

AUGUST 31, 2009

# Monthly Report



## MACQUARIE GLOBAL INFRASTRUCTURE TOTAL RETURN FUND (MGU)

### OVERVIEW

MGU is a closed-end fund that seeks to provide investors with a total return over the medium-to-long term consisting of income and capital growth by investing in a diversified portfolio of equity, debt, preferred or convertible securities and other instruments issued by US and non-US companies that own, operate or manage infrastructure assets, are essential service providers in nature and offer potentially attractive risk/return profiles.

Inception Date	August 26, 2005
Ticker	MGU
CUSIP	55608D101
Portfolio Managers	Jon Fitch & Andrew Maple-Brown

### STATISTICS *As of August 31, 2009*

Closing Share Price	\$13.81
NAV	\$16.75
Discount to NAV	(17.6)%
Quarterly Dividend <sup>2</sup>	\$0.16/share
Dividend Yield <sup>2</sup>	4.6%
Leverage Ratio	21.2%
Net Assets	\$290.0 million

### FUND MANAGEMENT

MGU's investment adviser is Macquarie Capital Investment Management LLC (the "Manager"), which is a part of Macquarie Funds Group ("MFG") and a wholly-owned, indirect subsidiary of Macquarie Group Limited ("Macquarie Group").

Macquarie Group is a global provider of banking, financial, advisory, investment and funds management services. Macquarie Group acts on behalf of institutional, corporate and retail clients and counterparties around the world. Founded in 1969, Macquarie operates in more than 70 office locations in 26 countries, employs more than 12,500 people as of June 30, 2009, and has assets under management of over USD190 billion as of July 31, 2009.

MFG is the full service fund manager of Macquarie Group. MFG has over 25 years of asset management experience, over 600 staff across 19 global locations, and over USD 67 billion in assets under management as of July 31, 2009. MFG offers a diverse range of products including managed funds across a wide range of asset classes, funds-based structured products, hedge funds, and fund of funds.

<sup>2</sup> Based on annualized most recently declared distribution as of June 11, 2009 and closing market price on August 31, 2009.

### PERFORMANCE<sup>1</sup>

*All data in this report is as of August 31, 2009 (unaudited) unless noted otherwise.*

	1 Month	3 Months	YTD	1 Year	3 Years (Annualized)	Since Inception (Annualized)
Net Asset Value (NAV) (%)	0.78	10.04	17.87	(25.44)	(4.53)	0.68
Share Price (%)	1.84	13.76	17.91	(27.98)	(7.75)	(5.13)

<sup>1</sup> Past performance is not indicative of future results. Dividends are considered reinvested.

### MARKET REVIEW

Global equity markets were positive overall for the sixth consecutive month in August, achieving new calendar year highs for most major indices on the back of generally positive macroeconomic data. However, gains were trimmed at month-end amid concern that the rebound in equities may have outpaced the prospects for an economic recovery.

Against the global trend, China's Shanghai Composite Index, after very strong gains in recent months, recorded its second-biggest monthly loss in 15 years (down 23%) on concern that slower lending growth may derail China's economic rebound. The Hong Kong stock market followed suit, marking its first monthly loss in six months. Chinese banks reduced new lending during August in a move designed to avoid asset bubbles, while policy makers advised industries such as steel and cement to curb overcapacity.

The infrastructure sector, as measured by the Macquarie Global Infrastructure Index (MGI) Total Return in USD returned 3.3% in August, while global equities, as measured by the MSCI World Index Total Return in USD returned 4.2%. The Fund is not managed to a benchmark.

The world's 30 most developed economies are no longer contracting, the Organization for Economic Co-operation and Development (OECD) said in August, noting stabilization overall across its member country economies from April to June.

Japan recorded its first economic growth in five quarters, a 3.7% annual rate of expansion in 2Q09. The Bank of Japan (BOJ) kept rates unchanged at 0.1% during the month as it is concerned that the economy may not be able to retain this momentum. Late in the month, Japan elected a new government, replacing the Liberal Democratic Party government, and breaking 54 years of almost unbroken one-party rule.

Confidence was reported as rising in several countries during August. Australia's NAB Business Confidence Index jumped to a 2-year high, while Germany and France surprised markets by recording positive growth of 0.3% in the second quarter, which boosted business and investor confidence.

Oil prices rose in August for the sixth gain in seven months after falling in July. The U.S. Dollar weakened further against the British Pound, Euro, Japanese Yen and Australian Dollar.

### PORTFOLIO REVIEW

While the broader equity markets continued to rebound, stocks across a number of infrastructure sectors consolidated somewhat following strong gains in recent months and overall positive year-to-date returns. The major sector contributors to the Fund's return for August were its holdings in Electric Utilities, Electricity and Gas Distribution, Rail, Electricity Generation and Water. Airports were overall neutral.

Within Electric Utilities, there was a strong contribution from European utilities E.ON and Enel, which returned 11.1% and 7.7% respectively. Both stocks released earnings results during the month that beat expectations.

- German utility E.ON reported 1H09 results around 5% above market expectations with adjusted EBIT declining only 1.1% despite the decline of power prices over the half. Earnings at the company's core Central Europe division grew 5% due to forward selling at higher power prices and improvements in its regulated networks. Earnings were also supported by strong contributions from E.ON's new divisions in Russia and Italy. E.ON raised its full year guidance and also announced the sale of its Thuega local utility division in Germany, part of the company's EUR 10 billion divestiture plan.
- The 2Q09 results of Enel in Italy exceeded both our and the market's expectations, chiefly due to better than expected Italian generation earnings and some one-off items.

The largest contributor in the Electricity and Gas Distribution sector was Spark Infrastructure, which posted strong 2H09 earnings, in line with our expectations. Spark also confirmed that its debt refinancings are on schedule and its equity capital needs over the next five years are relatively modest.

In the Rail sector, East Japan Railway performed well after lagging in recent months.

The positive contribution by the Electricity Generation sector was led by AES Tiete in Brazil, which reported 2Q09 results in line with market expectations, with EBITDA up 13% year-over-year. Earnings are expected to improve further in 2H09.

## PORTFOLIO COMPOSITION<sup>3</sup>

Number of Holdings	45
% in Developed Markets	86.3
% in Emerging Markets	12.8
% in Cash / Other	0.9

## BY INDUSTRY<sup>3,4</sup> (%)

Pipelines	17.5
Toll Roads	16.6
Electric Utility	14.6
Airports	11.8
Electricity and Gas Distribution	9.2
Electricity Transmission	7.7
Ports	6.6
Water	6.4
Electricity Generation	4.3
Rail / Other Transportation	2.4
Diversified	1.0
Other	1.0
Cash	0.9

## BY COUNTRY<sup>3</sup> (%)

United States	19.1
Spain	10.3
Australia	10.1
Germany	9.1
France	8.7
Italy	8.5
Hong Kong	8.1
Canada	5.6
Japan	5.3
United Kingdom	5.1
Brazil	2.3
United Arab Emirates	1.9
Switzerland	1.8
New Zealand	1.5
Mexico	1.2
India	0.5
Cash	0.9

## TOP 10 HOLDINGS (%)

Atlantia	4.2
Spark Infrastructure Group	4.1
Severn Trent	3.8
Red Electrica de Espana	3.7
Aeroports De Paris	3.7
E.ON AG	3.7
Hamburger Hafen und Logistik	3.6
SP AusNet	3.5
Exelon	3.4
Enagas	3.4

<sup>3</sup> Based on Total Assets.

<sup>4</sup> Industry segments are based on the Manager's own evaluation of issuers and industries, and do not necessarily track any standard industry or segment classification.

## PORTFOLIO REVIEW *continued*

The UK Water companies recovered some ground after weak performance last month, as investors considered the possibility of a better final determination than the regulator's initial draft. In the US, American Water Works (AWK), a new stock in the Fund, saw the successful sell-down of part of the stake held by European electricity utility RWE. AWK rallied on the back of this news, as the large stock overhang has been reduced.

While the Airports sector was neutral overall, several European airports were strong contributors to performance, with Fraport and Aeroports de Paris returning 9.5% and 5.9% respectively. This was offset, however, by Beijing Capital International Airport which fell 22.0% amid the sharp pullback in the Chinese market after its recent strength. The two European companies reported solid results and passenger volumes still negative, but starting to stabilize. Fraport also announced that its airport expansion project is on track. July air traffic data continued to indicate that travel demand is improving, assisted by reduced concerns over swine flu and lower average fares. According to the International Air Transport Association (IATA), the decline in global scheduled airline passenger traffic slowed in July, falling only 2.9% from a year earlier. This is an improvement over the 7.2% drop recorded in June and the 6.8% decline over the first seven months of the year, and is consistent with the trends seen in passenger traffic at several major airports.

The major detractors from performance on a sector level were Tollroads and Pipelines. The weakest Tollroad holding was Jiangsu Expressway, which was dragged lower by the general weakness in China, but was able to strongly outperform as its results exceeded expectations. Indeed, while the Fund's holdings in China were all caught up in the country's sell-off this month, they have continued to deliver good operational results.

Among the Fund's holdings in the Pipelines sector, Energy Transfer Partners (ETP), Enterprise Products Partners and Magellan Midstream Partners posted small negative returns, affected by negative sentiment from the weakness in US gas prices and a slightly softer result from ETP. The Pipelines sector has performed strongly thus far in 2009.

Relative to the MGI, the major positive contributors were stock selection in Electricity Generation, the overweight position in Rail/Other Transportation and stock selection in Electric Utilities. The major detractors from relative performance were the overweight and stock selection in Tollroads and Pipelines, the overweight to Airports and stock selection in Electricity Transmission. These sectors consolidated after having been good contributors in recent months.

## OUTLOOK

We believe that the global economic recovery is likely to proceed modestly, with the potential for setbacks along the way. It remains to be seen whether the stronger data of recent months is sustainable, or whether it was a short-term inventory rebuilding response to the sudden drop in economic activity in the immediate aftermath of the collapse of Lehman Brothers last September.

While conditions in the credit markets have continued to improve, households and businesses around the world continue to repair their balance sheets by deleveraging (selling assets, raising capital) and deferring non-essential capital expenditure. This ongoing global deleveraging will likely dampen the economic recovery.

Our view is consistent with that of the Reserve Bank of Australia's most recent monthly statement: "With considerable economic policy stimulus in train around the world, the global economy is resuming growth. Growth in China has been very strong, which is having a significant impact on other economies in the region and on commodity markets. The major economies appear to be approaching a turning point. Most observers still expect only modest growth in the world economy in 2010, due to the continuing legacy of the financial crisis, though forecasts have been revised up recently."

As was the case in July, there was further data in August to support our expectation that many infrastructure companies held by the Fund can continue to deliver sound operational performance and earnings transparency, in keeping with their essential service nature and resilience to weak economic conditions.

The large moves in equity markets and divergent performance between infrastructure sectors are providing opportunities to switch between stocks and sectors in search of better relative value.

The Fund holds strategically well positioned, high quality infrastructure stocks and is well balanced with holdings in the defensive regulated/contracted subsectors and the more economically sensitive "user demand" transportation infrastructure subsectors.

## For more information on the Macquarie Global Infrastructure Total Return Fund:

1 800 910 1434

[www.macquarie.com/mgu](http://www.macquarie.com/mgu)

[MGU-Questions@macquarie.com](mailto:MGU-Questions@macquarie.com)

### DISCLAIMER

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The Fund is not intended to be a complete investment program. An investment in the Fund involves risks, and the Fund may or may not be able to achieve its investment objective for a variety of reasons. The following summarizes some of the Fund's risks but does not purport to be a complete listing of all of the risks. Investors should carefully review the Fund's Prospectus and consult their own advisers. The opinions expressed herein are the opinions of the Fund's advisers as of the date of this document, are based on market conditions as of that date, and are subject to change. The opinions should not be considered advice or recommendations. Past performance is not indicative of future results.

The above commentary and outlook reflects the views of the portfolio managers through August 31, 2009 and may include forward-looking statements. The statements may include projections, estimates and descriptions of future events. These statements are subject to a variety of risks and uncertainties, which

may cause actual results to differ materially from this commentary and outlook. The portfolio managers' views are subject to change as market and other conditions warrant and should not be construed as a recommendation for any securities discussed herein.

Unlike open-end funds, closed-end funds are not continuously offered. After a one-time public offering, shares of closed-end funds are sold in the secondary market and frequently trade at a discount to net asset value.

Specific information on the Fund is provided for informational purposes only and is not intended for purposes of purchasing or selling shares of the Fund.

Adviser Risk. MCIML, the Fund's adviser, is an investment adviser with limited investment history or track record. The Fund is further dependent on Mr. Jon Fitch and Mr. Justin Lannen, portfolio managers for the Fund. There is no guarantee an adequate replacement could be found for MCIML should Mr. Fitch's and/or Mr. Lannen's services no longer be available. The Fund is also subject to risk because it is an actively managed portfolio. Industry Concentration and Infrastructure Industry Risk. The Fund will be concentrated in the infrastructure industry, and will be more susceptible to adverse economic or regulatory occurrences affecting that industry than a fund that is not concentrated in a specific industry.

Non-U.S. Investment Risk. A majority of the Fund's investments will be in non-U.S. issuers and a substantial portion of the trades

executed for the Fund will take place on foreign exchanges. Investments in securities and instruments of non-U.S. issuers involve certain considerations and risks not ordinarily associated with investments in those of U.S. issuers.

Emerging Markets Risk. In addition to non-US investment risk, investments in emerging markets may expose the fund to heightened risks that may be more volatile than investments in developed markets.

Use of Derivatives and Hedging. The Fund may use derivatives and employ a variety of hedging techniques. Derivatives can be illiquid, may disproportionately increase losses and may have a potentially large impact on the Fund's performance. Certain of the investment techniques that the Fund may employ for hedging or to increase income or total return will expose the Fund to additional risks.

Leverage Risk. The Fund expects to employ leverage as part of its investing strategy. The use of leverage will increase the volatility of the Fund and increase risk to investors. Any difficulty in maintaining the Fund's leverage could cause a diversion of cash flow and/or require liquidation of some portion of the Fund's portfolio. Restrictions imposed as a result of any leverage may directly or indirectly inhibit the Fund's ability to take actions that otherwise may be taken in an unleveraged portfolio of similar assets.

Non-Diversified Status. The Fund is non-diversified within the meaning of the Investment Company Act of 1940.