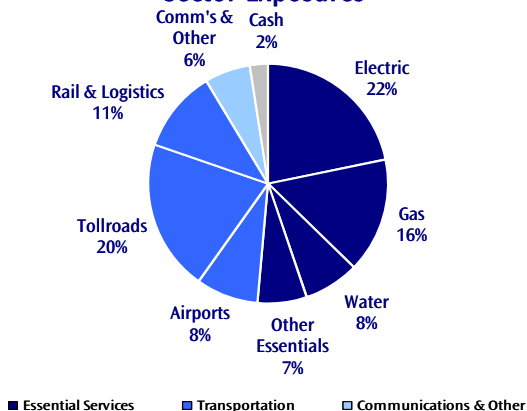
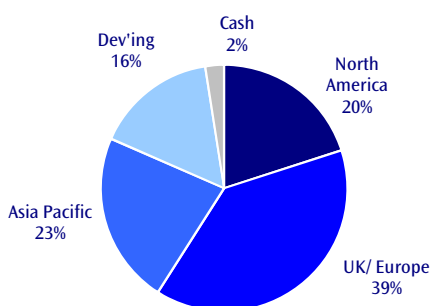
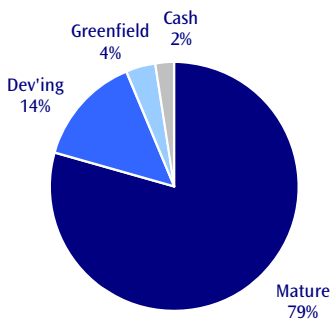


**Performance Summary (total returns in AUD after fees)**

	This Month	Three Months	One Year	Three Year	Inception <sup>1</sup>
RARE Infrastructure Value Fund	0.8%	4.4%	28.3%	6.1%	6.0%
Benchmark <sup>2</sup>	1.2%	2.7%	8.0%	7.0%	7.3%
UBS Global Infra & Utility 50/50 <sup>2</sup>	-0.3%	2.3%	16.9%	0.6%	1.8%

**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	4.6%
EV <sup>5</sup> / EBITDA <sup>6</sup>	9.3x
Interest Cover	4.0x
Gearing (Net Debt/ EV)	41.8%
Total Portfolio Hedging	96.9%

**Fund Details**

Fund Size	\$492m
Number of Holdings	44
Minimum Investment	\$500,000 <sup>7</sup>
Application Price	1.0096
Redemption Price	1.0026
Distribution Frequency	Quarterly
Distribution for June 11 (cpu)	5.1139
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 -1.6% and EM -2.2%) in June amid protracted sovereign debt negotiations in Europe and continued concerns that the US “soft patch” may in fact be a stalling of economic growth. The IEA’s release of strategic oil reserves has done little to dampen the oil price – a necessary input to kick start global growth.

Markets	
(MoM%, local)	
S&P500	-1.7%
EuroStoxx	-0.2%
Japan	-1.3%
Hong Kong	-4.8%
Shanghai	2.0%
Brazil	-3.4%
MSCI World	-1.6%
MSCI EM	-2.2%
Oil (USD)	-7.6%

RARE’s view on the US market is that the current “soft patch” is a hangover from the Japanese earthquake in March, in particular, the disruption to global supply chains. However, if the activity surveys should fail to recover by Q4 then this “base case” view will need to be reassessed.

### Infra Regulation:

\*French Government put the partial privatisation of airports in Lyon, Toulouse, Montpellier and Bordeaux on hold following disagreement between the Gov’t and local authorities

### Infra M&A:

\*Abertis and Goldman Infrastructure Partnership have indicated they have won the bidding to operate 2 Puerto Rico toll roads. The concession length is for 40 years with a US CPI + 1.5% price rise. The concession is funded on a 63% D: 37% E. The 2012 prospective multiple is 17.8x EBITDA and management believe they have bought the asset on an IRR of 15%

\*Grupo Mexico announced its plans to increase its stake in airport operator Grupo Aeroportuario del Pacifico (GAP) through a share acquisition, willing to pay no more than 50 pesos for over 30% (and up to 100%) of the company

\*CKI confirmed it is in the preliminary stages of assessing a potential cash offer for Northumbrian Water, a stock held in the portfolio.

### Infra Funding:

\*The Federal Bank of Chile sold a 30% stake in Aguas Andinas, a Chilean regulated water company. Aguas serves 6.2m people (45% of Chile’s population), predominantly in and around Santiago and 94% of Aguas’ customers are residential customers

\*APA raised \$300m in an insto book build at \$3.85 to fund an acquisition of a wind farm in WA and organic growth and other related projects

\*Russian Container terminal operator Global Ports Investments raised \$534m in an IPO. It owns terminals in the Baltic Sea that handle 30% of container traffic into Russia and 28% of oil products exports.

\*Ferrovia refinanced €498m debt in its toll road operator Autopista del Sol (Ausol), for 5yrs at Euribor plus 315bps

\*BAA (Airports, UK) issued USD1b 10yr, at 200bps over Treasuries, or ~5%. The bonds are expected to be rated A- by Standard & Poor’s with a stable outlook.

\*Transurban raised AUD200m through a 5yr issue at 6.75%, around 145bps over the mid swap

### Other:

\*The Spanish government has agreed to set up a compensation fund (worth up to €80m in total this year) for operators of financially stricken toll roads.

## Portfolio Commentary

In June RARE (+0.8%) underperformed its benchmark (+1.2%), and outperformed the UBS Global Infrastructure & Utility 50/50 Index (-0.3%).

Over the month, Airports (+40bps) and Water (+27bps) were the strongest contributors to performance. Toll Roads (-67bps) and Seaports (-4bps) were the only detractors from performance. By Region, Asia Pacific Developed (+65bps) was the biggest contributor performance, whilst Asia Pacific Developing (-25bps) was a detractor to performance.

In stock terms, Map Group (Asia Pacific Developed, Airport) +57bps and Northumbrian Water (UK, Water) +23bps were the largest contributors to return. The Toll Roads Shenzhen International (Asia Pacific Developing) -24bps, Abertis (Europe) -13bps and Atlantia (Europe) -12bps were the largest detractors.

In the month, we sold out of Beijing Enterprises (Asia Pacific Developing, Gas) and added APA (Asia Pacific Developed, Gas), Global Ports (Europe Developing, Ports) and Aguas Andinas (South America, Water) – refer to Infra M&A. RARE was very positive on these 3 deals during the month, and all three ended the month above placement prices.

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	5.8%
MAP GROUP	5.3%
ABERTIS INFRAESTRUCTURAS SA	4.8%
TRANSCANADA CORPORATION	4.6%
SES	3.8%
SOUTHERN COMPANY	3.8%
NATIONAL GRID PLC	3.7%
RED ELECTRICA CORPORATION SA	3.4%
SHENZHEN INTERNATIONAL HOLDINGS LIM	3.4%
SPECTRA ENERGY CORP	3.3%

### 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 - Hedged (the “Fund”). Applications can only be made on the form in the current product disclosure statement dated 30th June 2011 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.