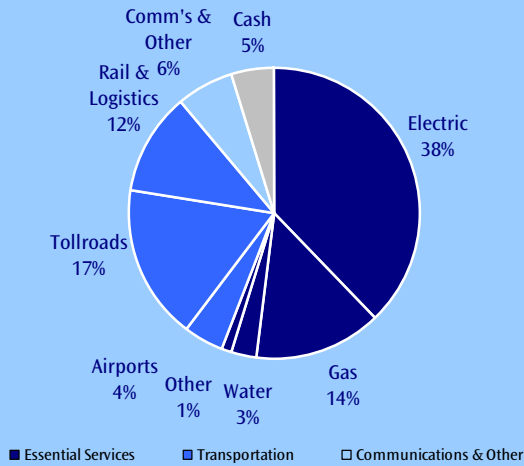
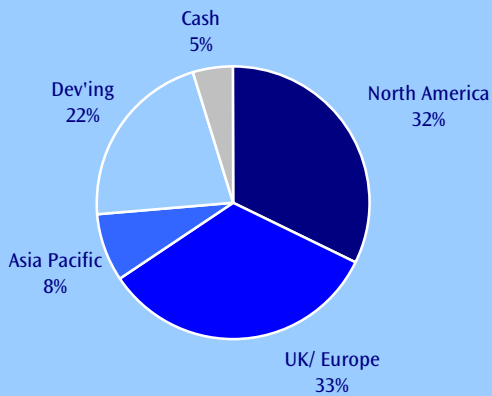
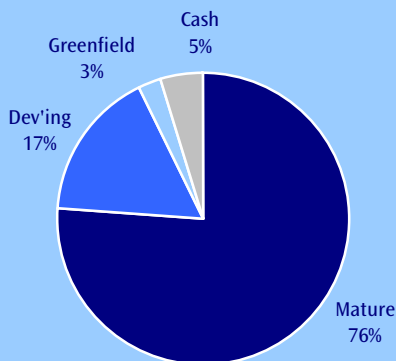


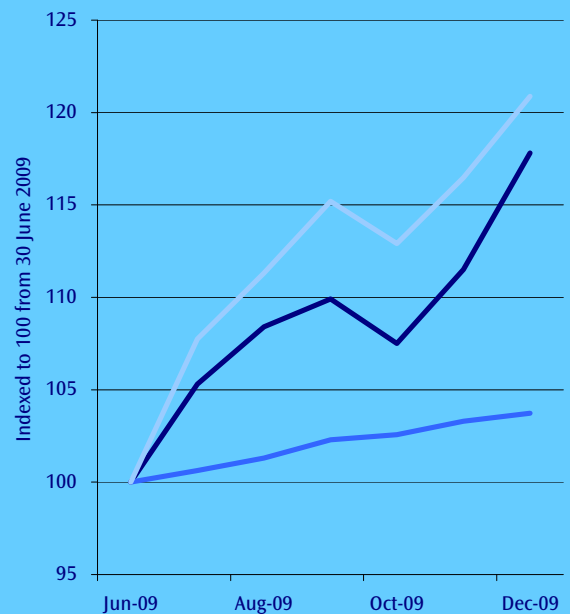
**Performance Summary**

	This Month	Three Months	Twelve Months	Inception
TG RARE Infrastructure (GBP, net) <sup>1</sup>	5.7%	7.2%	na	17.8%
Benchmark: G7 Inflation + 5.5%	0.4%	1.4%	na	3.7%
MSCI World (GBP, gross)	3.8%	4.9%	na	20.9%

**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	4.9%
EV <sup>4</sup> / EBITDA <sup>5</sup>	8.7x
Interest Cover	4.7x
Gearing (Net Debt/Asset Beta)	41.5%
Asset Beta	0.49

**Performance**


— TG RARE Infrastructure (GBP, net)  
— Benchmark: G7 Inflation + 5.5%  
— MSCI World (GBP, gross)

**Fund Details**

Fund Structure	UCITS
Price: Class G, GBP, distributing	11.770

Bloomberg Tickers	RARDUBG ID
Further information	<a href="http://www.RAREinfrastructure.com">www.RAREinfrastructure.com</a> <a href="http://www.TGinvestmentfunds.com">www.TGinvestmentfunds.com</a>

<sup>1</sup> Sources: TG RARE Infrastructure Fund (inception date 30 June 2008), 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

## Market Commentary for the Month

December saw strong performance from global markets with Japan (+12.9) the stand out and the US (+1.9) & HK (+0.3) the laggards. Both developed & emerging markets continued to advance in parallel and extend their +3.2 November gains.

Markets (MoM%, local)	
S&P500	+1.9
EuroStoxx	+6.2
Japan	+12.9
Hong Kong	+0.3
Shanghai	+2.6
Brazil	+2.3
MSCI World	+3.8
MSCI EM	+4.2
Oil (USD)	+2.7

Top news stories in a global context included the Copenhagen summit, Abu Dhabi's bail out of Dubai, the Tiger Woods saga, UK tax increases, Citigroup capital raising to repay TARP monies, banker bonuses – size and how they're to be paid/taxed, Harvard's toxic interest rate swaps and Greece's credit downgrade.

**Infra Regulation.** Fraport (airport) announced an agreement with airlines for a 12.5% price increase over two years. Aeroports de Paris (AdP) proposed a tariff freeze for 2010 in return for lucrative changes to its regulatory model. Ofgem released its final UK electric distribution networks determination with a 4% (post tax real return on assets) and forecast that companies could earn up to 11% return on (regulated) equity. FERC (US energy regulator) launched an investigation into a number of gas transmission pipelines that appear to be over-recovering costs to the detriment of customers. A draft version of the US rail re-regulation was circulated and appears more industry friendly than first thought.

**Infra M&A.** the Australian Future Fund was rumoured to have purchased 15.6% of Southern Water (UK) from Challenger Infra and has confirmed it is in talks to join the bid for Transurban (tollroad). A Brisa (tollroad) consortium won the Portuguese high speed rail (HSR) project and bidding on the French €10b HSR project closed (with the government to guarantee 80% of the project debt). Macquarie Infra Group distributed documents for their pending EGM vote on a split of the assets.

**Infra Funding.** Capital markets are open with debt issuance for the month including: BAA (airports) £235m, Auckland Airport NZ\$125m, Cintra (tollroads) €400m, Atlantia (tollroads) ¥20b (€149m) and Spark (utility) A\$225m. In IPO news, Hochtief pulled the IPO of its Concessions arm and QLD announced an IPO of 60-70% of Queensland Rail (set for Q1'10).

**Other Infra News .** RiverCity's (tollroad) Clem7 tunnel is due to open early. Spain's Public Works has confirmed its commitment to spend ~€250b on transport infrastructure in the period 2005-20. Passengers throughput at key airports improved in November (YoY%); Heathrow +1.1, Gatwick +4.5, Paris -1.3, Frankfurt -0.2, Sydney +7.8. Sydney port volumes were also strong, +7.9 in November YoY.

### Important Information:

While the information contained in this document has been prepared with all 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.

## Portfolio Commentary

RARE outperformed its benchmark in December (5.7% vs 0.4%) and also outperformed global equities (3.8%).

We slightly increased our infrastructure exposure for the month, based on opportunistic purchases. AdP on the back of its announcement (short term negative, medium term positive) and MIG given the positive structural changes and value to be released from the split.

Stronger performers for the month included (MoM% total return) ITC Holdings (utility) +17.1 and Wisconsin Energy (utility) +10.5 in the US; SES Global (satellites) +11.2 and GDF Suez (utility) +11.9 in Europe; and DP World (ports) +17.5 bouncing back following the Dubai bail out.

There were few poor performers, with only negative returns coming from Chinese Infrastructure – Beijing Capital (airports) -4.5 and Zhejiang Expressway -5.0. We continue to invest in companies where we have a high conviction in earnings and companies with sound balance sheets.

*Richard Elmslie & Nick Langley,  
Senior Portfolio Managers*

## Overview of Fund Holdings

### Top 10 Holdings

ITC HOLDINGS CORP	5.4%
ABERTIS INFRAESTRUCTURAS SA	4.8%
SES GLOBAL SA /FDR	4.6%
VINCI	4.4%
NATIONAL GRID PLC	4.4%
TRANSCANADA CORP	4.3%
SHENZHEN INTL HLDS LTD	4.3%
NORTHEAST UTILITIES	4.3%
RED ELECTRICA CORPORACION SA	3.9%
SPECTRA ENERGY CORP *OPA*	3.5%

## Currency Exposure

Currency	Exposure %
Australian Dollar	6.7%
US Dollar (incl. HKD)	35.1%
Canadian Dollar	6.2%
Euro	31.8%
British Pound	7.6%
Brazilian Real	9.5%
Singapore Dollar	3.1%