

# 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
Co-Portfolio Managers	Jonathon Ong & Brad Frishberg

### STATISTICS

As of February 28, 2018

NAV <sup>3</sup>	\$27.82
Closing Share Price	\$25.34
Premium/Discount to NAV <sup>4</sup>	-8.9%
Quarterly Dividend <sup>5</sup>	\$0.37/share
Dividend Yield <sup>5</sup>	5.8%
Dividend yield based on annualized most recently declared distribution on December, 4, 2017 divided by closing market price on February 28, 2018.	
Leverage Ratio <sup>6</sup>	31.9%
Net Assets	\$312.97 million

### FUND MANAGEMENT

MGU's investment adviser is Macquarie Capital Investment Management LLC (the "Manager"), which is a part of Macquarie Asset Management 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 Asset Management is a top 50 asset manager globally, with approximately \$368.6 billion in assets under management (at December 31, 2017). MAM is a full-service asset manager, offering a diverse range of products including securities investment management, infrastructure and real asset management and fund and equity-based structured products. Macquarie Asset Management has a global reach with a team of around 1,500 staff working in 20 countries.

- The MSCI World Index is a stock market index of 1600 'world' stocks maintained by MSCI Inc. The index includes a collection of stocks of all the developed markets in the world, as defined by MSCI. One cannot invest directly in an index.
- The NAV represents the fund's net assets (assets less liabilities) divided by the fund's common shares outstanding.
- Fund shares are purchased and sold on an exchange at their share price rather than net asset value (NAV), which may cause the shares to trade at a price greater than NAV (premium) or less than NAV (discount).
- Any distribution adjustment will not be reflected until after the declaration date for the next distribution. Distributions may be paid from sources of income other than ordinary income, such as net realized short-term capital gains, net realized long-term capital gains and return of capital. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. If a distribution includes anything other than net investment income, the Fund provides a Section 19(a) notice of the best estimate of its distribution sources at that time. These estimates may not match the final tax characterization (for the full year's distributions) contained in shareholders' 1099-DIV forms after the end of the year.
- Leverage ratio is calculated using the most recent month-end, leverage amount divided by the Fund's total assets.

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

All data in this report is as of February 28, 2018 unless noted otherwise.

	1 Month	3 Months	1 Year	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)
Net Asset Value (NAV) (%)	-11.88	-9.97	7.91	2.27	8.09	6.34
Share Price (%)	-1.71	2.32	26.43	7.07	11.16	7.47

<sup>1</sup> Past performance is not indicative of future results. Dividends are considered reinvested. The Fund's NAV takes into account all operating expenses but excludes any sales load.

### MARKET OVERVIEW

Market volatility returned in February, as sentiment for turned more negative during the month. The US equity market declined on concerns over stretched valuations, an increase in inflation and less accommodation from global central banks.

A moderate increase in US headline inflation data coincided with more hawkish commentary from global central banks. The Federal Reserve (Fed) statement released during February paved the way for further interest rate hikes in coming months and is aligned with the recent comments made by the Governor of the Bank of England (BoE). The BoE had indicated that rates in the UK will rise faster than anticipated driven by better growth, inflation and higher global demand. The repricing in some markets reflected concern that central banks are withdrawing some of the support that has underpinned the strength in equity markets broadly.

### INFRASTRUCTURE SECTOR REVIEW

Leading Contributors	Sector	Total Effect (local)
Sempra Energy	Electricity and Gas Distribution	0.24
Vopak	Seaports	0.24
OHL Mexico	Toll Roads	0.22
Innogy Se	Electricity Generation	0.15
Enav Spa	Airports	0.12
Leading Detractors	Sector	Total Effect (local)
Severn Trent	Water	-0.25
Pennon Group	Water	-0.15
Magellan Midstream Partners	Pipelines	-0.10
Southwest Gas	Electricity And Gas Distribution	-0.09
Enbridge Energy Partners	Pipelines	-0.08

### Key Contributors to Outperformance

- Sempra Energy was up just under 2%. During the month, the company reported earnings, reiterating guidance, highlighting the continued growth and momentum within the natural gas space for this upcoming year.
- Vopak was up approximately 7%. The company reported its FY 2017 results, with revenue and EBTIDA better than expected. Management acknowledged that 2018 will be challenging but maintained a positive outlook for 2019 driven by improving EBITDA on the back of continued capacity growth.
- OHL Mexico was up approximately 6%. The company reported strong revenue and EBITDA numbers for FY 2017, ahead of expectations thanks to strong results across most concessions. The better than expected cash EBITDA and cash flows highlight the stable cash generation of the business.

## PORTFOLIO COMPOSITION BY INDUSTRY<sup>7,8</sup> (%)

Pipelines	30.9
Electric Utility	16.6
Toll Roads	10.8
Airports	10.0
Electricity and Gas Distribution	8.3
Water	7.1
Electricity Transmission	5.5
Electricity Generation	2.9
Seaports	2.2
Communications	2.1
Rail / Other Transportation	1.9
Other Assets in Excess of Other Liabilities	1.7

## PORTFOLIO COMPOSITION BY COUNTRY<sup>7</sup> (%)

United States	35.4
Canada	10.4
Australia	10.4
Italy	9.5
United Kingdom	8.8
Spain	6.1
Mexico	4.4
China	3.2
Switzerland	2.6
Brazil	2.5
Netherlands	2.0
France	1.1
Germany	1.1
Japan	0.7
Singapore	0.0
New Zealand	0.0
Other Assets in Excess of Other Liabilities	1.7

## TOP 10 HOLDINGS<sup>7</sup> (%)

Enbridge Inc	5.5
Cheniere Energy Inc	5.3
Transurban Group	5.1
Sempra Energy	4.9
NextEra Energy Inc	4.3
TransCanada Corp	4.0
National Grid PLC	3.9
Kinder Morgan Inc/DE	3.5
Severn Trent PLC	3.4
Iberdrola SA	3.3

*Holdings are subject to change.*

<sup>7</sup> Based on Total Assets. Totals may not sum due to rounding.

<sup>8</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.

<sup>\*</sup> All data in this report is as of February 28, 2018 unless noted otherwise. All company specific information and figures are sourced from the respective company unless otherwise noted.

## INFRASTRUCTURE SECTOR REVIEW

### Key Contributors to Underperformance

- I. Severn Trent and Pennon Group were down 13% and 15%, respectively. Both companies underperformed as the opposition UK Labour party re-confirmed election manifesto plans to renationalize water utilities if successful at the next election, currently scheduled for 2022. Such policies if enacted could see critical pieces of UK infrastructure returned to government hands, in return for investor compensation. We see several reasons why these plans may not be carried out without adequate recourse given multiple legal protections embedded in EU law and international trade agreements which entitle investors to appropriate compensation.
- II. Magellan Midstream Partners was down 11% as a result of weakness within the sector. The pipeline sector has been a relative underperformer as a result of commodity market weakness and softening fund flows.

### OUTLOOK

Despite the moderate correction during the month, fundamentals remains solid. Economic growth has continued and even accelerated in recent months. This growth momentum, in our view, has been supported by the continued monetary stimulus (and resultant low interest rates) and we remain mindful that a sharp withdrawal of stimulus could undermine risk asset pricing. While we believe the broad backdrop is likely to remain supportive in the short to medium term, there is clearly less room for error in case of a slowdown or policy misstep. As a result, we believe there are opportunities to continue to participate in market performance but with an eye to any building imbalances or exuberance in markets. For now, solid growth momentum and corporate earnings provide a robust basis for continued performance. In this environment we believe quality and defensive assets that are underpinned by long-term, stable cash flows will continue to be attractive to investors around the world.

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

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### 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 as of February 28, 2018 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 Co-Portfolio Managers Jonathon Ong and Brad Frishberg. There is no guarantee an adequate replacement could be found for MCIML should Co-Portfolio Managers Jonathon Ong's and/or Brad Frishberg'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. Diversification does not eliminate the risk of experiencing investment loss.

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. Diversification does not eliminate the risk of experiencing investment losses. **458697**