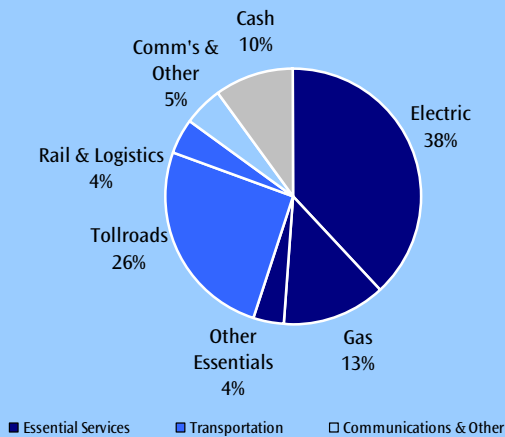
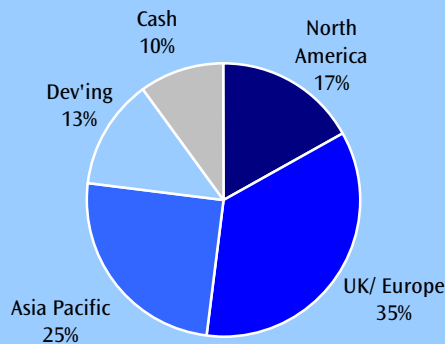
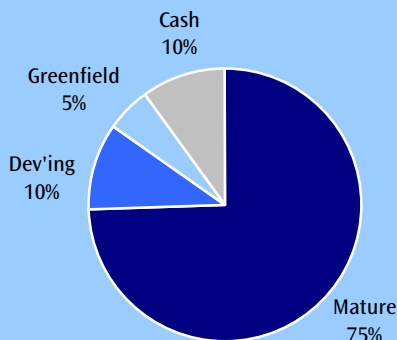


**Performance Summary (total returns in AUD after fees)**

	This Month	Three Months	Twelve Months	Inception <sup>1</sup>
RARE Infrastructure Value Fund	2.6%	4.0%	1.9%	12.2%
Benchmark <sup>2</sup>	0.7%	1.9%	8.8%	7.3%
Out/ (Under) Performance	1.9%	2.1%	-6.9%	4.9%

**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	4.6%
EV <sup>5</sup> / EBITDA <sup>6</sup>	9.1x
Interest Cover	4.9x
Gearing (Net Debt/ EV)	35.7%
Asset Beta	0.46

**Fund Details**

Fund Size	\$122m
Number of Holdings	39
Minimum Investment	\$500,000 <sup>7</sup>
Application Price	1.1540
Redemption Price	1.1482
Distribution Frequency	Quarterly
Last Distribution, Mar 08	1.0000 cpu
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

<sup>1</sup> Inception date 13 November 2006. Results Annualised

<sup>2</sup> OECD G7 Inflation Index plus 5.5% pa

<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

Global markets recorded mixed performances in May. Major drivers being the rising oil price (peaking at USD132/bbl) with its associated impact on inflation, growth and valuations. In the US, weak economic data and results (AIG, MBIA, Home Depot, Lowe's) coupled with the prospect of limited further interest rate cuts, moderated the market's advance (DJ -1.4%; S&P500 +1.1%; NASDAQ +4.6%). The fear of inflation is limiting the Fed's interest rate options, renewing concerns that the downturn may be shallower but of a longer duration than previously envisaged.

European markets were mixed, reflecting country specific economic conditions (UK -0.6%; France +0.4%; Germany +2.1%; Italy -2.1%; Spain -1.4%). The ECB continues to focus on the threat of inflation leaving rates unchanged (4.0%). Solid industrial production data from Germany and France is limiting the ECB's capacity to address regional growth concerns. In the UK, the BOE also voted to hold rates at 5.0%.

Asia Pacific markets continue to reflect concerns that global growth will moderate as authorities address the impact of rising commodity, food and energy prices. Regional results were higher over the month (Hong Kong -4.7%; Singapore +1.4%; Japan +3.5%; Korea +1.5%; Australia +1.1%), with the exception of China, which was impacted by the Sichuan earthquake which is expected to spur inflation and erode earnings. Regionally inflation continues to rise (India +7.6%; China +8.2%, Vietnam +25%). The surge in the Brazilian market (+7.0%) continued in May following last months rise (+11.3%) reflecting Standard & Poor's (S&P) decision to raise Brazil's credit rating to investment grade.

Infrastructure related activity included the announcement that port operator DP World will invest USD300m expanding its 30 year Peruvian port concession by 100%. Ferrovial has increased its stake in Cintra to 68% from 65% for €101m and Atlantia will buyback 2% of its share capital. The Florida Dept of Transport has opened tenders for its Alligator Alley toll road, which is expected to be a 50-75 year concession with an estimated value of over USD500m, while the Czech government is anticipating that the winning bid for Prague Airport, to be announced in 2009, will be in excess of €4.0bn.

**Richard Elmslie, Investment Director**  
**Nick Langley, Investment Director &**  
**George Raftopoulos, Senior Portfolio Manager**

### 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.

## Portfolio Commentary

RARE continued the strong performance witnessed in April (up 6.4%) in May with a rise of 2.6%. With the exception of some sharp falls in certain stocks in Hong Kong and Australia the stocks in the portfolio were either steady or increased slightly contributing to the months performance.

On a regional basis Brazilian equities advanced as a consequence of the increased country credit rating announced by S&P. Our exposure to North American, Canadian and Spanish equities added to performance.

On a sector basis our exposure to North American and Brazilian utilities contributed positively to performance, whilst our exposure to two Hong Kong based Chinese tollroads and two Australian utilities significantly detracted from the performance. As a result of winning the Pennsylvania Turnpike concession, Abertis may consider selling some of its financial stakes, such as the 6.7% it holds in Italy's Atlantia (€800m) and the 14.6% stake in Portugal's Brisa (€1.0bn), to fund the USD12.8bn bid.

We continue to believe the markets will be volatile and that the portfolio is well positioned given the current market.

## Overview of Fund Holdings

### Top 5 Holdings

CINTRA CONCESIONES DE INFRAE  
BABCOCK AND BROWN WIND PARTNERS GROUP DEFERRED S  
OBRASCON HUARTE LATIN BRAZIL  
VINCI SA  
SPARK INFRASTRUCTURE GROUP STAPLED SECURITIES FULLY

## Currency Exposure

Currency	Exposure (AUD million)	Hedge (%)
US Dollar (incl. HKI)	21.7	106.2%
Canadian Dollar	7.4	104.3%
Euro (incl. CZK)	39.0	107.9%
British Pound	3.6	101.3%
Brazilian Real	15.9	101.6%
Singapore Dollar	3.4	105.8%