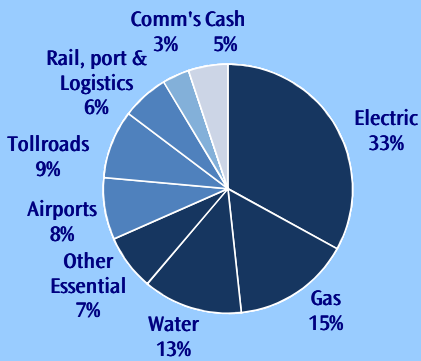
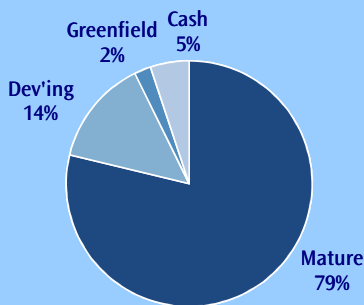
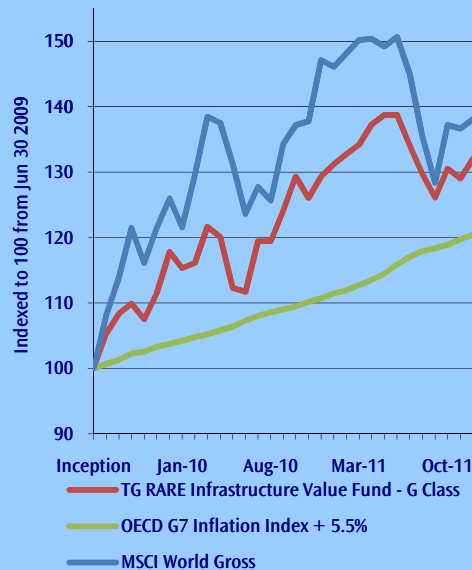
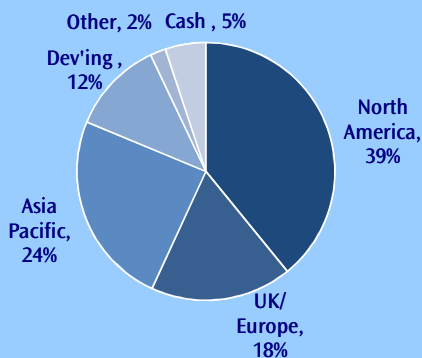
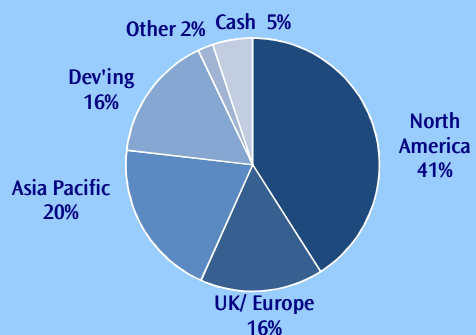


**Performance Summary (total return in GBP after fees)**

|                                       | 3 months | Financial | 1 Year | 2 Years | Inception <sup>7</sup> |
|---------------------------------------|----------|-----------|--------|---------|------------------------|
| TG RARE Infrastructure Fund - G Class | 4.7%     | -4.9%     | 2.1%   | 5.9%    | 11.7%                  |
| BENCH:OECD G7 Inflation Index + 5.5%  | 1.7%     | 3.9%      | 8.7%   | 7.7%    | 7.7%                   |
| MSCI World Gross                      | 7.6%     | -8.4%     | -6.2%  | 4.7%    | 13.7%                  |

**Overview of Fund Exposures and Portfolio Statistics**
**Sector Exposures**

**Maturity Exposures**

**Portfolio Statistics**

|                                       |       |
|---------------------------------------|-------|
| Total RARE AUM (GBP Billions)         | 2.9   |
| Dividend Yield                        | 4.9%  |
| EV <sup>4</sup> / EBITDA <sup>4</sup> | 9.5x  |
| Interest Cover                        | 3.8x  |
| Gearing (Net Debt/ EV)                | 41.0% |
| Total Portfolio Hedging               | 97.0% |

**Performance History**

**Regional Exposure By Listing**

**Regional Exposure By Assets**


<sup>1</sup> Sources: RARE internal calculations for TG RARE Infrastructure Value Fund - G Class. All index data sourced from FactSet. Results over one year annualized.

<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 capitalization + preferred equity, if any + net debt) and EBITDA means earnings before interest, tax, depreciation & amortization.

<sup>5</sup> Fund Performance is net of fees (assumed at 1.025% annual, calculated as 0.08502% per month).

<sup>6</sup> All values on a GBP hedged basis and net of withholding taxes for benchmarks if applicable.

<sup>7</sup> Performance inception date for TG RARE Infrastructure Value Fund - G Class is 30/06/2009.

## Market Commentary for the Quarter

After concerns during Q2 that world economies were going to grind to a halt, Q3 found welcome respite. US data continued to exceed MSCI World ended the month +0.5%, while the EM index was -0.1%.

| Markets<br>(QoQ%, local) |       |
|--------------------------|-------|
| S&P500                   | 11.8% |
| EuroStoxx                | 7.0%  |
| Japan                    | -2.7% |
| Hong Kong                | 5.1%  |
| Shanghai                 | -6.7% |
| Brazil                   | 8.5%  |
| MSCI World               | 7.5%  |
| MSCI EM                  | 4.5%  |
| Oil (USD)                | 24.2% |

The ECB's pre-Xmas long term repo operation (LTRO), which provides low interest 3yr loans to EU banks, pumped EUR489b of liquidity into 500+ banks. This, together with a similar auction to be held late February, will go a long way to sorting out liquidity issues (potentially staving off a 'Lehman event') but will not resolve solvency issues. Some of this funding will find its way into Sovereign debt, potentially assisting EU nations finance themselves in the short term.

### Infra Regulation:

\*Indonesia's parliament approved a law to speed up government acquisition of land for infrastructure, a step analysts say is crucial to kick-starting construction of needed roads, ports and power plants

### Infra M&A:

\*3i, Global Infrastructure Partners, Aéroports de Paris and Carlyle are lining up to bid for Edinburgh airport (worth up to GBP500m). BAA, owned by Ferrovial, has been forced to sell the airport by the Competition Commission.

\*The Portuguese government announced that China's Three Gorges have won the bidding for a 21.35% stake in state utility EDP with a EUR2.7bn bid.

\*ADIA, the Abu Dhabi Investment Authority, has agreed to buy a 9.9% stake in Thames Water from the Macquarie led consortium. No price details have been released.

### Infra Funding:

\*RWE (Electric, Germany) announced details to raise EUR2.15b at ~10% discount, to repair its balance sheet ahead of further cost cutting and asset disposals

\*EDP's (Electric, Portugal) retail bond (€200 million, 3-years at 6% yield) was 38% oversubscribed

\*Following the decision to put the Eurozone sovereigns on CreditWatch with negative implications on 5 December, S&P announced a list of 26 European corporations that were also on negative watch. The utilities included in negative watch were: EDF, Enel, EDP, REN, Enagas, Red Electrica, Terna, which are stocks that, at different levels, are considered sovereign related entities

### Other:

\*Saudi Arabia unveiled plans to expand the Riyadh airport - plans are for four terminals that will raise the capacity from 12m to 24m

\*The South Carolina Ports Authority has unveiled a USD1.3b capital plan involving improvements to the port of Charleston over the next 10 years. The plan includes a new container terminal, as well as major upgrades to facilities and technology

\*Italy's new Premier Mario Monti approved the release of EUR4.8b to fund strategic infrastructure projects aimed at stimulating economic growth. The funds will pay for highway projects, high-speed railways and retractable underwater barriers to help protect Venice from flooding

## Overview of Fund Holdings

| Top 10 Holdings             | Weighting |
|-----------------------------|-----------|
| TRANSCANADA CORP            | 5.3%      |
| SOUTHERN CO                 | 5.1%      |
| AMERICAN WATER WORKS CO INC | 5.0%      |
| TCL                         | 5.0%      |
| NATIONAL GRID PLC           | 4.9%      |
| MAP GROUP                   | 4.2%      |
| NORTHEAST UTILITIES         | 4.0%      |
| SPARK INFRASTRUCTURE GROUP  | 3.7%      |
| SEVERN TRENT PLC            | 3.4%      |
| SES                         | 3.3%      |

## Portfolio Commentary for the Quarter

In the Quarter to December 2011, RARE (+4.7%) outperformed its benchmark (+1.7%) and underperformed the UBS Infrastructure & Utility 50/50 Index (+7.4%).

Over the quarter, Electric (+304bps), Gas (+123bps) and Toll Roads (+79bps) added most to performance, whilst Rail (-32bps) and Seaports (-12bps) detracted most from performance.

In stock terms, Shenzhen (Asia Pacific Developing, Toll Road) +79bps, Southern Co (North America, Electric) +49bps and Spectra Energy (North America, Gas) +47bps added most to performance, whilst Groupe Eurotunnel (Europe, Rail) -32bps, Fraport (Europe, Airport) -22bps and Vinci (Europe, Toll Road) -21bps were the largest detractors. By region, North America (+257bps) and Asia Pacific Developed (+161bps) added the most to performance, whilst UK/Europe (-56bps) and Middle East (-9bps) were the largest detractors.

During the quarter, RARE added to utility exposures in North and South America and Developed Asia Pacific. RARE sold out of infrastructure exposures in Europe and South America. ConnectEast (Asia Pacific Developed, Toll Road) was taken out due to the successful Horizon takeover by way of scheme of arrangement.

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, cash flows and dividends.

**Richard Elmslie & Nick Langley**  
**Senior Portfolio Managers**

## Fund Details

|                                   |  |
|-----------------------------------|--|
| Fund Structure                    | UCITS  |
| Price: Class G, GBP, distributing | 12.75  |
| Bloomberg Tickers                 | RARDUBG ID   |
| Further information               | <a href="http://www.RAREinfrastructure.com">www.RAREinfrastructure.com</a><br><a href="http://www.TGinvestmentfunds.com">www.TGinvestmentfunds.com</a> |

## Manager Certification

There is no material omission from the report and the report contains a true and fair view of all matters reported on.

### 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](mailto: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.