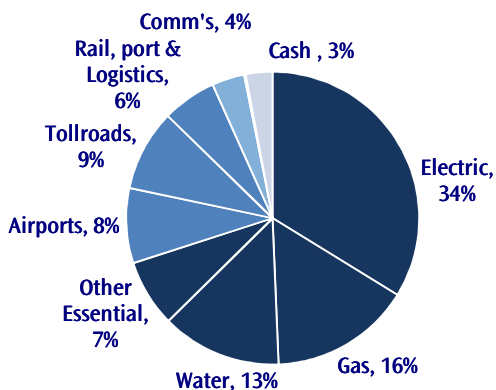
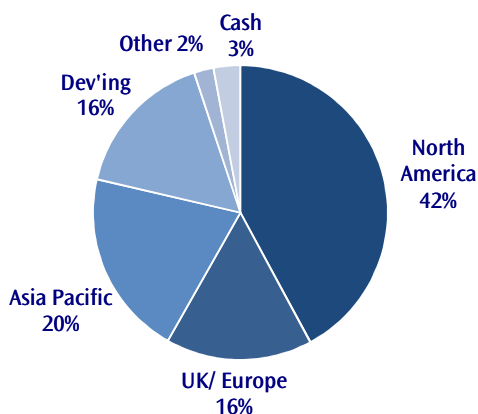
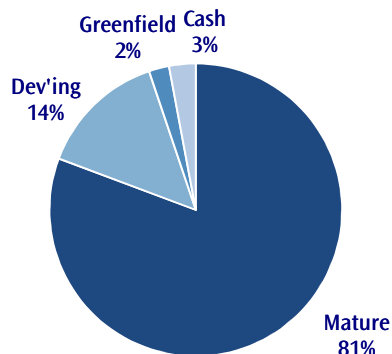


**Performance Summary (total return in AUD after fees)**

1, 5, 6

	This Month	3 months	1 Year	3 Years	Inception <sup>7</sup>
RARE Series Infrastructure Value Fund - Hedged	2.6%	5.0%	6.0%	12.1%	11.9%
BENCH:OECD G7 Inflation Index + 5.5%	0.6%	1.7%	8.7%	6.6%	6.6%
UBS Infra & Utilities 50-50 hedged (Net)	2.1%	5.0%	3.8%	8.9%	3.3%
MSCI World Net (Local)	0.5%	7.4%	-6.5%	10.1%	1.8%

**Overview of Fund Exposures and Portfolio Statistics**
**Sector Exposures** <sup>2</sup>

**Regional Exposure By Asset** <sup>2</sup>

**Maturity Exposures** <sup>2</sup>

**Portfolio Statistics** <sup>3</sup>

Total RARE AUM (AUD Billions)	4.4
Dividend Yield	4.9%
EV <sup>4</sup> / EBITDA <sup>4</sup>	9.5x
Interest Cover	4.1x
Gearing (Net Debt/ EV)	41.0%
Total Portfolio Hedging	98.6%

**Fund Details**

Fund Size	\$3.7m
Number of holdings	38
Minimum Investment <sup>8</sup>	\$20,000
Application Price	1.0884
Redemption Price	1.0835
Distribution Frequency	Quarterly
Distribution for Dec 11 (cpu)	1.5000
APIR Code	TGP0016AU
Morningstar Ticker	16749
Management Fee	1.23% per annum
Buy / Sell spread	0.25% / 0.20%

**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 comprising the OECD G7 inflation Index plus 5.5% per annum.

**Fund Status**

Open

1 Sources: RARE internal calculations for RARE Series Infrastructure Value Fund - Hedged. 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 on a AUD hedged basis and net of withholding taxes for benchmarks if applicable.

7 Performance inception date for RARE Series Infrastructure Value Fund - Hedged 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

Continued positive economic data (above expectations) from the US highlighted divergences from the EU with another Summit resulting in little tangible outcome from Europe's politicians. China's data, while appearing more stable, may be hiding serious imbalances in its (closed) financial system. MSCI World ended the month +0.5%, while the EM index was -0.1%.

The ECB's pre-Xmas long term repo operation (LTRO), which provides low interest 3yr loans to EU banks, pumped EUR489b of liquidity into 500+ banks. This, together with a similar auction to be held late February, will go a long way to sorting out liquidity issues (potentially staving off a 'Lehman event') but will not resolve solvency issues. Some of this funding will find its way into Sovereign debt, potentially assisting EU nations finance themselves in the short term.

### Infra Regulation:

\*Indonesia's parliament approved a law to speed up government acquisition of land for infrastructure, a step analysts say is crucial to kick-starting construction of needed roads, ports and power plants

### Infra M&A:

\*3i, Global Infrastructure Partners, Aéroports de Paris and Carlyle are lining up to bid for Edinburgh airport (worth up to GBP500m). BAA, owned by Ferrovial, has been forced to sell the airport by the Competition Commission.

\*The Portuguese government announced that China's Three Gorges have won the bidding for a 21.35% stake in state utility EDP with a EUR2.7bn bid.

\*ADIA, the Abu Dhabi Investment Authority, has agreed to buy a 9.9% stake in Thames Water from the Macquarie led consortium. No price details have been released.

\*Natural gas pipeline company HDUF rejected an AUD832m cash & scrip hostile offer from 20.7% shareholder APA Group. Pricing was a 21% premium to the prior 3 month trading price.

### Infra Funding:

\*RWE (Electric, Germany) announced details to raise EUR2.15b at ~10% discount, to repair its balance sheet ahead of further cost cutting and asset disposals

\*EDP's (Electric, Portugal) retail bond (€200 million, 3 years at 6% yield) was 38% oversubscribed

\*Following the decision to put the Eurozone sovereigns on CreditWatch with negative implications on 5 December, S&P announced a list of 26 European corporations that were also on negative watch. The utilities included in negative watch were: EDF, Enel, EDP, REN, Enagas, Red Electrica, Terna, which are stocks that, at different levels, are considered sovereign related entities

### Other:

\*Saudi Arabia unveiled plans to expand the Riyadh airport - plans are for four terminals that will raise the capacity from 12m to 24m

\*The South Carolina Ports Authority has unveiled a USD1.3b capital plan involving improvements to the port of Charleston over the next 10 years. The plan includes a new container terminal, as well as major upgrades to facilities and technology

Markets (MoM%, local)	
S&P500	1.0%
EuroStoxx	-0.5%
Japan	0.4%
Hong Kong	2.6%
Shanghai	-5.7%
Brazil	-0.2%
MSCI World	0.5%
MSCI EM	-0.1%
Oil (USD)	-1.6%

## Portfolio Commentary

In December, RARE (+2.6%) outperformed its benchmark (+0.6%) and the UBS Infrastructure & Utility 50/50 Index (+2.1%).

For the second consecutive month the Utilities all added to performance (Electric +168bps, Gas +39bps, Water +10bps), whilst Seaports (-14bps) and Railway (-9bps) detracted from performance.

In stock terms, Spark Infrastructure (Electric, Asia Pacific Developed) +30bps, and Shenzhen (Toll Road, Asia Pacific Developing) +28bps were the biggest contributors to performance, whilst Fraport (Airport, Europe) -14bps, OHL Mexico (Toll Road, Central South America Developed) -11bps and DP World (Port, Middle East) -11bps were the largest detractors from performance. By region, UK/Europe was the largest detractor (-33bps), whilst North America (+160bps) and Asia/Pacific Developed (+70bps) were the strongest contributors to performance.

During December, RARE added Eletropaulo (South America, Electric).

We continue to look for companies with fundamental long term value, with strong balance sheets, strong management and supportive regulatory environments or long term contracts that help to underpin revenues, cash flows and dividends.

*Richard Elmslie & Nick Langley*  
*Senior Portfolio Managers*

## Overview of Fund Holdings

Top 10 Holdings	Weighting
TRANSCANADA CORP	5.4%
SOUTHERN CO	5.2%
AMERICAN WATER WORKS CO INC	5.2%
NATIONAL GRID PLC	5.1%
TCL	5.1%
MAP GROUP	4.3%
NORTHEAST UTILITIES	4.1%
SPARK INFRASTRUCTURE GROUP	3.8%
SEVERN TRENT PLC	3.5%
SES	3.4%

### 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](mailto: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.