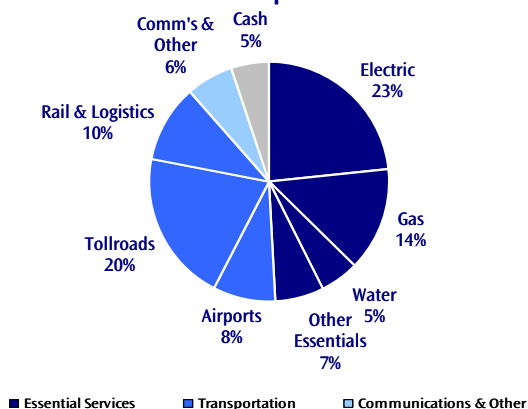
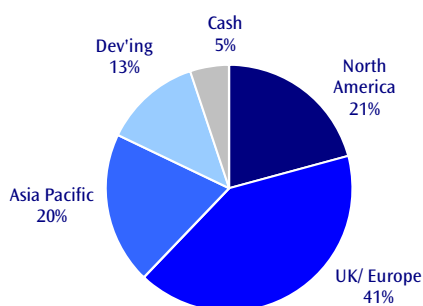
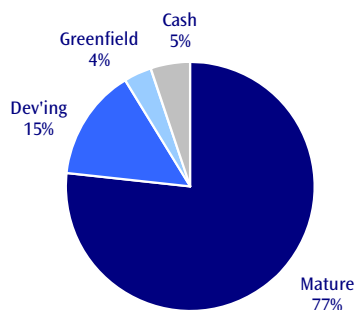


**Performance Summary (total returns in AUD after fees)**

	This Month	Three Months	One Year	Three Year	Inception <sup>1</sup>
RARE Infrastructure Value Fund	1.1%	5.1%	27.1%	2.9%	6.0%
Benchmark <sup>2</sup>	0.9%	2.3%	7.6%	7.0%	7.2%
UBS Global Infra & Utility 50/50 <sup>2</sup>	1.2%	-0.8%	17.4%	-2.3%	1.9%

**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	4.5%
EV <sup>5</sup> / EBITDA <sup>6</sup>	9.2x
Interest Cover	3.7x
Gearing (Net Debt/ EV)	41.2%
Total Portfolio Hedging	97.2%

**Fund Details**

Fund Size	\$476m
Number of Holdings	41
Minimum Investment	\$500,000 <sup>7</sup>
Application Price	1.0526
Redemption Price	1.0453
Distribution Frequency	Quarterly
Distribution for Mar 11 (cpu)	2.0000
APIR Code	TGP0008AU
Morningstar Ticker	14651
Management Fee	1.025% per annum
Buy / Sell spread	0.45%/0.25%
Performance Fee	10.25% of investment returns made in excess of the Benchmark. The performance fee will not exceed 0.30% of the net asset value of the fund in any year.
Benchmark	An accumulation index comprising the OECD G7 Inflation Index plus 5.5% per annum
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

Equity markets ended down (MSCI World -1.2% and EM -2.0%) in May, which also resulted in significant volatility across different asset classes. Risk aversion can be seen in commodity prices as questions were raised of the sustainability of a US led global recovery. Silver -21% and oil -10.3% were casualties.

Markets (MoM%, local)	
S&P500	-1.1%
EuroStoxx	-2.8%
Japan	-1.6%
Hong Kong	0.7%
Shanghai	-5.7%
Brazil	-2.3%
MSCI World	-1.2%
MSCI EM	-2.0%
Oil (USD)	-10.3%

The breadth of the economic recovery and potential for a second “soft patch” has been over-shadowed by a general unease over the impact of the end of QE2 and a range of extraordinary news items (Bin Laden, DSK & Euro debt crisis, Germany’s nuclear shutdown). Much of this information is not “priced into” equities, which may lead to volatile months ahead. We have started to see a number of speculative positions reduced or closed out as uncertainty takes hold.

### Infra M&A:

\*Indian power company Adani has finalised its purchase of the Abbot Point Coal Terminal in North Queensland from the Queensland government for AUD1.83b.

\*A new 500MW interconnector between the UK and France has been announced, further increasing European power integration. The EUR250m 75km ElecLink project, will be funded by Groupe Eurotunnel (49%) and STAR Capital Partners (51%).

\*Bidders are circling the Schiphol-Amsterdam-Almere road corridor in the Netherlands with a total capex for the programme estimated at EUR4.4b.

\*TransCanada is to sell a 25% share in two of its North American gas transmission business's to TC Pipelines in a deal worth USD605m.

### Infra Funding:

\*BAA (UK, Airports) placed a GBP750m bond, with a May 2041 maturity and a fixed annual interest coupon of 5.875%, 175bps over gilts (three times oversubscribed).

\*Ministry of Finance in India approved nine projects under a PPP model in the transport and social infrastructure sectors, worth USD1.6b, including seven road projects.

\*APRR (France, Toll Roads) raised EUR500m with a maturity of ~8yrs at a fixed rate of 4.875%, (170bps over EU swap rate).

\*Moscow Airport operator DME delayed its London IPO due to market conditions, having sought to raise as much as USD1.5b.

\*The Bank of Ireland will take initial bids for its EUR3.3bn project finance loan book, with bids thought to be coming in as low as 70% of the portfolio's par value

**Other News:** In another damning report into US infrastructure, the Urban Land Institute and Ernst & Young report that many assets are nearing the end of their planned life cycle, meaning USD2t is needed for roads, bridges, water lines, sewage systems and dams.

## Portfolio Commentary

In May RARE (+1-1%) outperformed its benchmark (+0.9%), and the UBS Global Infrastructure & Utility 50/50 Index (+1.2%).

Over the month, the Airports (+62bps) and Communications (+20bps) sectors were the strongest contributors to performance. The only detractors were Toll Roads (-6bps) and Logistics (-3bps). By Region, Aisa/Pacific Developed (+71bps) and UK/Europe (+45bps) outperformed, whilst the developing markets underperformed again (continuing the trend for the year), with Asia/Pacific Developing (-37bps) and Central/South America Developing (-1bps).

In stock terms, the major contributors were TransCanada (North America, Gas) +30bps, MAP Group (Asia Pacific, Airports) +22bps and SES Global (Europe, Communications) +20bps. The major detractors were Shenzhen International (Asia Pacific Developing, Toll Road) -23bps, Spectra (North America, Gas) -14bps and GDF Suez (Europe, Gas) -12bps.

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	6.0%
ABERTIS INFRAESTRUCTURAS SA	5.0%
MAP GROUP	4.7%
TRANSCANADA CORPORATION	4.7%
NATIONAL GRID PLC	4.2%
SES	4.0%
SOUTHERN COMPANY	3.8%
ITC HOLDINGS CORPORATION	3.7%
SHENZHEN INTERNATIONAL HOLDINGS LIM	3.7%
RED ELECTRICA CORPORATION SA	3.7%

### 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 31st March 2010 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 operations@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.