

# OpenWorld Global Listed Infrastructure

## KEY FUND FACTS



**Money manager:** RARE Infrastructure Limited ("RARE")

**Fund objective\*:** Aims to deliver returns significantly in excess of G7 inflation over the long term by investing globally in listed infrastructure companies

**Benchmark:** S&P Global Infrastructure Index (Net)

**Fund inception:** 8th April 2009

**Bank custodian:** State Street Custodial Services (Ireland) Limited

**Notification period :** Orders must be sent before 14:00 (Irish time) on the dealing day

**Valuation:** Daily forward pricing; NAV published at T+1 at 10:00 (Irish time)

**Settlement :** T+3

**Expected currencies available:** USD, EUR, GBP, JPY

**Base fee and codes:**

Share Class	P**	I
Fee	70bp	80bp
ISIN	IE00B3FNDQ16	IE00B3FNDP09
Bloomberg	RUGLINP ID	OWGLINI ID

**Performance fee:** 20% of the excess performance above the benchmark and hurdle

**Fund type:** UCITS Fund

\* Please read the Investment Objective and Investment Strategies as set out in the fund's prospectus before investing in this product

\*\* Minimum relationship of \$300m across OpenWorld® platform

## Why this fund?

Infrastructure investing has been around for a long time, but the listed market is an exciting new area which we believe is likely to become mainstream in the next 10 years. This fund provides access to a boutique manager exclusively dedicated to investment in this listed market. The manager is distinguished by a deep investment team with extensive experience investing in listed and unlisted infrastructure, and in financial markets generally.

Returns will be linked to the performance of the underlying listed infrastructure market, which we expect to continue to experience significant growth over the coming years as the demand for more liquid alternative asset classes increases. The universe has grown from \$469bn to \$4.1tn between 30 June 1996 and 30 June 2008 (source: RARE).

Russell OpenWorld® provides access to a compelling manager not widely available. In addition, investors in the fund benefit from Russell's robust investment and operational due diligence on money managers, and ongoing monitoring and replacement when necessary in order to preserve the value proposition.

## Why RARE?



**Adam Babson**  
Manager Research,  
Real Estate and Infrastructure  
Russell Investments

**"RARE's distinct advantage is its sole dedication to listed infrastructure investing and high degree of granularity in the research and modelling processes."**

- **One of the deepest, most diverse and experienced teams within the listed infrastructure market.** RARE boasts one of the highest quality investment teams in the small, specialised manager universe. The team combined has over 75 years of global infrastructure experience and over 25 years of funds management experience. Integrating expertise from both the investment and infrastructure fields provides unusual insights into the market and gives it expertise in a variety of sectors globally.
- **Exclusive focus on infrastructure investments.** This differentiates RARE from other managers which often include infrastructure as part of a broader approach. This feature enables RARE to hire and retain superior staff in this limited market and reduces distraction or resource drain to other asset classes.
- **The list of stocks researched in detail is among the largest in the universe.** RARE's 'focus list' of stocks covered in detail (~ 120) is among the largest in the peer universe. It also has one of the most sophisticated proprietary data models in the universe. These advantages, in conjunction with the manager's resources and expertise, serve as the foundation for RARE's value proposition relative to peers.

## Key fund benefits

**Access to a new boutique manager focusing exclusively on listed infrastructure assets, with partner firm managing all non-investment related functions**

**Exposure to the resilient and predictable cash flows of infrastructure assets in an attractive listed product**

**Exposure to returns that have a low correlation to the broader equity, bond and property markets over the long term**

## KEY MANAGER FACTS

**Money manager:** RARE Infrastructure Limited

**Background:** The company was founded in January 2006 by Richard Elmslie and Nick Langley to focus exclusively on investments in infrastructure.

## Key Individuals:



**Richard Elmslie**, Investment Director, has 25 years' investment experience. He has focused on global infrastructure for 18 years and prior to founding RARE he was co-head of infrastructure at UBS.



**Nick Langley**, Investment Director, co-founded the firm and previously worked in a number of investment management and investment banking roles focusing on infrastructure.

**Ownership:** 60% of company is owned by employees, remainder by Treasury Group Limited

**Location:** Sydney, Australia

**AUM:** \$1.3 bn (as of 31st March 2011)

**Founded:** 2006

**Mandate inception:** 8th April 2009

## The investment team

The team consists of two portfolio managers and five analysts with a combined global infrastructure experience of 75+ years and over 25 years' funds management experience. Each of the four senior analysts has over seven years' experience and the team has experience covering every relevant sector in each region of the globe.

## Philosophy and investment process

**Value-oriented process employing fundamental bottom-up research to identify companies that offer resilient and predictable cash flows, ownership of monopoly assets, attractive yield, low earnings volatility and inflation-hedging characteristics.**

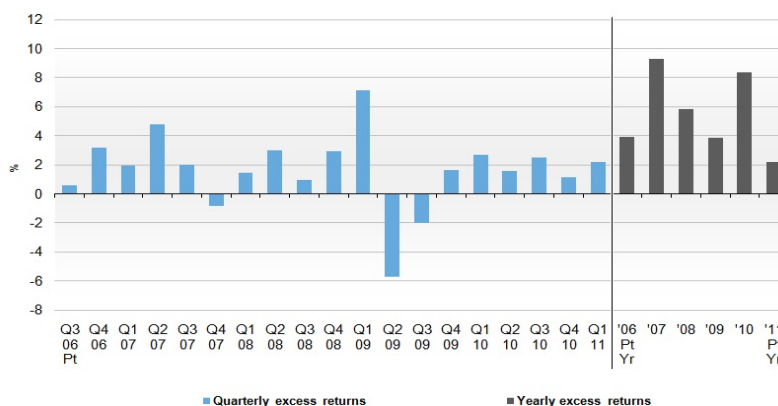
RARE seeks to provide consistent returns in excess of inflation over the long-term. After an initial screening of the universe the analysts apply fundamental research in the form of detailed financial, risk and valuation analysis, as well as corporate governance and regulatory reviews. The goal of this fundamental research is to identify each company's risk-adjusted return to equity potential. Portfolio construction is driven primarily by the results of the bottom-up stock selection process, though a top-down risk mitigation overlay is also applied. This top-down element allows for adjustments based on sector and region targets, asset maturity targets, and other portfolio guidelines.

## Portfolio characteristics

The portfolio contains 30-60 stocks depending on the market environment and breadth of the opportunity set. The RARE team takes a relatively restrictive view of the investment universe and screens out a number of utilities companies that are included in various indices. They also have the ability to allocate up to 25% of the portfolio to emerging markets. If the team is unable to find attractive investment opportunities it can also hold up to 10% in cash. Due to the relatively long target investment horizon (three to five years) we expect the portfolio to exhibit low turnover. The portfolio is likely to exhibit moderate valuation and low growth characteristics.

## Manager performance

**RARE Infrastructure quarterly and yearly excess returns vs. S&P Global Infrastructure Index**



Since inception, RARE has outperformed its benchmark by 7.6% p.a. With its focus on defensive assets with stable revenues, Russell expect this strategy to provide equity-like returns in the longterm with lower volatility.

This chart shows the performance of a representative account, managed by RARE, using similar guidelines and portfolio characteristics to that of the fund, in USD gross of fees (source: RARE). The fund return for April 2009 is a combination of index and actual fund return. The April 2009 fund returns prior to April 8, 2009 are proxied using index returns, from April 8, 2009 onwards fund returns are those of the live fund. Data as at 31st March 2011. This past performance is for illustrative purposes only and is not necessarily a guide to future performance.

This material does not constitute an offer or invitation to anyone in any jurisdiction to invest in any Russell product or use any Russell services where such offer or invitation is not lawful, or in which the person making such offer or invitation is not qualified to do so; or to anyone to whom it is unlawful to make such offer or invitation, and has not been prepared in connection with any such offer or invitation.

This material is not intended for distribution to retail clients. Unless otherwise specified, Russell is the source of all data. Unless otherwise specified, all information contained in this material is current at the time of issue and to the best of our knowledge all information presented is accurate, however this cannot be guaranteed. Any opinions expressed are those of Russell Investments Limited and not a statement of fact and they do not constitute investment advice and are subject to change.

The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. There is no guarantee that any target or projected figures will be met and this information is for illustrative purposes only. Any simulated figures and estimated figures are for illustrative purposes only. Any past performance figures are not necessarily a guide to future performance. Any reference to returns linked to currencies may increase or decrease as a result of currency fluctuations. Any references to tax treatments depend on the circumstances of the individual client and may be subject to change in the future.

© 2011 Russell Investments Limited

Issued by Russell Investments Limited. Company No. 02086230. Registered in England and Wales with registered office at: Rex House, 10 Regent Street, London SW1Y 4PE. Telephone 020 7024 6000. Authorised and regulated by the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

## CONTACT US

For more information, please contact your usual Russell Investments representative or



**Mike Sfez**  
Director, Investments  
Tel: +33 1 53 57 40 11  
Email: msfez@russell.com

Russell Investments  
Rex House, 10 Regent Street, London,  
SW1Y 4PE  
[www.openworldinvesting.com](http://www.openworldinvesting.com)