

**Disclosure Brochure**  
**September 2012****RARE Infrastructure (North America) Pty Ltd.**

Level 18, 1 York Street, Sydney, NSW 2000, Australia

• Main Telephone: +612 9397 7300 • Fax Number: +612 9397 7399

[www.RAREinfrastructure.com](http://www.RAREinfrastructure.com)

**This brochure provides information about the qualifications and business practices of RARE Infrastructure (North America) Pty Ltd. If you have any questions about the contents of this brochure, please contact us at +612 9397 7300 or via e-mail to [operations@rareinfrastructure.com](mailto:operations@rareinfrastructure.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about RARE Infrastructure (North America) Pty Ltd. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration as a registered investment adviser does not imply a certain level of skill or training.**



## **RARE Infrastructure (North America) Pty Limited**

ACN: 138 069 191  
ABN: 84 119 339 052

### **Item 2. Material Changes**

RARE Infrastructure (North America) Pty Ltd. ("RINA") last amended this brochure in April 2012. This brochure reflects the following material amendments:

- Added disclosure regarding RINA's services to private funds domiciled in the U.S., including RARE Infrastructure Global Value Fund, LP.

This brochure may be requested by contacting the firm at +612 9397 7300 or by e-mail to [operations@rareinfrastructure.com](mailto:operations@rareinfrastructure.com). Additional information about RINA is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**Item 4. Advisory Business**

RARE Infrastructure (North America) Pty Ltd. (“RINA,” “we” or “us”) was founded in 2009 by Richard Elmslie and Nick Langley. RINA is a boutique investment management company specializing solely in the rapidly growing and increasingly recognized asset class of global infrastructure.

RINA invests in the securities of major infrastructure projects and developments such as airports, gas, electricity, water and roads, which provide essential ongoing services to communities in both developed countries and emerging markets.

Our small and dedicated team of highly experienced investment managers and securities analysts has 90+ combined years of experience in global infrastructure and 70+ combined years in funds management. We conduct our own infrastructure research using a rigorous analysis and hence we do not pay commissions to outside advisors.

It is our job to identify, analyze, invest and manage a wide range of global infrastructure securities with the aim of delivering stable, reliable dividends and capital growth for our investment clients.

RINA values its long term relationships with its clients and investors. We provide a highly personalized service to wholesale clients (i.e., institutional and high net worth clients) and private funds incorporating not only careful selection of global infrastructure securities and expert funds management but also reliable and relevant information and friendly assistance to all of our clients.

RINA is not associated with any bank, broker or institutional investor.

Our investment advice is generally limited to investments in securities of global infrastructure companies. Our day-to-day operations are managed by our two Investment Directors, Richard Elmslie and Nick Langley. Each of RARE’s four investment strategies have Investment Committees comprising of these two Investment Directors along with key Senior Investment Analysts. RINA’s four investment strategies include value hedged, value unhedged, emerging market and yield. The value hedged and value unhedged refers to whether the value strategy employs currency hedging.

RINA is a wholly-owned subsidiary of RARE Infrastructure Limited (RARE). The principal owners of RARE Infrastructure Limited are Richard Elmslie, Nicholas Langley and Treasury Group Limited (TRG). Using the four investment strategies noted above, RARE provides advisory services to wholesale clients and retail funds available to clients and investors located outside the U.S.

TRG is a public company that is listed on the Australian Securities Exchange (ticker: TRG). TRG’s business model is to partner with boutique investment managers and provide non-investment services and distribution capabilities. TRG currently has associations with 13 investment management companies.

We generally seek to manage client accounts to reflect our model portfolio applicable to that account. When changes are made to our model portfolios, we trade all client accounts to align them with the applicable model portfolio (except where specific instructions provided by the client require otherwise). Although clients typically grant full discretion with respect to security selection, clients may impose restrictions on investing in certain securities or types of securities. [CONFIRM]

As of 31 July, 2012, RARE and its subsidiaries managed approximately \$5.1 billion of client assets on a discretionary basis and \$0 of client assets on a non-discretionary basis.

**Item 5. Fees & Compensation****Separately Managed Accounts**

Our annual investment management fees for separately managed accounts generally range up to 0.80% of assets under management. Fees are negotiable based upon the size of the account, relationship and/or the nature and level of services

we provide. The fees are based upon the aggregate fair value of the client's portfolio as defined in the Investment Management Agreement ("IMA") with the client.

We also may on occasion charge separately managed accounts a performance-based fee. The performance fee is calculated relative to a benchmark, which may vary from client to client.

The specific manner in which we charge fees is established in the client's IMA. We generally are compensated on either a monthly or quarterly basis in arrears. Clients may elect to be invoiced directly for fees or authorize us to directly disburse fees from their client account. Management fees are prorated for account contributions and withdrawals made during the applicable period. We charge a prorated fee to accounts initiated or terminated during the applicable period. Upon termination of any account, any earned, unpaid fees will be due and payable.

Clients may also incur charges imposed directly by the custodian of the client's account and fees and expenses imposed directly by any mutual funds held in or for the client's account. Clients will incur transaction charges imposed by the broker-dealer executing securities transactions for the client's account. For further discussion concerning our brokerage practices, please see Item 12 of this Disclosure Brochure. All management fees paid to us are separate and distinct from the fees and expenses charged directly by the client's custodian, the broker-dealer and mutual funds. The fees and expenses imposed by mutual funds are described in each fund's prospectus, and will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. We generally do not invest in mutual funds for clients' separately managed accounts. The client should review both the fees charged by the funds and the fees we charge to fully understand the total amount of fees to be paid by the client and to thereby evaluate the investment management services being provided. We will not receive any portion of these commissions, fees, and costs.

### **Private Funds**

RINA serves as the investment adviser to a U.S. domiciled private fund, RARE Infrastructure Global Value Fund, LP. The fund follows the value unhedged strategy referred to above. The fund is available exclusively to accredited investors as that term is defined in Rule 502 of the Securities Act of 1933, as amended ("Securities Act"). Pursuant to an investment management agreement, RINA receives an annual investment management fee of 0.80% of assets under management. With the consent of RINA, an investor may pay a higher or lower annual management fee. The fund does not charge a performance fee.

### **Costs and Expenses**

In addition to our fees, our private fund clients are responsible for various costs and expenses, including all research and investment-related expenses, trading costs, costs of market data, administrative and custodial fees, legal, audit, and other professional fees and extraordinary costs (such as litigation). A private fund client's offering memorandum details the costs and expenses which are the responsibility of the client, as well as certain overhead costs and expenses which generally are the responsibility of the general partner which is an affiliate of RINA. Costs and expenses borne by a private fund client specifically include brokerage commissions and other transaction fees, costs and expenses arising from our trading and investment activities in managing the client's portfolio.

A separately managed account client bears the costs and expenses specific to its separately managed account which are similar to those borne by our private fund clients, including brokerage commissions and other transaction fees, costs and expenses arising from our trading and investment activities in managing the account, as may be modified by the terms of the IMA between us and the client.

We may pay client costs and expenses directly out of our own account for and on behalf of the client, and in those cases we may be entitled to reimbursement from the client. We deduct reimbursed amounts from client accounts, although for a separately managed account client we may agree to bill for those amounts.

Certain costs and expenses may be incurred for the benefit of, or be shared by, multiple clients. Those shared expenses generally will be allocated pro rata across the applicable clients based on their respective net assets, although we have the authority to allocate shared expenses in a different manner if we deem appropriate.

#### **Item 6. Performance-Based Fees & Side-By-Side Management**

We charge the majority of accounts we manage an asset-based fee. However, we do manage a small number of accounts that pay a performance-based fee, as described above. Conflicts of interest may arise from our management of these accounts when we have a financial incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. It is our policy to allocate trades in a fair and equitable manner. We have adopted order aggregation and trade allocation policies and procedures designed to ensure that all clients are treated fairly, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

#### **Item 7. Types of Clients**

RINA is the investment adviser for, and we provide discretionary investment advisory to, private funds and separately managed accounts. Interests in a private fund are offered pursuant to applicable exemptions from registration under the Securities Act. Underlying investors in a private fund client are subject to certain investor qualification standards and are required to make certain representations and warranties in the subscription agreement required to purchase interests in the fund. Investors in our fund clients and our managed account clients may include institutional investors (such as endowments, foundations and pension plans), funds of funds, and family offices, trusts and high-net worth individuals. The minimum initial investment in our fund clients is generally USD250,000, which may be waived.

We generally require a minimum initial investment for a separately managed account, which minimum will vary depending on, among other factors, the account's investment strategy, terms and operational requirements. We only accept separately managed account clients that meet certain investor qualification standards. A managed account client also is required to make certain representations and warranties in its IMA with us. The minimum for a separately managed account is USD50 million, which may be waived.

#### **Item 8. Methods of Analysis, Investment Strategies & Risk of Loss**

Investors should consider an investment horizon of three to five years in appointing RINA as investment adviser. Investors should understand that the value of an investment in their account or fund will change over time.

A private fund client's investment process, including its investment objective and strategies, is described in its private offering memorandum. Please see the applicable private fund's offering memorandum for a more complete description of the fund's investment strategy and the risks of investing in the fund.

#### **Investment Process**

RINA's investment process includes a number of steps that aim to ensure that the attributes of a security will match the investment objective of the relevant investment strategy. RINA uses various mechanisms to analyse the global universe of securities. These mechanisms include an investment screening process applying specific financial and market criteria to develop an investment universe of securities. These securities are then subjected to detailed analysis and research to determine RINA's view of the securities' quantitative and qualitative attributes and the risk adjusted return for each security. RINA then compares and selects securities by comparing what RINA believes are common features. The securities exhibiting the better risk adjusted returns are then considered for investment. The portfolio held by each client is constructed based on a bottom up analysis of individual securities. It is not constructed with reference to any particular index.

#### **Screening analysis**

The screening analysis identifies all global infrastructure securities which exhibit the "infrastructure" investment feature. This universe is comprised of about 1,200 companies with a market capitalization of approximately USD2.4 trillion as at

31 December 2010. RARE then screens this group of securities further, based on certain liquidity, financial and valuation parameters to produce a list of about 200-250 companies (referred to as the "RARE 200") with a combined market capitalization of approximately USD2.0 trillion as at 31 December 2010. This list is then subjected to further peer group analysis to identify "best in class" on a sector and regional basis and to identify any securities that have been excluded to this point but which could be worthy of inclusion into the investment universe for further examination.

### **Individual security assessment**

The resources of RINA are utilized to evaluate securities within the investment universe. The evaluation process includes examination and analysis of company specific documentation (annual reports, presentations and announcements), competitors and industry bodies, reports and analysis from investment banks, the business environment and the industry in the particular geographic region in which the company operates. The RINA investment team travels regularly to visit companies whose securities RINA considers are prospective investments. Such visits involve meeting the company's management as well as the management of competitors, regulatory bodies and other parties that may impact on the business and earnings. This quantitative analysis also evaluates the sustainability of future dividends and reasonableness of earnings growth estimates.

RINA undertakes detailed cash flow modelling to assess the intrinsic value of a company based on its future cash flows. These discounted cash flow valuations are checked for reasonableness against other valuation techniques. Coupled with this cash flow analysis is an assessment of the capital structure and its impact on value. RINA believes that an assessment of a company's operating environment is crucial to assessing the value of the company's securities and often influences the outcome of RINA's financial modeling. RINA has regard to political and economic change as these variables can significantly affect current and future valuations of infrastructure assets. RINA also views an assessment of management of each company as essential in determining whether to proceed with an investment. In RINA's experience a change in management invariably provides a potential catalyst for an investment opportunity or, at the very least, a re-evaluation of the value of an investment.

RINA's security valuation methodology includes adjusting the risk weighting to reflect country risk and company specific financial, business and management risk. These risk adjustments are made to the discount rate applied to the company's future cash flows.

### **Portfolio construction parameters**

The portfolio construction of each client is designed to manage shorter-term risk through sufficient diversification without negatively impacting the long-term objective of consistent performance and returns. The portfolio construction guidelines incorporate risk controls governing the holdings of each client including:

- sector and regional geographic targets;
- asset maturity targets; and
- security weighting limits.

The portfolio of each client is constructed as a result of individual security selection and not as a result of reference to any index or market benchmark. This means the composition of securities held by each client is likely to deviate from world benchmark weights in global industry sectors, regions or individual securities.

### **Material risks**

It is important to understand that there are risks inherent in any investment. The purpose of this section is to inform you of the types of risks that may apply to investments you have with RINA. Whilst we are not able to remove all the risks associated with an investment with RINA, RINA employ a range of investment and risk management strategies to identify, evaluate and manage these risks. All investments are subject to varying risks and generally go up as well as down in value. Different asset classes perform differently at different times and have different risk characteristics and volatility.

The performance of the portfolio or the return of capital is not guaranteed and the value of your investment will go up and down with the value of the assets held with RINA. The material risks set forth below should not be considered an exhaustive list of the risks that may apply to your private fund or separately managed account.



**Equity securities risk**

Common and preferred stocks represent an ownership interest in a company. Stock markets are volatile. The value of a company's stock may fall as a result of factors directly relating to that company, such as decisions made by its management or lower demand for the company's products or services. The price of equity securities will fluctuate and can decline and reduce the value of a portfolio investing in equities. The value of equity securities purchased by the client could decline if the financial condition of the companies the client invests in decline or if overall market and economic conditions deteriorate. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or an increase in production costs and competitive conditions within an industry. In addition, they may decline due to general market conditions that are not specifically related to a company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or generally adverse investor sentiment.

**Foreign investments risk**

Investments in securities and instruments issued by (or referencing) non-U.S. governments and issuers, which may be executed on foreign exchanges or with foreign counterparties, carry additional risks not typically associated with investments in the U.S. government and U.S. issuers. These considerations include changes in relevant exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing legal rights, lack of uniform accounting, financial reporting and auditing standards, greater price volatility, and lack of basic protections available under certain U.S. laws and regulations.

**Individual investment risk**

Individual investments made by RINA will fluctuate in value, meaning that on occasion, they may fall in value. A company's share price may fluctuate for a number of reasons. A company may undergo changes in its financial or operating circumstances, and may also face broader influences such as political and industry changes. RINA aims to reduce these risks by conducting thorough analysis and research of all its investments.

**Foreign currency risk**

Investment in foreign markets gives rise to foreign currency exposure. This means the value of foreign investments will vary as exchange rates change. Fluctuations in foreign currency can have both a positive and negative impact on your investment with RINA. For Hedged portfolios, RINA will substantially hedge all currency exposure back to the base currency.

For the value unhedged strategy, RINA does not intend to hedge the currency exposure. Therefore, investors should be aware of the impact of foreign currency risk on RINA's investments.

**Market, country, interest rate and political risk**

Economic, technological, political, legal and market conditions in countries in which RINA's portfolios have investments are variable, particularly in developing countries. Changes in these factors can have both positive and negative influences on the value of these investments. Political situations could develop where the government of a country stops or limits RINA's ability to repatriate assets to the U.S. The global economic, technological, political, legal and market conditions may directly or indirectly impact on the operations of companies which may, in turn, directly or indirectly impact upon the value of a portfolio's assets.

Changes in interest rates can also have a positive or negative impact directly or indirectly on investment values or returns. For example, hybrid securities, cash and other interest-bearing securities are very sensitive to fluctuations in interest rates. Infrastructure securities tend to be more sensitive to interest rate fluctuations than industrial securities.

RINA uses research and analysis to form a view on these matters and then adjusts the investments to reduce the impact where possible. More generally, RINA will avoid investing in less stable countries where it believes the potential risk of loss is significant.

**Derivatives risk**

Derivatives risks include:

- the value of derivative positions not moving in line with movements in the underlying asset;



- potential illiquidity of the derivative; and
- the portfolio being unable to meet payment obligations as they arise in relation to derivatives contracts.

Although not all of these risks can be eliminated, RINA manages these risks as far as practicable by:

- regularly monitoring derivative exposure;
- ensuring each portfolio is able to pay all of the obligations associated with derivatives from the appropriate amount of cash or physical assets held by the portfolio;
- not borrowing against a portfolio's assets for the purposes of leveraging the returns of the portfolio;
- only investing in derivatives that RINA considers to have adequate market depth; and
- only using intermediaries RINA considers reputable.

### **Liquidity risk**

As RINA invests in securities listed on securities exchanges in various countries, if there is an interruption of regular trading in a market, or for a particular asset of a portfolio, there may be delays in processing withdrawal requests. Similarly, for some securities in the portfolios where the volume of trading is low, the ability to liquidate those securities in a timely manner may be impacted. RINA closely monitors cash levels within each portfolio to manage this risk and ensure that there is adequate liquidity to meet the needs of unit holders in ordinary circumstances.

### **Unlisted securities risk**

Where an investment is made in an unlisted security, additional risks may be assumed, including that the investment will be less liquid than a listed security, that distributable income is likely to be lower and that the underlying investment may not appreciate in value. RINA will manage the liquidity risk by limiting investments in unlisted securities in each portfolio up to 20 per cent of the value of that portfolio. Generally, RINA expects that the value of unlisted securities will be considerably less than this maximum. Valuations for unlisted investments will be based on references to any recent comparable equity sales or by reference to independent third party valuations.

*Investing in securities involves risk of loss that clients should be prepared to bear.*

### **Item 9. Disciplinary Information**

Not applicable.

### **Item 10. Other Financial Industry Activities and Affiliations**

We have relationships and arrangements that are material to our advisory business or to our clients with related persons that are an investment adviser. The related persons which are investment advisers with which RINA has arrangements that are material to its advisory business or its clients are RARE Infrastructure Limited ("RARE"), RARE Infrastructure USA, Inc. ("RUSA") and Treasury Group Investment Services Limited ("TIS") (collectively with RINA, the "RARE Entities").

Relationship: RINA is a wholly owned subsidiary of RARE. TIS is under common control with RARE on the basis that an entity which has the right to vote 25 percent or more of TIS's voting shares also has the right to vote 25 percent or more of RARE's voting shares. That common entity is an Australian listed company named Treasury Group Limited ("TRG"). TRG owns approximately 37% of shares in RARE and owns TIS 100%.

RARE and RUSA are registered investment advisers with the U.S. Securities and Exchange Commission. Generally, RUSA and RARE limit their advisory activities to clients located in the Americas. RUSA or RARE may recommend RINA's services to manage a portion of their clients assets.

We pay a fee to RUSA with respect to clients they recommend but this fee is not affected by an increase or decrease in our funds under management.

RARE provides investment management and other services to RINA. RINA pays a fee to RARE for these services which are based on RINA's assets under management.

Arrangements: TIS provides risk and compliance services to RINA and RARE which may be considered as material to the Applicant's clients.

Conflicts may arise between and among the RARE Entities in the management of client accounts. These potential conflicts of interest are described under Item 11 below.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

We have adopted a Code of Conduct (“Code”) applicable to all staff describing our high standard of business conduct, and fiduciary duty to our clients. The Code includes provisions relating to the confidentiality of client information, prohibition on insider trading, guidelines on the acceptance of significant gifts and business entertainment items, and personal securities trading procedures, among other things. All staff must acknowledge the terms of the Code at least annually. A copy of our Code of Conduct is available to any client or prospective client upon request.

We permit our employees to engage in personal securities transactions in line with our Personal Trading Policy. Personal securities transactions by an employee may raise an actual or potential conflict of interest if an employee trades in a security that is considered for purchase or sale by a client. Our Personal Trading Policy is designed to ensure that our employees who are responsible for developing or implementing our investment advice or who provide the investment advice to clients are not able to act thereon to the disadvantage of clients. The Personal Trading Policy further prohibits our employees from using any material non-public information in securities trading.

Under our Conflicts of Interest Policy, our employees are prohibited from using knowledge of portfolio transactions made or contemplated for any client to profit by the market effect of such transactions or otherwise engage in fraudulent conduct in connection with the purchase or sale of a security sold or acquired by a client. Further, employees are prohibited from taking advantage of an opportunity of any client for personal benefit, or taking any action inconsistent with our fiduciary obligations. Our employees must avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility.

Employees must pre-clear in writing with our Investment Directors any transactions in both listed and unlisted securities. Employees may not purchase or sell any securities which we are considering for client accounts until either the client’s transactions have been completed or consideration of the transactions are abandoned.

Employees are required to maintain a securities holding register and ensure it is updated with all personal trades within 7 days of transacting. Employee trading is monitored under the Personal Trading Policy via an annual audit of personal trading on each employee.

### **Participation or Interest in Client Transactions**

Conflicts of interest may arise from the fact that the RARE Entities carry on substantial investment activities for separately managed account clients and other private and public fund clients. The RARE Entities’ client accounts may compete for specific trades. In addition, the RARE Entities may give advice and recommend securities to, or buy or sell securities for, certain accounts, which advice or securities recommended may differ from advice given to, or securities recommended or bought or sold for, other client accounts, even though they may have the same or similar investment objectives.

Situations may occur when certain clients could be disadvantaged because of the investment activities the RARE Entities conduct for their own account or other client accounts. Such situations may be based on, among other things: (1) legal or internal restrictions on the combined size of positions that may be taken for client accounts, thereby limiting the size of such accounts’ positions; or (2) the difficulty of liquidating an investment for client accounts where the market cannot absorb the sale of the combined position.

The RARE Entities may have differing economic interests in client accounts. For example, certain accounts managed by the RARE Entities may charge higher management fees or may be assessed a performance fee. Accordingly, the RARE Entities may have an incentive to favor higher fee paying accounts over other accounts. However, the RARE Entities have adopted order aggregation and trade allocation policies and procedures designed to ensure that all clients are treated fairly and equitably.

From time to time, certain investment opportunities for a client (including opportunities to sell investments) may come to the attention of the RARE Entities by virtue of the fact that the investment, or one of its clients or affiliated persons, is willing to sell or purchase such investment. In some circumstances, a potential conflict of interest may arise because the RARE Entities may be acting for one or more clients and for itself or on behalf of another client. Where required by applicable law or contractual obligation, disclosure will be given to, and consent obtained from, the client before the

completion of such transactions. Such investment opportunities shall be allocated in a manner in which RINA considers to be fair and equitable.

A client's performance may differ significantly from the results achieved by the RARE Entities for other accounts they manage or advise. The personnel of the RARE Entities are not required to devote all or any specified portion of their time to managing the affairs of any particular client, but will devote to the Fund so much of their time as the RARE Entities deem necessary or appropriate.

We have adopted order aggregation and trade allocation policies and procedures designed to ensure that all clients are treated fairly.

It is possible that our clients could be precluded from investing in or selling securities of or related to companies about which we have material, non-public information; however, it is our intention to ensure that any material, non-public information available to certain of our personnel is not shared with the personnel responsible for the purchase and sale of publicly-traded company securities or swaps related to such securities, or to confirm prior to receipt of any material non-public information that the information will shortly be made public.

## **Item 12. Brokerage Practices**

Subject to applicable investment policies and restrictions, clients grant us full discretion with respect to both security and broker-dealer selection. We select broker-dealers on the basis of their ability to execute transactions at the most favorable prices and lowest overall execution costs. We also take into consideration other relevant factors, such as:

- the reliability, integrity and financial condition of the broker-dealer, the size of and difficulty in executing the order;
- the quality of execution and custodial services; and the provision of valuable research services that can be reasonably expected to enhance the investment return of the clients' portfolios.

If broker-dealers are selected on the basis of their research services, we may negotiate commissions that may be higher than for "execution only" transactions, but are nevertheless deemed reasonable in light of the value of such services provided, viewed in terms of either a particular transaction or our overall responsibilities for accounts over which we exercise investment discretion. Research paid for through commissions by some accounts may be of value to and used for other accounts we manage. We receive research from some of the brokers with whom we place trades on behalf of clients, however, we have no arrangements or understandings with such brokers regarding receipt of research in return for commissions. In the event a client directs the use of a specific broker-dealer, the execution costs for the client may be higher than could be obtained by using a broker-dealer we select. Such higher costs may result from the disparity of commission rates or prices among broker-dealers, our more limited ability to negotiate lower commission rates or prices and the inability of the client to benefit from volume discounts we may obtain from aggregating orders placed with other broker-dealers.

It is our policy to allocate trades in a fair and equitable manner. We attempt (except where specific instructions provided by the client or other restrictions require otherwise) to manage every account to reflect the model portfolio selected for the client. When changes are made to the model portfolios, we trade adjust accounts to align them with the revised model portfolio. This realignment may require the trading of one or more investments on behalf of many client portfolios. We generally combine all of the trade orders into one or more 'block' orders for all of the securities that need to be purchased or sold. Each account participates at the average unit or share price for all the transactions in a security in the applicable block order, with transaction costs allocated pursuant to the applicable broker-dealer fee schedule for the particular account.

Due to the limited trading volume in some of the model portfolio securities, it is likely that we may not always be able to completely fill a block order in one trading session. When block orders are only partially filled during a trading session, we will promptly allocate fills to accounts after the close of the trading session based upon such factors as cash balances in accounts, actual account weighting versus the applicable model weight, commissions, risk profiles, the number of accounts that may be completely filled in that trading session and other matters relevant to particular accounts in filling the orders. In subsequent trading sessions, we generally will allocate fills continuing to consider these factors until the order is completely filled. It is possible that it may take several weeks or even several months to completely fill an order,

depending upon the securities involved and market conditions. Our policy is to allocate fills so that accounts are neither preferred nor disadvantaged over time.

If we make a trading error as a result of our negligence, we are generally responsible for correcting the error and bearing the costs of correcting the error so that the client is not disadvantaged and is made whole. We will take into consideration the suitability of a trade error in connection with the resolution of the error. Unsuitable trades will always be resolved in the client's favor and the client's being made whole and suitable trade errors will be resolved on a case-by-case basis. To the extent that resolution of a suitable trade error results in the purchase of securities in a client's account that increase in value, the increased value results in an increase in the amount of the fee payable to us.

### **Item 13. Review of Accounts**

Portfolios are actively managed and securities are continuously monitored by members of the investment management team. Potential investments are ranked based on a proprietary model which includes an assessment of quantitative and valuation metrics as well as various subjective criteria. This ranking is used to create and maintain an approved list of securities called the "RARE200". The investment management team meets at least weekly to review portfolio strategy and to add or delete companies from the list of approved securities. Portfolio summaries, statistics, and performance results are generated and reviewed at least monthly. While primary responsibility for monitoring, review, and analysis of individual securities is spread among various individual members of the investment management team, all portfolio management decisions and reviews are based on a team approach.

Separately managed account clients are normally provided reports by their custodian not less frequently than quarterly, including (1) a portfolio schedule, (2) transaction report, (3) performance evaluation, and (4) summary portfolio statistics. We may also provide information as agreed to with the client.

Investors in our private fund client receive at least monthly statements from the fund's custodian.

### **Item 14. Client Referrals & Other Compensation**

We do not receive economic benefits from non-clients in connection with giving advice to clients.

Under a written solicitation agreement with our affiliate, RUSA, we compensate RUSA with a service fee in return for soliciting clients for us. This fee is not affected by an increase or decrease in RINA's assets under management. There is no increase in the investment management fees payable to us by the solicited persons as a result of the compensation paid to the solicitor under this solicitation agreement.

### **Item 15. Custody**

Separately managed account clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

We utilize the services of unaffiliated banks, broker-dealers and financial institutions or other qualified custodians selected by us to hold private fund client cash and securities, with the exception of certain uncertificated privately-offered securities. Each of our fund clients is subject to an annual audit performed in accordance with generally accepted accounting principles by an independent auditing firm, and those audited financial statements are distributed to the applicable fund client (and each of its underlying investors) within 120 days of the end of the fund client's fiscal year. As described in Item 13 above, each underlying investor in a fund client receives a monthly statement from the fund client's third party custodian the investor's net asset value per share, as the case may be, as of the end of the applicable month.

### **Item 16. Investment Discretion**

We usually receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the investment objectives for the particular client account.

We observe the client's investment policies, limitations and restrictions when selecting the identity and amount of securities to be bought or sold. Various securities and/or tax laws, as well as internal compliance policies, may impose additional restrictions on the investments that may be made. For our separately managed account services, clients must provide any investment guidelines and restrictions to us in writing.

Although our authority on behalf of our private fund clients generally is subject to the oversight of the fund client's governing body (which may be a general partner), the governing body typically will be an affiliated entity (in the case of a general partner) or will have at least one of our advisory affiliates as a member.

### **Item 17. Voting Client Securities**

We will vote proxies on behalf of a client if the client has delegated to us the authority to vote proxies on its behalf in the client's IMA or other written instrument. Clients for whom we do not have any authority to vote proxies retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. In the event we receive any proxies intended for clients who have not delegated proxy voting responsibilities to us, we will promptly forward such proxies to the client for the client to vote. When requested by the client, we may provide advice to the client regarding proposals submitted to the client for voting. In the event an employee determines that we have a conflict of interest due to, for example, a relationship with a company or an affiliate of a company, or for any other reason which could influence the advice given, the employee will advise our Investment Committee. The Investment Committee will decide whether we should either (1) disclose the conflict to the client to enable the client to evaluate the advice in light of the conflict, or (2) disclose the conflict to the client and decline to provide the advice.

In cases where the client has delegated proxy voting responsibility and authority to us, we have adopted and implemented the policies and procedures summarized below, which we believe are reasonably designed to ensure that proxies are voted in the best interests of our clients. In pursuing this policy, proxies should be voted in a manner that is intended to maximize value to the client. In situations where we accept such delegation and agree to vote proxies, we will do so in accordance with these policies and procedures.

- a) We evaluate each proxy on a case-by-case basis.
- b) In the event requests for proxies are received with respect to the voting of equity securities, on routine matters, such as election of directors or approval of auditors, the proxies usually will be voted with management unless we determine we have a conflict or determine there are other reasons not to vote with management. On non-routine matters, such as amendments to governing instruments, proposals relating to compensation and stock option and equity compensation plans, corporate governance proposals and shareholder proposals, we will vote, or abstain from voting if deemed appropriate, on a case-by-case basis in a manner we believe to be in the best economic interest of our clients and investment company clients' shareholders. Our Head of Operations is responsible for monitoring our proxy voting actions and ensuring that (i) proxies are received and forwarded to the appropriate decision makers, and (ii) proxies are voted in a timely manner upon receipt of voting instructions. We are not responsible for voting proxies we do not receive, but will make reasonable efforts to obtain missing proxies.
- c) Our Investment Committee, or one of our Investment Directors, is responsible for identifying and monitoring potential conflicts of interest that could affect the proxy voting process, including (i) significant client relationships; (ii) other potential material business relationships; and (iii) material personal and family relationships.
- d) All decisions regarding proxy voting shall be determined by our Investment Committee, or one of our Investment Directors, and shall be executed by our Operations team or, if the proxy may be voted electronically, electronically voted by a Head of Operations or her designee.

If we identify a material conflict, we may (i) disclose the potential conflict to the client and obtain consent; or (ii) establish an ethical wall or other informational barriers between the person(s) that are involved in the conflict and the persons making the voting decisions.

Our Head of Operations is responsible for maintaining proxy voting policies and procedures, proxy statements (or the ability to access them), records of votes cast and abstentions, and any records we prepared that were material to a proxy voting decision or that memorialized a decision.

A copy of our Proxy Voting Policies and Procedures will be provided to clients and prospective clients upon request.



## **RARE Infrastructure (North America) Pty Limited**

ACN: 138 069 191  
ABN: 84 119 339 052

Clients may also obtain information from us about how we voted any proxies on behalf of their account(s) upon request by contacting [operations@rareinfrastructure.com](mailto:operations@rareinfrastructure.com).

### **Item 18. Financial Information**

Not applicable.

### **Item 19. Requirements for State-registered Advisers**

Not applicable.