

MARCH 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 & Justin Lannen

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

Closing Share Price	\$9.40
NAV	\$12.06
Discount to NAV	(22.1)%
Quarterly Dividend <sup>2</sup>	\$0.16/share
Dividend Yield <sup>2</sup>	6.8%
Leverage Ratio	27.2%
Net Assets	\$208.8 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 recently declared distribution as of March 10, 2009 and closing market price on March 31, 2009.

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

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

	1 Month	YTD	3 Months	1 Year	3 Years (Annualized)	Since Inception (Annualized)
Net Asset Value (NAV) (%)	0.13	(16.17)	(16.17)	(52.88)	(10.89)	(8.35)
Share Price (%)	(4.38)	(20.72)	(20.72)	(61.22)	(16.47)	(15.57)

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

### MARKET REVIEW

Global equity markets rallied strongly in March. A number of factors contributed to the market's strength, including executives of several global financial firms expressing cautious optimism, governments widening measures designed to ease the financial and economic crisis, some less negative economic data being released, the tentative injection into the markets of some of the large investor cash balances that were sitting on the sidelines and some short covering.

The rally was generally viewed as a 'beta recovery' as it was largely led by the more cyclical sectors that had sold off the most in recent months (most notably financials) and some of the lower quality, higher risk stocks. Indicative of the nature and drivers of the rally, global equities as measured by the MSCI World Index rose 6.4%, whereas the infrastructure sector as measured by the Macquarie Global Infrastructure Index (MGII) was down 0.3% (both in local currency terms.)

Consumption data releases from the U.S. (e.g. retail sales, consumer confidence), beat recently lowered market expectations, offsetting negative shocks from the industrial sector. However, despite a reduction in the markets' pessimism, economic conditions in general continued to deteriorate globally, with higher unemployment and lower output in many countries, along with a bleak report on U.S. housing prices at the month's end. Prices of single-family homes in 20 major U.S. metropolitan areas fell 19% in February from a year earlier, according to Standard & Poor's Case-Shiller Home Price Index. The data was in contrast to the reports earlier in the month of higher home sales and slight improvements in home construction.

Markets rallied further into the month when, after initial disappointment with the handling of the financial crisis, investors were positively surprised by the U.S. government's latest plan to remove toxic assets from the books of the major banks. The Public-Private Investment Program aims to finance up to USD 1 trillion in purchases of illiquid real estate related loans and securities. The rally was tempered late in the month in reaction to the Obama administration forcing out the CEO of U.S. automaker General Motors (GM), and giving GM and its rival Chrysler a small window of time to put together restructuring plans in an attempt to transform themselves and avoid bankruptcy.

Also late in the month, the OECD revised its forecast to negative 4.3% economic growth in member countries in 2009, with a further 0.1% contraction forecast for 2010. The OECD noted that risks are "tilted to the downside."

### PORTFOLIO REVIEW

The global listed infrastructure sector was led in March by some of the more economically exposed "user demand" transportation subsectors such as Tollroads and Seaports. The more defensive regulated/contracted subsectors (e.g. Water, Electricity Transmission) underperformed (after having outperformed in prior months) as investors rotated into the higher beta sectors.

Relative to the MGII, the major positive contributors to the Fund's performance were the overweight allocation to, and stock selection in Tollroads, and stock selection in Electricity Generation. The major detractors were stock selection within Electricity and Gas Distribution, the overweight allocation to, and stock selection in Water, and stock selection in Pipelines. The Fund is not managed relative to a benchmark.

The Fund has a relative underweight allocation to Electric Utilities, which are often relatively competitive compared to the more "pure play" infrastructure in which MGU invests. Earnings risk concerns for the Electric Utilities sector in the more difficult operating environment emerged following the announcement of an earnings downgrade and a large capital raising by American Electric Power (not held by the Fund). There has been downward pressure on electricity prices due to both the sharp fall in commodity prices (particularly oil and natural gas) and the lower demand due to the economic downturn. As many electric utilities are perceived as "safe havens", they are particularly vulnerable to any negative news as well as sector rotation into higher beta names should the market rally be sustained.

Listed infrastructure stocks in general have not been as defensive over the past 18 months as would have been expected given the attractive characteristics of their underlying infrastructure assets. We have noted for some time that the share price performance of many of the Fund's holdings has been somewhat disconnected from their operational performance (i.e. earnings), which has generally been in line with our expectations and resilient in the face of strong macroeconomic headwinds. Examples this month of the operational resilience among the Fund's holdings include:

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

Number of Holdings	45
% in Developed Markets	88.0
% in Emerging Markets	9.8
% in Cash / Other	2.2

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

Pipelines	29.1
Toll Roads / Transportation	15.1
Electric Utility	12.9
Airports	9.3
Electricity Transmission	8.2
Electricity & Gas Distribution	8.0
Water	7.8
Electricity Generation	5.5
Diversified	1.3
Other	0.5
Cash	2.2

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

United States	25.9
Italy	9.4
Spain	9.1
Australia	7.9
United Kingdom	7.9
Canada	7.0
France	5.6
Japan	5.1
Germany	4.9
China	4.8
Brazil	4.0
New Zealand	2.0
Switzerland	1.8
Mexico	1.4
Thailand	0.9
United Arab Emirates	0.1
Cash	2.2

## TOP 10 HOLDINGS (%)

Enterprise Products Partners LP	4.2
Red Electrica de Espana	4.1
Kinder Morgan Energy Partners LP	4.0
Energy Transfer Partners LP	3.9
Magellan Midstream Partners LP	3.8
Spark Infrastructure Group	3.6
Terna Rete Elettrica Nazionale	3.5
Enbridge Inc.	3.4
Severn Trent	3.4
Atlantia	3.4

<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 tollroad operator Atlantia reported FY08 profit growth of 5.8% on the back of a 2.3% increase in EBITDA. Traffic for the full year declined only 0.8% with toll increases helping the company report a 6.3% increase in revenue. The company also announced a lower than expected dividend increase of 4%. Traffic volume slowed towards the end of the year, down approximately 3% year on year. Atlantia recently updated its long-term earnings guidance and is targeting average EBITDA growth of 4% p.a. between 2009 and 2012, even if traffic growth is flat between 2010 and 2012.
- French airport operator Aéroports de Paris Group reported a 13% increase in its full year 2008 profit, driven by a 10% rise in revenues from underlying traffic growth of 1%. The company said, "In 2008, our business model proved its resilience in a less favorable environment. Even though passenger traffic contracted 1% in the second half, revenue increased 8.4% and EBITDA 10.1%." Company guidance for 2009 is for mild revenue and EBITDA growth assuming traffic declines by between 2.5% and 4.5%.
- Italian electricity transmission company Terna announced EBITDA increased by 2% in FY08 versus FY07 due to stable revenues in Italy combined with higher revenues from its Brazilian subsidiary. Management announced a 4.6% increase in the full year dividend. The result demonstrated the resilience of the regulatory framework in which Terna operates, with very limited exposure to the volume of electricity transported across the network within Italy.
- Fitch Ratings affirmed the ratings for U.S.-based pipeline company Kinder Morgan Energy Partners LP (KMP), at "BBB" with a stable rating outlook. Fitch cited KMP's predictable earnings and cash flow, and a financial and operating profile that is expected to remain consistent with its current rating. Separately, KMP reiterated its guidance for 2009. Distributable cash flow (DCF) is expected to grow by approximately 13%, driven by KMP's capital investment program, which should see three major natural gas pipeline projects begin service during the year. The increase in DCF is expected to lead to a 4% increase in distributions paid to shareholders this year.
- UK water company United Utilities announced that it expected that year ending 31 March 2009 results would be fundamentally in line with previously held expectations and that its regulated business would produce solid underlying operating profit growth, despite slightly reduced water demand and some cost pressures from power prices and bad debts.

Indicative of the discount at which some listed infrastructure assets are trading relative to their underlying value is the takeover offer announced late in the month by Canada's second-largest public pension manager, Canada Pension Plan Investment Board (CPPIB). It offered to pay around a 67% premium to last closing price (and 100% premium to 1 month volume weighted average price) for Macquarie Communications Infrastructure Group (not held by the Fund), an owner of transmission towers and cable infrastructure. CPPIB said "We purchased at a good price...When you look at other similar transactions, this is actually good value." This takeover offer may provide some momentum to a potential re-rating of some of the stocks in the infrastructure sector.

## OUTLOOK

We believe there remains a disconnection between the generally sound operational performance and thus true underlying value of many infrastructure assets, and the weak share price performance of the entities that own these assets.

The attractive investment characteristics of the underlying infrastructure assets in the portfolio should not be discarded amidst the negative news that has been driving markets. The services provided by infrastructure assets are always needed, in good times as well as recessionary times such as now. People still drive on roads, fly in and out of airports, and use water, gas and electricity daily. While the user demand transportation infrastructure assets are currently being affected by the economic downturn, we believe the equity market is undervaluing many high quality assets.

In the uncertain economic and market outlook, the Fund maintains a careful balance of holdings in the relatively defensive regulated/contracted subsectors and the "user demand" transportation infrastructure subsectors. The Fund holds high quality stocks that we believe are strategically well positioned.

While there were some tentatively encouraging macroeconomic signs late in the quarter and the broad equity market bounced, we believe it would be premature to declare a sustained economic or market upturn, as there are many severe and complex issues for policy makers and markets to deal with. However, it remains our view that owning high quality listed infrastructure securities will ultimately reward investors and that the Fund provides investors with an attractive vehicle to access a global portfolio of such stocks.

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

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### DISCLAIMER

This document has been prepared by Macquarie Capital Investment Management LLC ("MCIML") on behalf of the Macquarie Global Infrastructure Total Return Fund Inc ("MGU" or the "Fund"). Neither MCIML nor MGU are authorized deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia), and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 ("MBL"). MBL does not guarantee or otherwise provide assurance in respect of the obligations of MCIML or the Fund.

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 March 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.