tollroad), Spectra -13.3% (North America, gas) and MAP Group -12.4% (Australia, airport).

We continue to look for companies with fundamental long term value, with strong balance sheets and strong management and supportive regulatory environments or long term contracts.

Overview of Fund Holdings

Top 10 Holdings	Weighting
ITC HOLDINGS CORPORATION	6.1%
ABERTIS INFRASTRUCTURAS SA	5.1%
VINCI SA	4.8%
RED ELECTRICA CORPORATION SA	4.6%
TRANSCANADA CORPORATION	4.3%
NORTHEAST UTILITIES	4.2%
SES	3.9%
SHENZHEN INTERNATIONAL HOLDINGS LIMIT	3.7%
NATIONAL GRID PLC	3.7%
SPECTRA ENERGY CORP	3.4%

Currency Exposure

Currency	Exposure (AUD million)	Hedge (%)
US Dollar (incl. HKD)	0.29	98%
Canadian Dollar	0.04	102%
Euro	0.28	97%
British Pound	0.07	105%
Brazilian Real	0.09	92%
Singapore Dollar	0.03	104%