Fisher Morrison Infrastructure Fund Update

Current Portfolio Asset Allocation

Shares:	42%
Bonds:	9%
Cash:	49%

Distributions: Paid its first distribution in March 2009
Next distribution to be made in June 2009

US Rail Sector

Norfolk Southern Corporation (NSC) and Burlington Northern (BNI)

NSC is one the two main railroads serving the east coast of USA, with volumes of 429M tons and revenues of $10.7B, while BNI is one of the two main railroads on the west coast with volumes of 588M tons and revenues of $18B. US freight rail companies own large irreplaceable transport networks with volumes underwritten by the movement of bulk commodities where growth is only loosely related to economic cycles. Freight charges have risen substantially above inflation due to increasing road freight costs. Increasing road-freight costs and on-going rail productivity enhancements are lowering the distances over which rail is cheaper than road. Long-term underinvestment in the US highway network has resulted in road congestion in many regions and the competitiveness of trucks has also been impacted by their relatively high labour and fuel costs and an increasing burden of environmental and safety regulations. Technological and structural improvements to railroad operations is allowing trains to run faster, cleaner and with greater reliability and allowing increased number of cars per train and carload weight.

European Airport Sector

Strong traffic growth over an extended period of time has led to significant airport congestion at European airports. Stimulated by the growth of Low Cost Carriers (eg. Ryanair and easyJet) the long term trend in the airline industry is for declining air fares. This has increased the number of destinations available as well as stimulated strong demand even in mature markets.

Development within the European Union has stimulated travel between existing EU states and those eastern European countries gaining EU membership are likely to follow this trend. Airport pricing is generally influenced by some form of regulation which is commonly referred to as single or dual till. This refers to whether returns are regulated across the whole airports business or only aviation assets are regulated and commercial operations (such as car parks) are left to market forces.

Flughafen Wien (FLU)

FLU operates the capital city airport in Vienna, Austria, with passengers of 18.8m. FLU could be described as a secondary hub airport which is particularly well positioned to take advantage of the development of Eastern Europe given their catchment area including Hungary, the Czech Republic, Slovakia and Slovenia.

FLU's regulator applies a light handed form of dual till regulation providing scope for earnings growth over the long run.

Flughafen Zürich

Flughafen Zurich (UZAN)

UZAN is the operator of the airport at Zurich, the largest economic centre, in Switzerland. With 20.7m passengers in 2008 Zurich Airport was the 7th largest passenger airport in Europe. UZAN's primary carrier is Lufthanza considered one of the strongest European full service carrier. Zurich Airport is regularly regarded as a high quality airport winning multiple awards for user- friendliness and quality in the last 12 months. UZAN's regulator applies a light handed form of dual till regulation.

Energy transmission and distribution

North East Utilities (NU) and ITC (ITC)

The regulated electricity transmission sector features monopolistic assets governed by favourable regulation and growth upside generally seen in dynamic and evolving markets. Substantial under investment over the last 40 years has left transmission assets in need of major upgrades to cope with not only existing use but also population growth. Witness the multi state breakdown in electricity supply in 2003 which lasted for 3 days and cost US$10B in US GDP.

New transmission is also required to service renewable sources of generation (i.e., wind, solar), which are often in different locations to where the grid is currently located.

ITC currently owns substantially all of the transmission assets located in the lower peninsula of Michigan. These Michigan based assets comprise 13,000km of transmission lines and 236 substations which are ultimately used to deliver power to 9.8 million people. The company has also recently completed the acquisition of transmission assets located in Iowa, Illinois & Wisconsin. ITC is also actively pursuing opportunities to provide transmission upgrades and new projects in Kansas, Oklahoma and Texas. Upgrades and extensions of the networks in this region are expected to be driven by the large scale development of wind turbines in this region.

NU is a pure-play, fully regulated, wires and pipes business - with a large customer base. It is the single largest transmission owner in New England with over 3,000 circuit miles. It has over 2m electricity & gas customers in its franchise distribution areas in Connecticut, New Hampshire and Massachusetts. New England was specifically identified by the Department of Energy and FERC as an area with substantial congestion issues, and hence will receive favourable rates going forward.