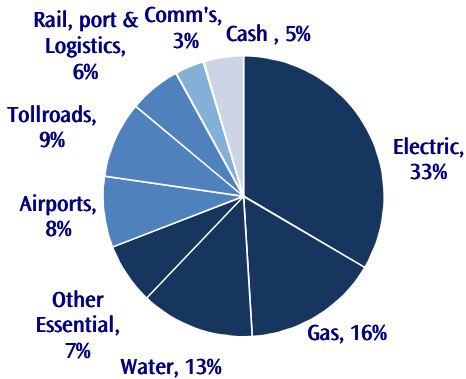
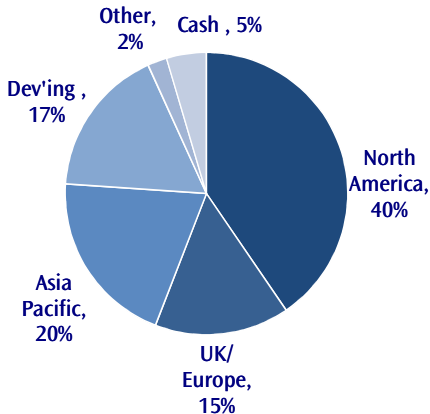
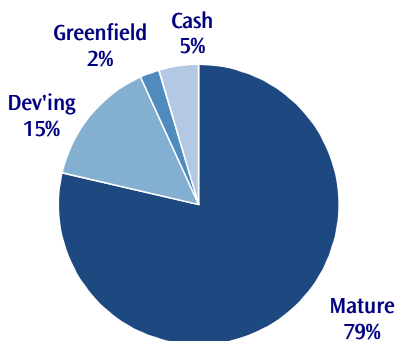


Performance Summary (total return in AUD after fees)

1, 5, 6

	This Month	3 months	YTD	1 Year	Inception ⁷
RARE Infrastructure Value Fund - Unhedged	-1.2%	1.5%	-1.2%	na	-6.0%
BENCH:OECD G7 Inflation Index + 5.5%	0.4%	1.7%	0.4%	na	5.6%
MSCI World Net	2.1%	2.3%	2.1%	na	-7.6%

Overview of Fund Exposures and Portfolio Statistics
Sector Exposures ²

Regional Exposure By Asset ²

Maturity Exposures ²

Portfolio Statistics ³

Total RARE AUM (AUD Billions)	4.3
Dividend Yield	4.9%
EV ⁴ / EBITDA ⁴	9.4x
Interest Cover	3.8x
Gearing (Net Debt/ EV)	40.6%

Fund Details

Fund Size	\$96.5m
Number of holdings	38
Minimum Investment ⁸	\$500,000
Application Price	0.9319
Redemption Price	0.9277
Distribution Frequency	Quarterly
Distribution for Dec 11 (cpu)	0.5000
APIR Code	TGP0034AU
Morningstar Ticker	19109
Management Fee	0.95% 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 Infrastructure Value Fund - Unhedged. All index data sourced from FactSet.

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 in AUD and net of withholding taxes for Benchmarks, if applicable. Non AUD values converted into AUD using FactSet Forex data.

7 Performance inception date for RARE Infrastructure Value Fund - Unhedged is 31/05/2011.

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

Risks assets commented strongly in January – buoyed by positive ECB action in the form of unlimited lending to the banks in the end of December (LTRO 1), concerted global monetary policy response, falling European sovereign bond yields & recovering commodity prices. Emerging Markets equities & currencies outperformed Developed equities, whilst the US Natural Gas price continued to fall (-17% to \$2.50). The market shrugged off S&P and Fitch European Sovereign & Bank credit rating downgrades during the month, which were largely priced in. The Fed also communicated a “lower for longer” interest rate environment to the end of 2014.

Markets (MoM%, local)	
S&P500	4.5%
EuroStoxx	4.7%
Japan	4.1%
Hong Kong	10.6%
Shanghai	4.2%
Brazil	11.1%
MSCI World	4.8%
MSCI EM	7.3%
Oil (USD)	-0.5%

Infra Regulation:

*The Italian Government approved a decree to open up competition in several sectors, including measures to reduce Italian gas prices (forcing ENI to dispose of its stake in SNAM Rete Gas). It does not impact toll road competition for Atlantia or SIAS

*Spain announced it will stop subsidies to new renewable capacity. The measure will affect 4.5GW of wind projects and 250MW of solar and is the first measure from a package to end electricity tariff deficits in Spain

*The US Dept of State has rejected the Keystone XL pipeline, which was to pass through sensitive ecological areas in Nebraska, while allowing TransCanada to re-file its application once re-routing in Nebraska is complete

Infra M&A:

*Spain ditched a plan to privatise Madrid & Barcelona airports (aiming to raise USD\$6.9bn), and intends on coming up with a new management model

*Abertis, the European Toll Road & Airport operator, sold about half its 31.4% stake in Eutelsat, the French Satellite operator, for USD1.3b in a institutional book build

*E.ON, the large German integrated utility, entered into a strategic partnership with MPX in Brazil. Under the deal, E.ON will acquire 10% stake in MPX and form a JV for coal power stations & project pipeline

*China Investment Corp bought ~9% stake in Thames Water, likely from Santander Private Equity. Financial details were not released, but this follows Macquarie selling 10% to Abu Dhabi Investment Authority in December

Infra Funding:

*RWE, the German integrated utility, issued a 22 year, GBP 600m bond for a coupon of 4.75%

*Gatwick Airport (UK) issued a 12 year, GBP300m bond at 5.25% and a 25 year, GBP300m bond at 5.75%. Credit spreads on both stand at UK gilts plus 295bps

*Macquarie Atlas, which owns several toll roads globally, announced the issue of €500m bonds at the APRR level. Pricing was 270bps over mid-rate swaps. In related news, APRR has also paid a significant special dividend to its holding company, Eiffarie, to assist in the upcoming refinancing of holding company debt

Other:

*QR National is on track to double the electric capacity of the rail system connecting coal mines west of Rockhampton to the export terminals at Gladstone

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. 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.

Portfolio Commentary

In January RARE(-1.2%) underperformed it's benchmark (+0.4%) and the MSCI World Net Index (+2.1%).

Over the month, the Water (+29bps), Airport (+27bps) and Seaport (+25bps) sectors added the most to performance, whilst Electric (-30bps) and Gas (-12bps) detracted. By region, UK/Europe (+51bps) was the biggest contributor to performance, whilst North America (-52bps) was the largest detractor.

In stock terms, American Water works (North America, Water) +29bps & DP World (Middle East, Seaports) +25bps, & Groupe Eurotunnel (UK/Europe, Rail) +24bps were the largest contributors to performance. The North American Utilities Transcanada (Gas, -40bps) & Northeast (Electric, -15bps) were the largest detractors.

We added Grupo Aeroportuario del Sureste (Central/South America, Airport) & sold out of Aeroports de Paris (Europe, Airport) during the month.

RARE's portfolio is defensively positioned in what is currently a “risk on” market. The portfolio, as currently positioned, will underperform if the market continues to rally. RARE will rebalance the portfolio once the path to resolution of some of the key risks in Europe become clearer.

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, cashflow and dividends.

Richard Elmslie & Nick Langley
Senior Portfolio Managers

Overview of Fund Holdings

Top 10 Holdings	Weighting
TRANSCANADA CORP	5.3%
AMERICAN WATER WORKS CO INC	5.2%
NATIONAL GRID PLC	5.0%
TRANSURBAN GROUP	4.9%
SOUTHERN CO	4.9%
SYDNEY AIRPORT	4.2%
NORTHEAST UTILITIES	3.7%
SPARK INFRASTRUCTURE GROUP	3.7%
ITC HOLDINGS CORP	3.5%
SEVERN TRENT PLC	3.4%

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