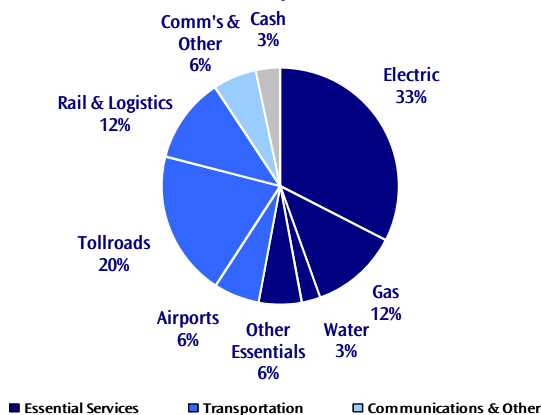
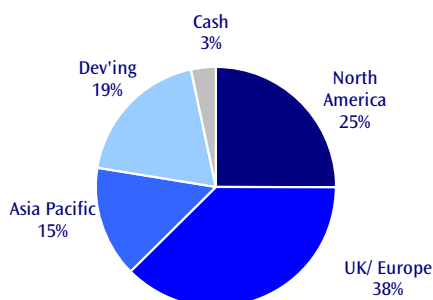
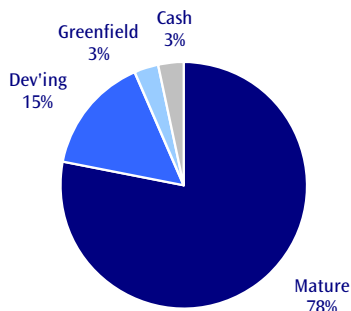


**Performance Summary (total returns in AUD after fees)**

	This Month	Three Months	One Year	Three Year	Inception <sup>1</sup>
RARE Infrastructure Value Fund	4.0%	11.8%	16.7%	-1.5%	3.5%
Benchmark <sup>2</sup>	0.4%	1.6%	6.6%	7.0%	7.1%
UBS Global Infra & Utility 50/50 <sup>2</sup>	1.7%	7.0%	9.6%	-5.0%	-0.2%

**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	5.2%
EV <sup>5</sup> / EBITDA <sup>6</sup>	9.2x
Interest Cover	4.1x
Gearing (Net Debt/ EV)	40.6%
Total Portfolio Hedging	95.17

**Fund Details**

Fund Size	\$354m
Number of Holdings	43
Minimum Investment	\$500,000 <sup>7</sup>
Application Price	0.9614
Redemption Price	0.9566
Distribution Frequency	Quarterly
Distribution for Sept 10 (cpu)	1.0000
APIR Code	TGP0008AU
Morningstar Ticker	14651
Management Fee	1.025% 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
Performance	Performance
Fund Status	Open

<sup>1</sup> Fund inception date 1 August 2006; Performance inception date 13 November 2006. Results Annualised

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

<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

Most global markets staged a remarkable rally in September, reflecting relief that a double dip recession was less likely and that central banks and governments are willing to extend accommodative policies to stimulate economies.

Global markets advanced 10.2% (MSCI World, local) and emerging markets +14.1% (MSCI EM, local).

Markets (MoM%, local)	MoM
S&P500	8.9
EuroStoxx	4.4
Japan	6.8
Hong Kong	9.4
Shanghai	0.9
Brazil	6.6
MSCI World	10.2
MSCI EM	14.1
Oil (USD)	16.5

Top stories for the month included the closing or sale of Wall St Banks prop trading desks, discussions of the Fed's potential QE2 program, Pimco's USD8.1b bet against the "lost decade" of deflation and stock sales by European banks. Contrary to many in the market, RARE believes that a further round of QE by the Fed (dubbed "QE2") is a bearish signal to equities as it indicates the US economy really is in "dire straits".

### Infra Regulation:

Aneel, Brazilian Electricity regulator, delivered the draft 3rd tariff period renew for Brazilian distribution. Overall it demonstrated a maturing of the regulatory regime but the allowed cost of capital was lower than expected at 7.15%. Final decision is due on December 10.

### Infra M&A:

Edf board approved the sale of its UK Electricity distribution network to CKI for GBP3.2bn in equity

### Infra Funding:

Significant funding activity during September with issues clearly indicating high quality infrastructure companies continue to obtain very attractive terms, including:

- \* SSE (UK Electric Utility) issued EUR1.2bn hybrid securities with an all in cost of around 5.6% p.a. This was the first hybrid issue by a non state owned UK utility
- \* Fortum (Scandinavian Utility) issued SEK6.2bn 3.125%, 5 year bonds
- \* Atlantia (Italian tollroad) issued EUR1bn 3.375%, 7 year bonds and EUR500m 4.375%, 15 year bonds. Yields were 5bps above Italian bond rates
- \* ASF (subsidiary of Vinci, French tollroad) issued EUR150m, 10 year bonds at 90bps above mid swaps, or about 30bps spread to French 10 year Govt bonds
- \* Edison Int'l (US utility) issued USD400m 3.75% coupon, 7 years bonds, ~165bps over Treasuries.

**Other Infra News.** Brazilian Govt increased the size of subsidized financing offered by the BNDES (Government financing entity) for new infrastructure projects, to BRL214n from BRL124b. Lending conditions are generous with below market rates, 30 year amortisation and up to 80% leverage. The Obama Administration has suggested a similar USD50b "infrastructure bank" arrangement for the US market. The announcement formed part of a broader infrastructure programme to upgrade US roads, railways and runways.

## Portfolio Commentary

RARE out performed its benchmark (4.0% vs 0.4%) and the UBS Global Infra & Utility Index (1.7%) in September.

In September, the Tollroad (+141bps) and Electric (+140bps) sectors were strongest contributors to performance, whilst Communications (-10bps), was a detractor. By region, North America (+137bps) & UK/Europe (+103bps) were the biggest contributors.

In stock terms, the major contributors were Shenzhen Int'l (Chinese tollroad and logistics) +70bps, ITC Holdings (US electric) +36bps, Spectra Energy (US pipelines) +35bps; and the major detractors were Eletropaulo (Brazil electric) -13bps, SES Global (EU satellites) -9bps, Brisa (Portugal tollroad) -8bps.

Shenzhen Int'l was the performer of the month on the back of strong 1st half results; 34% increase in revenue and 40% increase in Basic EPS. The company has tollroad, port and logistics interests predominantly in the Pearl River Delta, Yangtze River Delta and Pan-Bohai Rim regions of China.

Expect to see the cash levels in the portfolio tick up over the next month as RARE considers several investment opportunities arising from new IPOs in Australia and Mexico and potential cornerstone stake sell downs in attractive infrastructure names.

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.

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

## Overview of Fund Holdings

Top 10 Holdings	Weighting
VINCI SA	5.4%
NATIONAL GRID PLC	5.0%
RED ELECTRICA CORPORATION SA	4.7%
ABERTIS INFRAESTRUCTURAS SA	4.6%
ITC HOLDINGS CORPORATION	4.5%
SHENZHEN INTERNATIONAL HOLDINGS LIM	4.4%
TRANSCANADA CORPORATION	4.0%
NORTHEAST UTILITIES	4.0%
SES	3.8%
ELCTDAD DE PORTL	3.6%

### 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 1.025% 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.