

JULY 31, 2010



# 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 Manager	Andrew Maple-Brown

### STATISTICS *As of July 31, 2010*

NAV	\$18.68
Closing Share Price	\$15.35
Discount to NAV	(17.8)%
Quarterly Dividend <sup>2</sup>	\$0.16/share
Dividend Yield <sup>2</sup>	4.2%
Leverage Ratio	21.8%
Net Assets	\$323.5 million

### FUND MANAGEMENT

MGU's investment adviser is Macquarie Capital Investment Management LLC (the "Manager"), which is a part of Macquarie Funds Group 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.

Macquarie Funds Group is a full-service fund manager with over 25 years experience. It offers a diverse range of products including managed funds across a wide range of asset classes, funds-based structured products, hedge funds, direct investments, and fund of funds. Macquarie Funds Group has a global reach with a team of around 1,800 staff working in 19 countries.

<sup>2</sup> Based on annualized most recently declared distribution as of June 10, 2010 and closing market price on July 31, 2010.

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

*All data in this report is as of July 31, 2010 unless noted otherwise.*

	1 Month	3 Months	YTD	1 Year	3 Years (Annualized)	Since Inception (Annualized)
Net Asset Value (NAV) (%)	15.31	1.48	0.48	17.26	(9.68)	3.69
Share Price (%)	16.73	0.95	(1.02)	18.10	(12.37)	(1.28)

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

### MARKET REVIEW

Global equity markets performed strongly in July, up around 5.7% in local currency terms. The recent strains in financial markets eased somewhat on positive surprises in corporate earnings and the better than expected results of the European Bank stress tests. Stronger than expected economic data in the Euro area also assisted, easing concerns of a potential double dip in Europe. Several market indicators in Europe suggest the region is turning a corner, with equity markets and sovereign debt rallying, prices of credit default swaps reaching a two-month low and the Euro regaining ground against the US dollar.

Activity data in the US was disappointing, with GDP growth in the June quarter slowing to 2.4%. This is consistent with continued tepid growth in private sector employment. Against this backdrop, commentary from the Federal Reserve was more cautious on the recovery, prompting US bond yields to fall despite a rebound in equity markets. In contrast the Federal Reserve's Beige Book reported "economic activity has continued to increase, on balance, since the previous survey".

While the global economic recovery has been uneven, (with the major developed countries recording only modest growth) Asia and Latin America have been growing strongly. It appears that growth in China is easing to a more sustainable rate in response to less accommodating policies.

### INFRASTRUCTURE SECTOR REVIEW

*(Please note that some of the stocks mentioned below may not be held in the portfolio)*

In an overall positive month nearly all infrastructure sectors posted positive returns, with the more economically sensitive user demand transportation infrastructure sectors generally outperforming the defensive regulated/contracted sectors overall.

The Toll Roads sector was the strongest performer, buoyed by continued positive trends in traffic volume as well as corporate activity.

- Intoll Group was up strongly after the company received a conditional takeover offer from Canada Pension Plan Investment Board. The offer price represented a 42% premium to Intoll's volume weighted average security price for the month prior to the takeover offer. The stock was up 41% over the month.
- Abertis in Spain performed strongly following news that two of the company's shareholders were looking to join with a private equity firm to launch a buyout of the company.

The interest in both of these toll road stocks at prices well above their share price indicates the inherent value in the sector.

In China, Jiangsu Expressway performed well on expectations of a potential toll increase, subject to government approval. Toll roads in Europe also performed strongly, benefiting from increased economic confidence in the region.

The Airports sector performed well, with a number of airports continuing to experience a recovery in passenger volumes. The Association of Asia Pacific Airlines (AAPA) reaffirmed the strength of the ongoing recovery, with significant growth reported for both passenger and freight traffic. Asia Pacific-based airlines carried 25% more international passengers in June compared to the same month last year.

MApp Group in Australia and Grupo Aeroportuario del Sureste in Mexico were among the strongest performers for the month after reporting strong passenger volume growth for June. Aeroports de Paris signed a new "Economic Regulation Agreement" with the French government for the period 2011-15 that allows for EUR1.8bn in capital expenditure, an increase in tariffs of 1.4% real over the period and also the removal of regulatory control over both real estate and certain commercial activities such as shops and restaurants.

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

Number of Holdings	40
% in Developed Markets	84.6
% in Emerging Markets	13.6
% in Cash	1.8

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

Toll Roads	22.4
Electric Utility	16.3
Pipelines	14.1
Electricity Transmission	12.1
Ports	11.5
Airports	8.6
Electricity and Gas Distribution	6.6
Water	4.2
Social Infrastructure	1.9
Diversified	0.5

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

United States	21.4
Australia	15.3
France	12.5
China	9.1
United Kingdom	8.5
Spain	7.9
Italy	5.9
Canada	4.8
Germany	3.9
Brazil	3.5
Japan	2.8
Switzerland	1.6
Mexico	1.0

## TOP 10 HOLDINGS (%)

Atlantia	4.8
Red Electrica	4.2
Severn Trent	4.2
Transurban Group	4.0
ITC Holdings Corp.	4.0
Hamburger Hafen und Logistik	3.9
PG&E	3.9
Spark Infrastructure	3.8
Aeroports de Paris	3.7
GDF Suez	3.5

<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.

## INFRASTRUCTURE SECTOR REVIEW *continued*

The Seaports sector performed strongly, led by China Merchants which continued to experience growth in container volumes. Daily container throughput for major coastal ports rose 23% year on year (yoy) in June, according to the China Port Association.

The Water sector also had a strong month, led by the UK stocks on the back of positive corporate activity. A consortium comprising Cheung Kong Infrastructure (40% stake), HongKong Electric (40% stake) and the Li Ka Shing Foundation (20% stake) made an irrevocable offer of GBP5.775bn to Electricite de France (EDF) for 100% of EDF Energy's regulated and non-regulated UK assets. These assets largely comprise electricity distribution networks in London, South East England and the East of England, which service around 7.8 million customers and provide power to nearly a quarter of the UK's population. The offer price is 27% higher than the Regulated Asset Value (RAV), and also represents a material premium to where other UK regulated stocks were trading at the time. The material premium to RAV highlighted the inherent value in the regulated Water stocks which are currently trading much closer to their respective RAV.

Despite posting positive performance for the month, the defensive Electricity Transmission sector slightly underperformed in the rally. The exception was Red Electrica in Spain, which returned almost 18% after recovering from negative regulatory news flow last month. The stock also benefitted from increased market confidence after the European bank stress tests.

The Pipelines sector posted positive returns with the continuation of good operational results, but slightly underperformed this month. The MLPs in North America continued to benefit from the low interest rate environment due to their relatively attractive yields and expected future distribution growth. Several MLP funds, representing a sizeable new source of institutional capital, have either been launched or are scheduled to launch in the coming months, which is positive for the sector.

## FUND REVIEW

All sectors contributed to the Fund's return this month. The better contributors were the Toll Roads, Electricity Transmission and Electric Utility sectors, while the sectors making the smallest contribution were the Diversified and Social Infrastructure sectors.

The Fund strongly outperformed relative to the Macquarie Global Infrastructure Index Total Return in USD (MGII), which returned 7.92%. The major positive contributors were stock selection and the overweight allocation to Toll Roads and Seaports and stock selection in Electricity Transmission. Stock selection in Airports and the overweight allocation to Social Infrastructure were the major detractors. The Fund is not managed to a benchmark.


## OUTLOOK

We continue to closely monitor the uneven economic recovery around the world. While Asia is performing well, austerity measures to repair fiscal deficits are likely to detract from economic growth in southern Europe and the UK in coming years. At the same time, fiscally constrained governments are likely to provide the private sector with more opportunity to be involved in the provision or ownership of infrastructure assets.

The operational performance and cashflow generation of the companies in our portfolios continues to be sound. In particular, toll road traffic, airport passenger and seaport container volumes respectively continue to recover.

We believe the corporate activity and transactions in recent months in relation to Transurban, Abertis, Intoll and EDF's UK assets is positive for listed infrastructure overall, as they are a tangible recognition of some of the inherent value within the infrastructure sector.

## 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 July 31, 2010 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. Andrew Maple-Brown, portfolio manager for the Fund. There is no guarantee an adequate replacement could be found for MCIML should Mr. Maple-Brown'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.