

FEBRUARY 28, 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 & Justin Lannen

### STATISTICS *As of February 28, 2009*

Closing Share Price	\$10.00
NAV	\$12.24
Discount to NAV	(18.3)%
Quarterly Dividend <sup>2</sup>	\$0.16/share
Dividend Yield <sup>2</sup>	6.4%
Leverage Ratio	28.1%
Net Assets	\$211.9 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 27 countries and employs approximately 12,800 people. Assets under management total more than USD 171 billion as of December 31, 2008.

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 48 billion in assets under management as of December 31, 2008. 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 recent declared distribution as of March 10, 2009 and closing market price on February 27, 2009.

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

*All data in this report is as of February 28, 2009 (unaudited) unless noted otherwise.*

	1 Month	YTD	3 Months	1 Year	3 Years (Annualized)	Since Inception (Annualized)
Net Asset Value (NAV) (%)	(8.45)	(16.28)	(12.80)	(54.94)	(11.43)	(8.58)
Share Price (%)	(20.02)	(17.10)	0.04	(58.78)	(14.81)	(14.84)

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

### MARKET REVIEW

February was another difficult month for global equity markets and economies generally. Several economic stimulus packages were announced, but they were offset by weakening economic data. In addition, there has been a great deal of discussion about bank nationalization and vigorous debate about the correct approach to restructuring the major global financial institutions. These factors have continued to weigh on credit spreads and the equity markets, with financial related securities struggling for most of the month. Selling late in the month confirmed a very weak month for the equity markets, which in the U.S. hit a fresh 12-year low. Global equities (as measured by the MSCI World Index in local currency terms) declined 8.9%, while the infrastructure sector, as measured by the Macquarie Global Infrastructure Index (MGII), was down 9.9%. In the US, the S&P 500 Index has fallen six months in a row, is off 53% from its October 2007 peak and has now seen its worst six-month drop in percentage terms (-42.7%) since 1932.

### PORTFOLIO REVIEW

In the weak economic and equity market environment, the Fund benefited from strong stock selection in what we believe to be the higher quality, more defensive stocks within each sector, and its tilt towards relatively defensive regulated/contracted sectors, which was funded last year by the reduction in the user demand transportation infrastructure sectors with some exposure to economic conditions. The leverage in the Fund did exacerbate the negative return for the month, however.

Relative to the MGII, the major positive contributors to the Fund's strong outperformance were the overweight allocation to, and stock selection in the Pipelines sector, and the overweight allocation to the Electricity Transmission and Water sectors. There were no significant detractors from relative performance. The Fund is not managed relative to a benchmark.

The transportation infrastructure sectors remained weak in February, driven by the recessionary environment. East Japan Railway (East JR) released third quarter results and provided guidance on full year earnings. East JR reported revenue growth of 1.0%. Strong performance in station space utilization and office building leases more than offset a reduction in rail passenger tickets. East JR reported net income growth of 1.6%, but lowered full year guidance to 0.2% growth on the previous financial year.

German seaport operator Hamburger Hafen und Logistik (HHFA) released preliminary FY08 results, with revenues increasing by 12% and EBIT increasing by 20% versus 2007. Despite a weaker fourth quarter, container volumes handled for the full year increased by 1%. Volumes handled by HHFA's intermodal division increased by 11.6%. HHFA forecast, however, that 2009 is expected to be a difficult year, consistent with recent trade volume data in a number of countries, such as Japan and China.

Among the Fund's other transportation infrastructure holdings:

- The board of Aeroports de Paris Group (ADP) approved a plan to invest EUR 2.5 billion over the period 2009-13 to both improve capacity and enhance retail offerings at its Paris airports. ADP's traffic was down 8% in January due in part to adverse weather conditions, but revenue was up nevertheless, with a positive impact from retail and commercial revenues.
- Zurich Airport reported that passenger traffic in January was 2.3% lower year on year.
- Other airports have also reported weaker traffic data and many airlines have reduced capacity in anticipation of reduced passenger demand. Airports are responding by increasing their focus on cost control and enhancing non-aeronautical revenue.
- Cintra management indicated that traffic results for January and February were in line with performance for the November/December period when Spanish traffic volume was down more than 10%, US roads were down around 10% and the Canadian 407 ETR was flat. The proposed takeover of Cintra by its majority shareholder Ferrovial is still yet to produce a firm proposal for shareholders to consider, but continues to weigh on the share price.
- Transurban reported solid 1H09 results that were in line with our expectations and highlights the relative defensiveness of its Australian road network (i.e. mostly mature, metropolitan, fewer discretionary trips). Revenue was up across all roads, including those where traffic decreased.

The Fund's regulated UK water utility holdings again demonstrated their sound and stable operational performance. Pennon advised in its interim management statement that it continues to perform in line with expectations.

## PORFOLIO COMPOSITION<sup>3</sup>

Number of Holdings	41
% in Developed Markets	82.6
% in Emerging Markets	13.5
% in Cash / Other	3.9

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

Pipelines	29.8
Toll Roads / Transportation	13.5
Electric Utility	12.1
Electricity and Gas Distribution	9.5
Airports	8.5
Water	8.2
Electricity Transmission	7.8
Electricity Generation	4.8
Diversified	1.9
Cash	3.9

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

United States	22.8
Spain	9.5
Italy	8.8
United Kingdom	8.2
China	7.5
Australia	7.1
Canada	6.5
Japan	5.6
France	4.6
Brazil	4.5
Germany	4.4
Switzerland	2.1
New Zealand	1.8
Mexico	1.2
Thailand	1.1
United Arab Emirates	0.4
Cash / Other	3.9

## TOP 10 HOLDINGS (%)

Red Electrica de Espana	4.1
Magellan Midstream Partners LP	4.0
Energy Transfer Partners LP	4.0
Kinder Morgan Energy Partners LP	4.0
Enterprise Products Partners LP	4.0
Terna Rete Elettrica Nazionale SpA	3.6
Severn Trent Plc	3.6
Spark Infrastructure Group	3.6
Enagas	3.5
Tokyo Gas Co Ltd	3.5

<sup>3</sup> Based on Total Assets. Total Return Swap positions have been included on a "mark to market" basis and are included under the appropriate industry and country classifications.

## PORTFOLIO REVIEW *continued*

Italian electricity transmission company Terna released preliminary FY08 results, with revenues up 3% and EBITDA up 1%. Terna also released a positive updated strategic plan for the period 2009-13 which included:

- 2009-13 total capex increased by 10% to EUR 3.4 billion from the prior plan;
- EUR 2.6 billion in development capex earning a premium return above its weighted average cost of capital (WACC);
- Commitment to 4% per annum dividend growth using 2005 as a floor year.

Australian electricity and gas distribution company SP AusNet (SPN) provided a preliminary estimate that damage has been sustained to approximately only 1% of its electricity distribution network as a result of the widespread bushfires in the state of Victoria. SPN also noted that there has been no material damage on its electricity transmission network or gas distribution network. The company does not expect the financial impact of the bushfire damage to affect its full year 2008/09 distribution forecast, as it carries liability insurance which provides cover for bushfire liability, commensurate with the scale and size of its operations and with industry standards and practice.

The pipelines sector strongly outperformed, benefiting from ongoing solid operational performance:

- Spanish pipeline company Enagas released FY08 results. EBITDA increased by 7% and net profit was up 9% due to higher allowed tariffs and the benefit of new assets which entered into operation during the year. Management confirmed that it expected net profit to grow by around 8% in 2009 and recommitted to its strategic plan target of achieving 12% compound growth in net profit over the period 2008-12.
- Magellan Midstream Partners LP (MMP) reported results ahead of expectations, with net income increasing 19% compared to 4Q07, due to increased revenues in its three business units, despite the impact of Hurricane Ike on October throughput volumes and the weak economy.
- Enbridge Energy Partners LP (EEP) reported net income for the full year 26% above year-ago levels, above market expectations. EEP's results were largely attributable to the start-up of several projects. EEP had USD 1.8 billion of liquidity in place as of December 31 2008 to fund projects through to late 2009.
- Enterprise Products Partners LP's (EPD) results exceeded consensus expectations. Net income for 2008 increased by 79% compared to 2007, driven by the commencement of commercial operations on over USD 2.7 billion of new capital projects that were completed in late-2007 and 2008, as well as strong margins on the natural gas processing business. EPD also indicated that it expects earnings growth to continue, announcing a 6% increase in its quarterly distribution rate over 4Q07.

US utility Northeast Utilities raised its annual dividend by 12%, consistent with management's announcement in November 2008 that in 2009 it would begin to pay out approximately 50 percent of its earnings as dividends. The company also reiterated previous earnings guidance for 2009.

## OUTLOOK

The Fund's outlook remains largely unchanged from last month. The listed infrastructure sector will continue to be affected in the near to medium term by global market volatility stemming from the financial system instability, elevated dislocation in credit markets and the weak global economy. Companies across the broad equity market are expected to continue to downgrade earnings guidance and/or report lower earnings. As the broad equity market seeks earnings certainty as economies slow further, we believe it is prudent to maintain the Fund's tilt towards the relatively more defensive regulated/contracted sectors, such as Electricity Transmission, Water, and Electricity & Gas Distribution.

Companies held by the Fund, particularly those in regulated/contracted sectors, continue to have sound operational performance and generally meet our expectations. Financing is still available to good quality listed infrastructure companies, despite the credit market dislocation.

Many of the global economic stimulus packages announced by governments worldwide include major infrastructure investment that may benefit some stocks in the listed infrastructure sector. The long-term trend of governments selling and leasing infrastructure assets to both listed and unlisted private operators is expected to continue and may accelerate given the other demands on government budgets.

We believe that many global listed infrastructure securities are priced at a discount to both our valuations and the valuations of comparable assets in the unlisted sector (based on recent transaction data) and that they should revert more closely over time to reflect the fundamentals of their respective underlying infrastructure assets. We believe that owning high quality listed infrastructure securities at a time of significant listed equity market weakness will ultimately reward investors.

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

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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 February 28, 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.