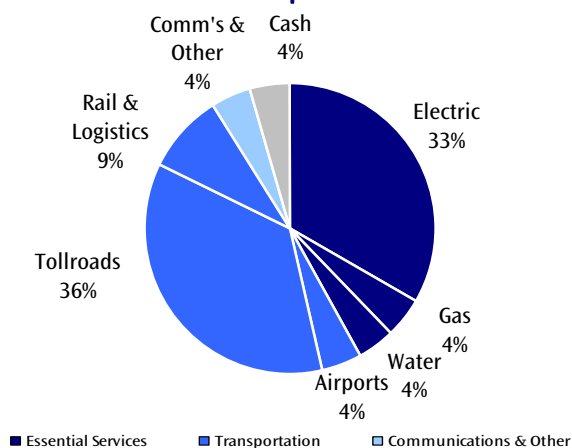
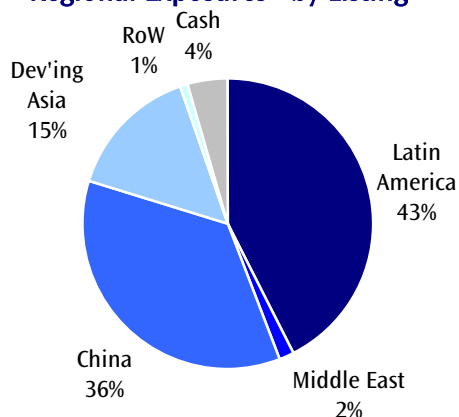
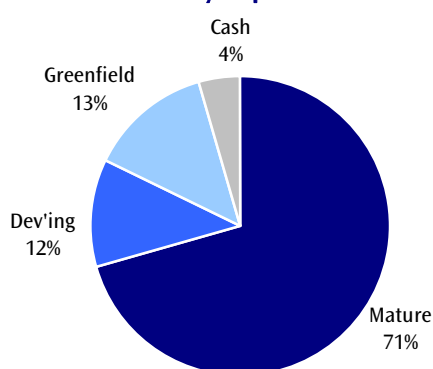


Performance Summary (total returns in AUD after fees)

	This Month	Three Months	Twelve Months	Inception ¹
RARE Series EM Fund	11.5%	23.1%	na	32.3%
Benchmark ²	5.6%	6.5%	na	1.6%
MSCI EM World	6.3%	24.8%	na	-2.9%

Overview of Fund Exposures and Portfolio Statistics
Sector Exposures³

Regional Exposures - by Listing

Maturity Exposures³

Portfolio Statistics

Current statistics of the RARE Infrastructure Value Fund are as follows⁴:

Dividend Yield	4.6%
EV ⁵ / EBITDA ⁶	7.1x
Interest Cover	3.5x
Gearing (Net Debt/ EV)	24.3%
Asset Beta	0.52

Fund Details

Fund Size	<\$1m
Number of Holdings	31
Minimum Investment	\$20,000 ⁷
Application Price	1.3385
Redemption Price	1.3292
Distribution Frequency	Semi-Annually
Distribution for Dec 08 (cpu)	0.0000
APIR Code	TGP0015AU
Morningstar Ticker	tbc
Management Fee	1.333% per annum
Transaction Costs	0.35%
Performance Fee	10.25% of investment returns made in excess of the Benchmark

Benchmark An accumulation index comprised of the Citigroup Global Emerging Market Sovereign Investment Grade USD Index plus 5.0% per annum

¹ Fund inception date 9 July 2008; Performance inception date 30 September 2008

² S&P Emerging Markets Sovereign Bonds Index+ 5%

³ Based on the exposures of the underlying assets of the stocks in the Fund, as assessed by RARE Infrastructure

⁴ Based on weighted averages

⁵ EV means Enterprise Value (market capitalisation + preferred equity, if any + net debt)

⁶ EBITDA means earnings before interest, tax, depreciation & amortisation

⁷ 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

Up, up and away... May saw a continuation of the Q2 rally with all markets up and the emerging markets once again out-performing their developed peers (MSCI EM +12% versus MSCI World +6.5%). The star performer within the EMs was India up 33.3% for the month on the back of a very positive & somewhat unexpected election outcome. However, not to detract from the rest of the emerging world where a further 6 core markets reported double digit returns (HK +17.1%, Brazil +12.5%, Mexico +11.6%, Thailand 14.0%, Indonesia +11.3%). China continued its positive run in May but again underperformed its EM peers with Shenzhen +6.4% and Shanghai +6.3%. As we mentioned in April, China led the rally so being the first to moderate the hard run is a positive. It gives us comfort that investors are looking for value based on long term fundamentals and not "just" chasing momentum.

Not to ignore the spate of negative news that May offered (much from the developed world) including

- * Increasing concerns over the US bank stress tests and on-going viability of the banking system

- * Chrysler and GM bankruptcies

- * UK at risk of losing its AAA credit rating with possible ramifications for the US from its increasing deficit

- * Swine flu continued to spread - pigs really can fly...

However and interestingly, the markets appeared to take all this in their stride and investors focussed again on the good news and macro-economic green shoots where the EMs continue to stack up relatively well

- * The Chinese PMI again beat expectations

- * India's election results were better than expected and bode well for the on-going development of this economy (infrastructure will be a beneficiary)

- * Macro-economic indicators in a number of key economies (Eg China & Brazil) beat expectations - largely a result of resilient consumer demand.

Despite the strong Q2 rally we continue to see further upside for the EMs having to date recovered just half of their 2008 losses. However, as always we believe stock picking is key and that rather than chasing momentum, investors should look for cheap fundamentals in demographically attractive regions. To this end we continue to advocate investing in

- * Stocks exposed to in-country domestic demand

- * Countries with sound balance sheets at all levels (govt, corporate and consumer)

- * Government supported sectors (directly or indirectly)

- * Stocks that are cheap - oversold and/or offering long term value

Richard Elmslie, Nick Langley, Sarah Shaw
(RARE EM Investment Committee)

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 1.333% 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.

Portfolio Commentary

The RARE Series EM Fund was up 11.5% in May outperforming the MSCI EM by 600bps (+6.3%) in AUD terms & also well ahead of the benchmark return of 5.6% for the month.

Our March portfolio re-weighting continued to work in our favour throughout May. Despite some negative news from the developed world, investors continued to gain comfort that the worst was behind us. Those stories that had been oversold on the downturn (largely growth sensitive stocks) continued to out-perform in May.

The star performers for a second month in a row included Reliance Infrastructure +83%, Shenzhen International +45%, DPWorld +43%, Sichuan Expressway+33%, China Merchants +31% & Beijing Capital Airport +23%. These 6 stocks alone comprise 22% of the RARE portfolio.

Interestingly some of the more defensive utilities have underperformed their peers over the last few months and are now looking relatively attractive (particularly on dividend yield). As a result we topped up on some of these in May.

The portfolio remains largely exposed to what we believe are the best value in the more attractive markets (Brazil & China) based on long term fundamentals.

Overview of Fund Holdings

Top 10 Holdings	Weighting
COMPANIA ENERGETICA DE MINAS GERAIS	5.9%
OBRASCON HUARTE LATIN BRAZIL	5.2%
AES TIETE SA	5.1%
SICHUAN EXPRESSWAY CO LTD	5.1%
ELETROPAULO METROPOLITANA ELTRICII	5.1%
RELIANCE INFRASTRUCTURE LTD	4.8%
SHENZHEN EXPRESSWAY CO LTD	4.4%
COMPANHIA DE CONCESSOES RODVIARIA	4.3%
SHENZHEN INTERNATIONAL HOLDINGS LIM	4.2%
ANHUI EXPRESSWAY CO LTD	4.0%