

## Performance Summary

TG RARE Infrastructure (EUR, net) <sup>1</sup>

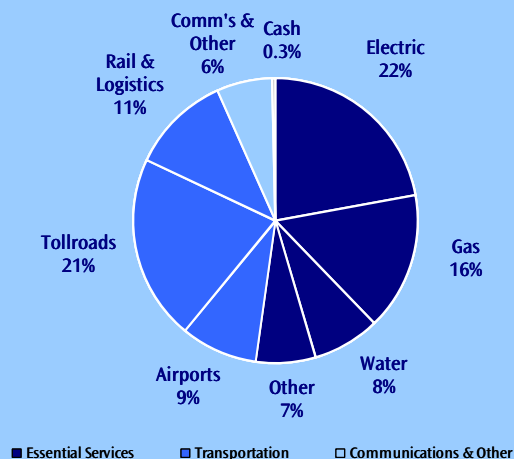
Benchmark: G7 Inflation + 5.5%

MSCI World (EUR, gross)

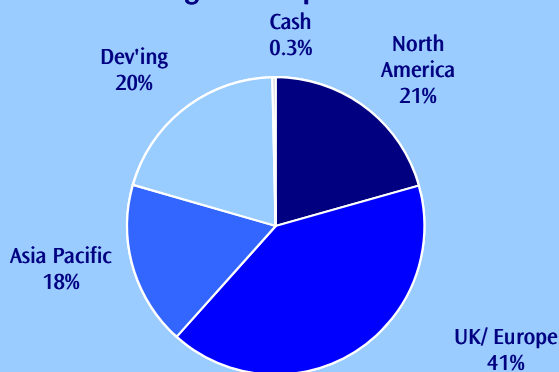
	Three Months	Twelve Months	Re-Inception
TG RARE Infrastructure (EUR, net) <sup>1</sup>	3.4%	18.3%	16.4%
Benchmark: G7 Inflation + 5.5%	2.7%	8.0%	7.6%
MSCI World (EUR, gross)	-1.7%	10.3%	10.6%

## Overview of Fund Exposures and Portfolio Statistics

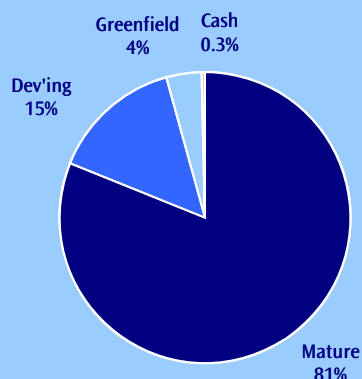
### Sector Exposures <sup>2</sup>



### Regional Exposures <sup>2</sup>



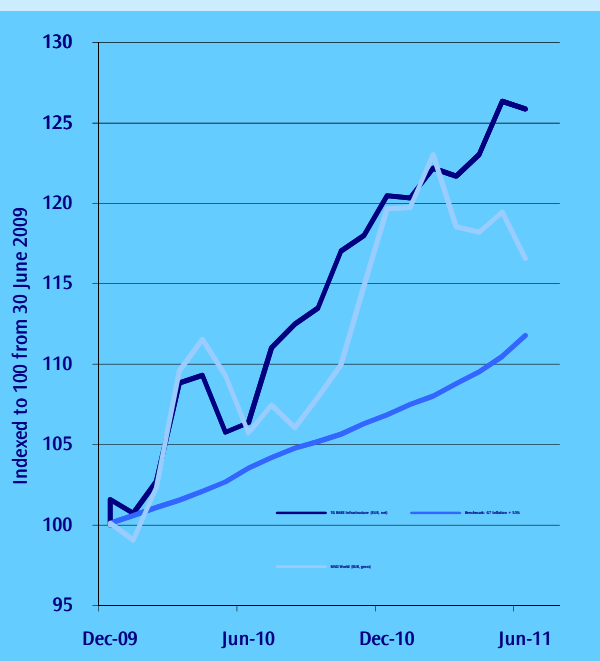
### Maturity Exposures <sup>2</sup>



### Portfolio Statistics

Current statistics of the TG RARE Fund are as follows: <sup>3</sup>

Dividend Yield	4.6%
EV <sup>4</sup> / EBITDA <sup>5</sup>	9.3x
Interest Cover	4.0x
Gearing (Net Debt/ EV)	42.7%
Asset Beta	0.51



### Overview of Fund Holdings

#### Top 10 Holdings

VINCI SA	6.0%
MAP GROUP	5.5%
ABERTIS INFRAESTRUCTURAS SA	4.9%
TRANSCANADA CORPORATION	4.7%
SES	3.9%
SOUTHERN COMPANY	3.9%
NATIONAL GRID PLC	3.8%
SHENZHEN INTERNATIONAL HOLDINGS L	3.5%
RED ELECTRICA CORPORATION SA	3.4%
ENAGAS	3.2%

<sup>1</sup> Sources: TG RARE Infrastructure Fund, RBC Dexia Ireland; Benchmark, OECD and RARE calculations; MSCI World, Bloomberg

<sup>2</sup> Based on the exposures of the underlying assets of the stocks in the Fund, as assessed by RARE Infrastructure

<sup>3</sup> Based on weighted averages

<sup>4</sup> EV means Enterprise Value (market capitalisation + preferred equity, if any + net debt)

<sup>5</sup> EBITDA means earnings before interest, tax, depreciation & amortisation

<sup>6</sup> Original inception date 17/06/08; Re-inception date 23/12/09.

## Market Commentary for the Quarter

Equity markets ended down (MSCI World -0.7% and EM-3.6%) in the June quarter. Investor concerns have centred on the protracted sovereign debt negotiations in Europe, continuing concerns that the US “soft patch” may in fact be a stalling of economic growth and the difficulty emerging market countries are facing in controlling inflation and exchange rates.

Markets (QoQ%, local)	
S&P500	0.1%
EuroStoxx	0.9%
Japan	0.7%
Hong Kong	-3.2%
Shanghai	-4.3%
Brazil	-9.0%
MSCI World	-0.7%
MSCI EM	-3.6%
Oil (USD)	-11.6%

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

\*Continued political pressure in Germany for the closure of older pre-1980 nuclear plants, and the reversion of a full nuclear phase put by 2022

### 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%

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

\*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.

\*Asciano (Ports, Australia) issued USD1b senior notes in the private placement market, yielding 5% all in

\*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.

## Portfolio Commentary

RARE (+3.4%) outperformed its benchmark, G7 Inflation +5.5% (+2.7%) and MSCI World Index (-1.7%) for the quarter ending June 2011.

Over the quarter, the Electric (+117bps) and Airport sectors (+97bps) were the strongest contributors to performance. There were no significant detractors. By region, UK/Europe (+170bps) and Asia/Pacific Developed (+138bps) were the strongest performers, whilst Asia Pacific Developing (-38bps) was the only detractor.

In stock terms, the major contributors were Map Group (Asia Pacific Developed, Airport) +64bps, Northumbrian Water (UK, Water) +42 bps and TransCanada (North America, Gas) +40bps. The major detractors were GDF Suez (Europe, Gas) -25bps, Shenzhen International (Asia Pacific Developing, Toll Road) -23bps and Brisa (Europe, Toll Road) -9bps.

During the quarter we added 4 new names to the portfolio; American Water Works (North America, Water), APA (Asia Pacific, Gas), Aguas Andinas (South America, Water) and Groupe Eurotunnel (Europe, Toll Road). We sold out of Beijing Enterprises (Asia Pacific Developing, Gas), Reliance Infrastructure (India, Gas), Union Pacific (North America, Rail) and Edison International (North America, Electricity).

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*

## Fund Details

Fund Structure	UCITS
Price, Class I, EUR, accumulating	10.270
Bloomberg Tickers	RARDUBI ID
Further information	<a href="http://www.RAREinfrastructure.com">www.RAREinfrastructure.com</a> <a href="http://www.TGinvestmentfunds.com">www.TGinvestmentfunds.com</a>

### Important Information:

While the information contained in this document has been prepared with reasonable care, none of RARE Infrastructure Limited, TG Investment Funds Plc or Treasury Group Investment Services Limited, the promoter of the Fund, accepts any liability or responsibility for errors, omissions or misstatements, however caused.

This information is not personal advice and has been prepared without taking account of your objective, financial situation or needs.

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. The fact that shares in a particular company have been mentioned should not be interpreted as a recommendation to buy, sell or hold that stock.

Investors, or potential investors, should obtain a copy of, and review, the full prospectus and simplified prospectus prior to making any investment decision.

TG Investment Funds Plc, and TG RARE Infrastructure Fund, as its sub-fund, are authorised and supervised by the Irish Financial Services Regulatory Authority.