



Macquarie Emerging Markets Infrastructure Income Fund

Annual Information Form

For the year ended December 31, 2015

No securities regulatory authority has expressed an opinion about these Units and it is an offence to claim otherwise.

March 30, 2015

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1 DESCRIPTION OF THE BUSINESS

1.1 NAME AND FORMATION

Macquarie Emerging Markets Infrastructure Income Fund (the “Fund”) is a closed-end investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of January 26, 2011 (the “Trust Agreement”) between Aston Hill Capital Markets Inc. the Manager of the Fund, and RBC Investor & Treasury Services (the “Trustee”). The principal place of business of the Fund and the registered office of the Manager is located at 77 King Street West, Suite 2110, P.O. Box 92, Toronto, Ontario, M5K 1G8. The fiscal year-end of the Fund is December 31.

1.2 STATUS OF THE FUND

The Fund is not considered to be a “mutual fund” under the securities legislation of the provinces and territories of Canada. As a result, some of the protections provided to investors in mutual funds under such laws are not available to investors in the Units.

1.3 ISSUE OF UNITS

On February 18, 2011, the Fund completed its initial public offering pursuant to the prospectus dated January 26, 2011. \$50,400,000 was raised through the issue of 4,200,000 Combined Units at \$12.00 per Unit. Agents’ fees and issue expenses were \$3,384,182 or \$0.81 per Combined Unit.

On March 11, 2011, the Agents exercised an over-allotment option in respect of 500,000 Combined Units, raising a further \$6,000,000. Agents’ fees were \$315,000 or \$0.63 per Unit.

Each Combined Unit consisted of one Unit and one transferable Warrant for one Unit. Each Warrant for one Unit entitled the holder to purchase one Unit at a subscription price of \$12.00 on or before January 31, 2012. The Warrants not exercised by January 31, 2012 were void and of no value. During the exercise period, there were 61,700 Warrants exercised raising 61,700 Units for a gross proceed of \$740,400. Agents’ fees were \$0.30 per Unit for a total amount of \$18,510. There were 4,638,300 Warrants that expired.

During its second warrant offering, the Fund issued one transferable Warrant for each Unit held by the Unitholders of its units of record on May 28, 2012 for a total of 4,761,700 Warrants. Each Warrant entitled its holder to acquire one Unit for a subscription price of \$11.41 on each Monday from October 1, 2012 to January 28, 2013. During this exercise period, the Fund issued 2,780,481 Units pursuant to the exercise of 2,780,481 Warrants for gross proceeds of \$31,725,288 and the related Agents’ fee was \$322,080. There were 1,981,219 Warrants that were unexercised and expired.

2 INVESTMENT OBJECTIVES

2.1.1 Investment Objectives

The Fund’s investment objectives are to generate:

- (i) quarterly distributions for holders of Units (“Unitholders”) initially targeted to be \$0.15 per Unit (\$0.60 per annum representing an annual cash distribution of 5.0% based on the \$12.00 per Combined Unit issue price); and
- (ii) total return for Unitholders, consisting of dividend income and capital appreciation.

To achieve the Fund’s investment objectives, the net proceeds of the Offering are invested in a portfolio (the “Portfolio”) consisting of infrastructure equity securities issued by entities domiciled in emerging markets.

2.1.2 Investment Strategy

The Fund invests in listed emerging markets infrastructure securities issued by entities that own, operate or provide infrastructure assets or services. These are emerging market domiciled entities that earn a substantial amount of their revenue or profits from owning, operating or providing infrastructure assets or services.

2.1.3 Investment Approach

Macquarie Capital Investment Management LLC (the “Portfolio Manager”), acts as the portfolio manager of the Fund. The Fund adopts a systematic, bottom up, fundamentals based stock selection approach. This approach is complemented by a top down macro analysis to determine the cash level and country allocation of the Fund.

2.1.4 Leverage

The Fund has established a loan facility that is used for various purposes including purchasing additional securities for the Portfolio, effecting market purchases of Units, funding distributions or redemptions and for cash flow requirements from time to time. Borrowings by the Fund may be in Canadian or U.S. dollars and shall not exceed 33% of the net assets of the Fund at the time of borrowing. The maximum amount of leverage that the Fund would employ is 1.33:1.

2.1.5 Currency Hedging

The Portfolio Manager takes currency exposure into account in managing the total return of the Portfolio, including dividend yields, and may, from time to time, hedge all or any portion of the value of the Portfolio back to the Canadian dollar.

2.1.6 Securities Lending

To generate additional returns, the Fund may lend portfolio securities to securities borrowers acceptable to the Fund pursuant to the terms of a securities lending agreement between the Fund and any such borrower. Under a Securities Lending Agreement: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans shall qualify as “securities lending arrangements” for the purposes of the Income Tax Act (Canada) (the “Tax Act”); and (iii) the Fund will receive prescribed collateral security.

2.1.7 Use of Derivatives

Derivative instruments are only used for the purpose of hedging. Instruments used may include but are not limited to futures, forwards, options and swaps.

2.1.8 Investment Restrictions of the Fund

The Fund is subject to certain investment restrictions that limit the securities the Fund may acquire for the Portfolio. According to the Fund’s investment restrictions:

- (a) the Fund will restrict its investments in any one issuer to no more than 15% of its total assets at the time of investment;
- (b) the Fund will restrict its investments in any one Global Industry Classification Standard sub industry to no more than 40% of its total assets at the time of investment;
- (c) the Fund will restrict its investments in any one country to no more than 40% of its total assets at the time of investment;
- (d) the Fund may hold up to 50% of its total assets in cash for defensive purposes;
- (e) the Fund may not borrow or use other forms of leverage in excess of 33% of the net assets of the Fund;
- (f) not more than 10% of the assets (determined at the time of purchase) of the Portfolio will be invested in “illiquid securities”. The term “illiquid securities” for this purpose means securities that cannot be disposed of within seven days in the ordinary course of business at approximately the amount at which the securities are valued for the Portfolio;
- (g) the Fund will not guarantee securities or obligations of another person or company other than the Manager, and then only in respect of the activities of the Fund;
- (h) the Fund will not purchase securities of an issuer for the purposes of exercising control over management of that issuer or if, as a result of such purchase, the Fund would be required to make a take-over bid that is a “formal bid” for the purposes of applicable securities laws;

- (i) the Fund will not make or hold any investment that would result in the Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act;
- (j) the Fund will not acquire or hold any property that is “taxable Canadian property” within the meaning of the Tax Act or that will otherwise constitute “specified property” within the meaning of the proposed amendments to the Tax Act announced on September 16, 2004 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);
- (k) the Fund will not acquire any interest in a non-resident trust that is not an “exempt foreign trust”, as set forth in the proposed amendments to the Tax Act dealing with non-resident trusts contained in draft legislation released on August 27, 2010 by the Department of Finance (Canada) to implement certain tax measures from the 2010 federal budget (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);
- (l) the Fund will not invest in any securities of any entity that would be a foreign affiliate of the Fund for purposes of the Tax Act;
- (m) The Fund will not make or hold any investment that would result in the Fund becoming a “SIFT trust” within the meaning of subsection 122.1(1) of the Tax Act.

Subject to the above investment restrictions, the Fund may from time to time invest in one or more Macquarie Group funds. Such an investment will only be made on the basis that the approval of the Independent Review Committee is obtained and that there will be no duplication in the fees payable to a Macquarie Group entity in connection with its investment in such a fund.

3 UNITHOLDERS' EQUITY

3.1 DESCRIPTION OF UNITHOLDERS' EQUITY

3.1.1 The Units

The beneficial interest in the net assets and net income of the Fund is divided into Units. The Fund is authorized to issue an unlimited number of transferable, redeemable Units. Each Combined Unit was issued at a price of \$12.00 per Combined Unit. Each Combined Unit consisted of one Unit and one transferable Warrant for one Unit. Each Warrant for one Unit entitled the holder to purchase one Unit at a subscription price of \$12.00 on or before January 31, 2012. The Warrants not exercised by January 31, 2012 were void and of no value.

On December 16, 2004, the Trust Beneficiaries' Liability Act, 2004 (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises: (i) the trust is a reporting issuer under the Securities Act (Ontario); and (ii) the trust is governed by the laws of Ontario. The Fund is a reporting issuer under the Securities Act (Ontario) and the Fund is governed by the laws of Ontario by virtue of the provisions of the Trust Agreement.

All Units have equal rights and privileges. At any meeting of Unitholders of the Fund, each Unitholder is entitled to one vote for each Unit held by such Unitholder. Each Unitholder is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund. Units were issued only as fully paid and are non-assessable. Unitholders will have no voting rights in respect of the securities held by the Fund.

The Trust Agreement provides that the Fund will not issue additional Units following completion of the original Offering, except: (a) at a price that yields net proceeds of not less than 100% of NAV per Unit calculated as of the business Day immediately prior to the pricing of such offering; (b) by way of Unit distributions; or (c) with the approval of Unitholders.

3.1.2 Market Purchases

The Trust Agreement provides that the Fund has the right (but not the obligation), exercisable in its sole discretion, at any time, to purchase Units for cancellation at prices not exceeding the Net Asset Value per Unit, subject to any applicable regulatory requirements and limitations. It is expected that such purchases, if made, will be made as normal course issuer bids through the facilities and under the rules of the exchange or market on which the Units are listed, if applicable, as provided for in the Trust Agreement or as otherwise permitted by applicable securities laws.

3.1.3 Book-Entry Only System

Registration of interests in and transfers of, the Units are made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

3.2 UNITHOLDER MATTERS

3.2.1 Meetings of Unitholders

A meeting of Unitholders may be convened by the Trustee or the Manager by a written requisition specifying the purpose of the meeting, and must be convened by the Trustee if requisitioned by Unitholders holding not less than 10% of the then outstanding Units entitled to vote on the matter by a written requisition specifying the purpose of the meeting.

Notice of all meetings of Unitholders will be given in accordance with the Trust Agreement and applicable law. The quorum for a meeting of Unitholders is two or more Unitholders present in person or represented by proxy holding not less than five percent of the Units then outstanding. In the event that such quorum is not present within one-half hour after the time called for a meeting, the meeting, if convened upon the request of a Unitholder, will be dissolved, but in any other case, the meeting will stand adjourned to such day no later than 14 days later and to such time and place as may be appointed by the chairman of the meeting (which for greater certainty can be at a later time on the date of the originally scheduled meeting), and if at such adjourned meeting a quorum is not present, the Unitholders present in person or by proxy at such adjourned meeting will be deemed to constitute a quorum.

A matter requiring an extraordinary resolution (an "Extraordinary Resolution") requires an affirmative vote of at least two-thirds of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

The Fund does not intend to hold annual meetings of Unitholders. However, the Fund will undertake to the Toronto Stock Exchange (the "TSX") to hold annual meetings of Unitholders if so instructed by the TSX.

3.2.2 Amendments to the Trust Agreement

Except as provided below, the Trust Agreement may be amended by a resolution approved by the affirmative vote of at least a majority of the votes cast at a meeting of Unitholders duly convened and held in accordance with the provisions contained in the Trust Agreement, or by the written consent in lieu of a meeting if there is only one Unitholder.

The following matters may only be undertaken with the approval of Unitholders by an Extraordinary Resolution:

- (a) any change in the investment objectives or investment restrictions of the Fund, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (b) any change of the Manager except where the new manager is an affiliate of the Manager or of the Portfolio Manager;
- (c) any increase in the management fee;
- (d) any amendment, modification or variation in the provisions or rights attaching to the Units;
- (e) any change in the frequency of calculating the Net Asset Value per Unit to less often than daily;
- (f) any merger, arrangement or similar transaction or the sale of all or substantially all of the assets of the Fund other than in the ordinary course;

- (g) any liquidation, dissolution or termination of the Fund except if it is determined by the Manager, in its sole discretion, to be in the best interest of the Unitholders or otherwise in accordance with the terms of the Trust Agreement;
- (h) the issuance of additional Units, other than: (i) upon the exercise of Warrants; (ii) for net proceeds equal to or greater than 100% of the most recently calculated Net Asset Value per Unit calculated immediately prior to the pricing of such issuance; or (iii) by way of Unit distributions; and
- (i) any amendment to the above provisions except as permitted by the Trust Agreement.

Notwithstanding the foregoing, the Trustee is entitled to amend the Trust Agreement without the consent of, or notice to, the Unitholders, to:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Agreement and any provisions of any law, regulation or requirements of any governmental authority applicable to or affecting the Fund;
- (b) make any change or correction in the Trust Agreement which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) bring the Trust Agreement into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries, provided such amendments do not in the opinion of the Manager adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or the Manager or increase their respective responsibilities;
- (d) maintain the status of the Fund as a “mutual fund trust” for the purposes of the Tax Act or to respond to amendments to such Act or to the interpretation or administration thereof; or
- (e) provide added protection or benefit to Unitholders.

3.2.3 Reporting to Unitholders

The Fund makes available to each Unitholder audited annual and unaudited semi-annual financial statements of the Fund prepared in accordance with International Financial Reporting Standards and annual and interim management reports of fund performance in respect of the Fund. The Fund makes available to each Unitholder annually and within the time prescribed by law, information necessary to enable such Unitholder to complete an income tax return with respect to the amounts payable by the Fund.

3.3 TERMINATION OF THE FUND

The Fund does not have a fixed termination date but may be terminated upon not less than 90 days’ written notice to the Manager from the Trustee with the approval of the Unitholders by a two-thirds majority vote passed at a duly convened meeting of Unitholders called for the purpose of considering such termination, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favor of such termination.

The Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in the opinion of the Manager, the Net Asset Value of the Fund is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Fund and it would be in the best interest of the Unitholders to terminate the Fund. The Fund will provide Unitholders notice in writing through CDS no less than 30 days and no more than 60 days prior to such Termination Date and will issue a press release in respect thereof at least 10 business days in advance of such Termination Date. The Fund will include a description of the entitlement of the Unitholders in such notice and press release.

Immediately prior to the Termination Date, the assets of the Fund will, to the extent possible, be converted to cash and the Trustee, after paying or making adequate provision for all of the Fund’s liabilities, shall distribute the net assets of the Fund to Unitholders as soon as practicable after the Termination Date.

3.4 DISTRIBUTIONS

The Fund pays a stable stream of quarterly distributions to Unitholders of record on the last business day of each calendar quarter, equal to approximately \$0.15 per Unit (\$0.60 per annum representing an initial annual cash distribution of 5.0% based on the \$12.00 per Combined Unit issue price).

On June 10, 2013, the Fund announced an increase in its targeted quarterly distribution from \$0.15 per Unit to \$0.17 per Unit.

The Fund has made all its scheduled distributions during the year ended December 31, 2015, paying \$0.68 per Unit (\$0.68 per Unit during the year ended December 31, 2014).

3.5 REDEMPTION OF UNITS

3.5.1 Annual Redemptions

Units may be surrendered for redemption during the period from August 1 to 5:00 p.m. (Toronto time) on the tenth business day prior to the last business day in August, subject to the Fund's right to suspend redemptions in certain circumstances, for a redemption price equal to the Net Asset Value per Unit on that date less any costs of funding the redemption. Unitholders will receive the redemption payment on or before the 15th day following the redemption date.

Any unpaid distribution payable on or before the redemption date in respect of Units tendered for redemption on such redemption date will also be paid on the same day as the redemption proceeds are paid. The Net Asset Value per Unit will vary depending on a number of market factors, including interest rates and volatility in the equity markets.

3.5.2 Monthly Redemptions

Units may also be redeemed on a monthly redemption date, subject to certain conditions and, in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the last business day of the month preceding the monthly redemption date. Payment of the redemption price will be made on or before the redemption payment date, subject to the Manager's right to suspend redemptions in certain circumstances. Concurrently with the payment of the redemption price, the Fund may pay to the redeeming Unitholder a cash distribution in the amount of the net realized capital gains of the Fund incurred by it to fund the payment of the redemption price.

Unitholders surrendering a Unit for redemption will receive a redemption price equal to the lesser of: (i) 95% of the Market Price of a Unit; and (ii) 100% of the Closing Market Price of a Unit on the applicable monthly redemption date, less, in each case, any costs associated with the redemption, including brokerage costs, and less any net realized capital gains of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption, being the monthly redemption amount. The Market Price is the weighted average trading price of the Units on the TSX (or such other stock exchange on which the security is listed) for the 10 trading days immediately preceding the monthly redemption date. The Closing Market Price in respect of a security on a monthly redemption date is the closing price of such security on the TSX on such monthly redemption date (or such other stock exchange on which such security is listed) or, if there was no trade on the relevant monthly redemption date, the average of the last bid and the last asking prices of the security on the TSX on such monthly redemption date (or such other stock exchange on which the security is listed).

3.5.3 Exercise of Redemption Right

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds his or her Units to deliver to CDS at its office in the City of Toronto on behalf of the Unitholder, a written notice of the Unitholder's intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the applicable notice dates described above. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the Annual Redemption Date or Monthly Redemption Date deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the notice dates described above.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder's intention to redeem Units the Unitholder will be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise, provided that the Manager may from time to time prior to the Annual Redemption Date or Monthly Redemption Date permit the withdrawal of a redemption notice on such terms and conditions as the Manager may determine, in its sole discretion, if such withdrawal will not adversely affect the Fund. Any expense associated with the preparation and delivery of the redemption notice will be for the account of the Unitholder exercising the redemption privilege.

Any redemption notice that CDS determines to be incomplete, not in proper form or not duly executed will, for all purposes, be void and of no effect and the redemption privilege to which it relates will be considered, for all purposes, not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance

with a Unitholder's instructions will not give rise to any obligations or liability on the part of the Fund, the Trustee or the Manager to the CDS Participant or the Unitholder.

3.5.4 Suspension of Redemptions

The Fund may suspend the redemption of Units or payment of redemption proceeds: (i) for the whole or any part of a period during which normal trading is suspended on one or more exchanges on which securities included in the Portfolio are traded, if those securities represent more than 50% by value, or underlying market exposure, of the total assets of the Fund, and if the securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund; or (ii) for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. In such circumstances all Unitholders will have, and will be advised that they have, the right to withdraw their requests for redemption. The suspension will terminate in any event on the first business day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager will be conclusive.

4 VALUATION

4.1 CALCULATION OF NET ASSET VALUE

The Net Asset Value ("NAV") per Unit on a particular date is equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund including any income, net realized capital gains or other amounts payable to Unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date. The NAV per Unit on any day is calculated by dividing the NAV on such day by the total number of Units then issued and outstanding.

For the purpose of calculating Net Asset Value of the Fund on a Valuation Date, the NAV on such Valuation Date is determined as follows:

- (a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the NAV is being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the valuation agent has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the NAV is being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the valuation agent determines to be the fair market value thereof;
- (b) the value of any bonds, debentures and other debt obligations will be valued by taking the average of the bid and ask prices quoted by a major dealer or recognized information provider in such securities on a Valuation Date at such times as the valuation agent, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;
- (c) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the valuation agent) will be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the valuation agent such value does not reflect the value thereof and in which case the latest offer price or bid price will be used), as at the Valuation Date on which the NAV is being determined, all as reported by any means in common use;
- (d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;
- (e) the value of any security or other asset for which a market quotation is not readily available will be its fair market value on the Valuation Date on which the NAV is being determined as determined by the valuation agent (generally the valuation agent will value such security at cost until there is a clear indication of an increase or decrease in value);

- (f) any market price reported in currency other than Canadian dollars will be translated into Canadian currency at the rate of exchange available from the valuation agent on the Valuation Date on which the NAV is being determined;
- (g) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the valuation agent and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is determined to be appropriate by the valuation agent;
- (h) the value of any forward contract or other derivatives, such as future contracts, swap contracts or options on financial futures, will be the value that would be realized by the Fund if, on the date on which the NAV is being determined, the forward contract or other derivatives were closed out in accordance with its terms; and
- (i) the value of any security or property to which, in the opinion of the valuation agent, the application of the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) will be the fair market value thereof determined in good faith in such manner as the valuation agent determines in consultation with the Manager from time to time.

The Net Asset Value per Unit is calculated in Canadian dollars in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain.

4.1.1 Reporting of Net Asset Value

The Net Asset Value per Unit is provided daily to Unitholders at no cost on the Manager's website at www.astonhill.ca and is also available to Unitholders upon request, at no cost, by calling 1-800-513-3868.

4.2 AUDIT OF FINANCIAL STATEMENTS

The annual financial statements of the Fund are audited by the Fund's auditor in accordance with Canadian generally accepted auditing standards. The auditor is asked to report on the fair presentation of the annual financial statements in accordance with International Financial Reporting Standards.

5 MANAGEMENT OF THE FUND

5.1 THE MANAGER

Aston Hill Capital Markets Inc. acts as manager of the Fund. The Manager performs or arranges for the performance of management services for the Fund, including portfolio management services, and is responsible for the overall undertaking of the Fund. The Manager is entitled to receive fees as compensation for management services rendered to the Fund. See "Duties and Services to be provided by the Manager" below and "Fees and Expenses".

5.1.1 Officers and Directors of the Manager

The name, municipality of residence, position with the Manager and principal occupation of each of the directors and officers of the Manager are set out below:

Name and Municipality	Position with the Manager	Principal Occupation
James Werry Toronto, Ontario	Director	Chief Executive Officer, Aston Hill Financial Inc.
Darren N. Cabral Toronto, Ontario	Director and Chief Executive Officer	Chief Executive Officer, Aston Hill Capital Markets Inc.
Kal Zakarneh Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, Aston Hill Capital Markets Inc.
Derek Slemko Calgary, Alberta	Director	Vice President and Chief Financial Officer, Aston Hill Financial Inc.
Sasha Rnjak Woodbridge, Ontario	Chief Compliance Officer and Corporate Secretary	Vice President, Fund Operations and Chief Compliance Officer, Aston Hill Asset Management Inc.

James Werry: James Werry joined Aston Hill in February 2016. The majority of Mr. Werry's 34 years in the Canadian investment industry were spent at ScotiaMcLeod where he held a number of progressively senior positions, ultimately becoming Managing Director and Head of ScotiaMcLeod. After leaving ScotiaMcLeod in 2003, Mr. Werry founded and was CEO of what has become one of Canada's largest independent private client investment firms, Richardson GMP (formerly GMP Private Client). Mr. Werry currently sits on the Board of Myca Health Inc. and is the Past Chair of the Foundation Board of the Toronto East General Hospital.

Darren N. Cabral: CFA; BA (Hons.), York University; MBA, Schulich School of Business, York University. Mr. Cabral joined Aston Hill Capital Markets Inc. (formerly Connor, Clark & Lunn Capital Markets Inc.) in May 2007. Prior thereto, Mr. Cabral held various positions with affiliates of Middlefield Group Limited from September 2001 to April 2007, including Executive Director of Research at Middlefield Capital Corporation and Managing Director of Middlefield International Limited.

Kal Zakarneh: B.Comm, University of Jordan. Mr. Zakarneh joined Aston Hill Capital Markets Inc. in 2013. Prior thereto Mr. Zakarneh was a Fund Accounting Controller with Connor, Clark & Lunn Financial Group since 2005.

Derek Slemko: C.A.; B.Comm, University of Alberta. Mr. Slemko joined Aston Hill Financial Inc. in 2006. Prior thereto, Mr. Slemko was controller of Vault Energy Trust from 2005 to 2006.

Sasha Rnjak: BA Economics, University of Western Ontario, Vice President, Fund Operations and Chief Compliance Officer, Aston Hill Asset Management Inc., since April 2011; prior thereto, Compliance Manager, CI Investments Inc., since September, 2007.

5.1.2 Duties and Services to be provided by the Manager

Pursuant to the Trust Agreement, the Manager has exclusive authority to manage the operations and affairs of the Fund, to make all decisions regarding the business of the Fund and to bind the Fund. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so.

The Manager's duties includes maintaining accounting records for the Fund; authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements, income tax returns and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Fund complies with regulatory requirements, including its continuous disclosure requirements under applicable securities laws; preparing the Fund's reports to Unitholders and to the Canadian securities regulators; providing the Custodian with information and reports necessary for the Custodian to fulfil its fiduciary responsibilities; administering the redemption of Units; arranging for any payment required on the termination of the Fund; dealing and communicating with Unitholders; and negotiating contracts with third party providers of services, including, but not limited to, custodians, transfer agents, legal counsel, auditors and printers.

5.1.3 Details of the Manager's Obligations under the Trust Agreement

Pursuant to the Trust Agreement, the Manager shall exercise the powers and discharge the duties of its office honestly, in good faith

and in the best interests of the Fund and the Unitholders and in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances. The Trust Agreement provides that the Manager shall not be liable in any way for any default, failure or defect in the securities held by the Fund or for any loss or diminution in the value of such securities or other loss or damage suffered by any such person or for any errors of judgement, acts or omissions if it has satisfied the duties and standard of care, diligence and skill set forth above. The Manager will, however, incur liability in cases of willful misconduct, bad faith or negligence or breach of its obligations under the Trust Agreement.

The Manager may resign as manager of the Fund upon 60 days' notice to the applicable Unitholders and to the Fund or upon such lesser notice period as the Fund may accept. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager or the Portfolio Manager, its successor must be approved by Unitholders of the Fund. If the Manager is in material default of its obligations under the Trust Agreement and such default has not been cured within 20 business days after notice of the same has been given to the Manager, the Fund shall give notice thereof to its Unitholders, and such Unitholders may remove the Manager and appoint a successor manager.

The Manager and each of its directors, officers, employees and agents are indemnified by the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Manager or any of its officers, directors, employees or agents in the exercise of its duties as manager, except those resulting from the Manager's willful misconduct, bad faith or negligence or the Manager's failure to meet the standard of care set forth above.

5.1.4 Accounting and Reporting

The Fund's fiscal year is the calendar year. The Manager ensures that the Fund complies with all applicable reporting and administrative requirements.

The Manager keeps adequate books and records reflecting the activities of the Fund. A Unitholder or his or her duly authorized representative has the right to examine the books and records of the Fund during normal business hours at the offices of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information which, in the opinion of the Manager, should be kept confidential in the interests of the Fund.

5.2 THE PORTFOLIO MANAGER

Macquarie Capital Investment Management LLC (the "Portfolio Manager") or ("MCIM"), an indirect, wholly-owned subsidiary of Macquarie Group Limited, provides investment advisory and portfolio management services to the Fund.

The Portfolio Manager is part of Macquarie Asset Management ("MAM"), Macquarie Group's funds management business. MAM is Australia's largest asset manager.

The Portfolio Manager was established in January 2004 and is registered as an investment adviser with the U.S. Securities and Exchange Commission. The Portfolio Manager is not currently registered as an adviser with the Ontario Securities Commission or any other provincial or territorial regulatory authority in Canada and is relying on the International Adviser Exemption, under Section 8.26 of National Instrument 31-103. The Portfolio Manager provides investment advisory and portfolio management services to the Fund pursuant to the International Adviser exemption from the dealer registration requirement. The principal office of the Portfolio Manager is located in New York, however, a number of the services provided by the Portfolio Manager will be carried out in Sydney, Australia.

Brad Frishberg and Jonathon Ong are primarily responsible for the management of the Portfolio. Their biographies are as follows:

Brad Frishberg

Mr. Brad Frishberg is the head of MCIM's Listed Infrastructure Securities Investment Team and serves as its Chief Investment Officer. He is also a co-portfolio manager for a number of portfolios. He has more than 20 years of asset management experience. Prior to joining Macquarie in 2009, Mr. Frishberg was managing director and U.S. equity portfolio manager at J.P. Morgan Asset Management, where over a period of 13 years he was responsible for managing portfolios and businesses in London, Tokyo, and New York. He started his career at Aetna Asset Management as an international analyst and then as a portfolio manager for Japanese equity and fixed income. Mr. Frishberg earned his Bachelor's degree in business economics from Brown University and his Master's degree in economics from Trinity College, Hartford, Connecticut. Mr Frishberg is a CFA charter holder.

Jonathon Ong

Mr. Jonathon Ong joined MCIM's Listed Infrastructure Securities Team in 2008 as a portfolio manager and has been a member of the investment committee since then. Mr. Ong has 18 years of asset management experience, including 12 years as a portfolio manager. Prior to joining Macquarie, Mr. Ong held analyst and portfolio manager roles at Credit Suisse Asset Management, where he worked for 8 years in Sydney and Tokyo, including as the lead portfolio manager for the Emerging Market Telecom Fund, listed on the American Stock Exchange. Prior to that, he spent 3 years as a utilities and telecom analyst for Bankers Trust, having started his career as a sell-side analyst in Hong Kong for Kim Eng Securities. Mr. Ong holds a Bachelor of Science degree from the University of Melbourne and a Bachelor of Business (Banking and Finance) from Monash University. Mr Ong is a CFA charter holder.

5.2.1 Details of the Portfolio Management Agreement

The Portfolio Manager is responsible for the execution of the Fund's investment strategy pursuant to the portfolio management agreement (the "Portfolio Management Agreement") between the Manager and the Portfolio Manager dated as of January 26, 2011. Decisions as to the purchase and sale of securities and as to the execution of all Portfolio and other transactions in connection with the Portfolio is made by the Portfolio Manager pursuant to the Portfolio Management Agreement.

Under the Portfolio Management Agreement, the Portfolio Manager is required to act honestly, in good faith and in the best interests of Unitholders of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Portfolio Management Agreement provides that the Portfolio Manager shall not be liable in any way for any default, failure or defect in, or any loss or diminution of value of any of the securities forming part of the Portfolio if it has fulfilled the duties and satisfied the standard of care, diligence and skill set forth above. The Portfolio Manager will incur liability in cases of wilful misconduct, fraud, bad faith, negligence or breach of its standard of care.

The Portfolio Management Agreement, unless terminated as described below, will continue in effect until the termination of the Fund. The Manager may terminate the Portfolio Management Agreement if the Portfolio Manager has committed certain events of bankruptcy or insolvency, has lost any registration, license or other authorization required to perform its services thereunder, is in material breach or default of the provisions thereof and such material breach or default has not been cured within 20 business days after notice thereof has been given to the Portfolio Manager and the Trustee by the Manager or if the Portfolio Manager has acted with wilful misconduct, fraud, bad faith or negligence.

The Portfolio Manager may terminate the Portfolio Management Agreement upon 90 days' notice. In addition, the Portfolio Manager may terminate the Portfolio Management Agreement immediately in the event that the Manager has committed certain events of bankruptcy or insolvency, upon 20 business days' written notice if the Manager is in material breach or default of the provisions thereof and such material breach or default has not been cured within 20 business days' notice of the same to the Manager and to the Trustee or in the event that there is a material change in the investment restrictions of the Fund.

The Portfolio Management Agreement will not be subject to termination for material breach or default if such breach or default cannot be cured within the 20 business day period but the cure is commenced within the 20 business day period and is completed within 45 days thereof.

If the Portfolio Management Agreement is terminated, the Manager will promptly appoint a successor portfolio manager to carry out the activities of the Portfolio Manager until a meeting of Unitholders of the Fund is held to confirm such appointment.

The Portfolio Manager is entitled to fees for its services under the Portfolio Management Agreement and is reimbursed for all reasonable costs and expenses incurred by the Portfolio Manager on behalf of the Fund. In addition, the Portfolio Manager and each of its directors, officers and employees are indemnified by the Fund for all claims whatsoever brought against the Portfolio Manager for any act or omission, except those resulting from the Portfolio Manager's willful misconduct, fraud, bad faith, negligence or breach of its standard of care.

5.3 CONFLICTS OF INTEREST

The management and administrative services provided by the Manager to the Fund pursuant to the Trust Agreement are not exclusive and nothing in the Trust Agreement prevents the Manager from providing similar management services to other investment funds and clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities.

The investment management services provided by the Portfolio Manager to the Fund under the Portfolio Management Agreement are not exclusive and nothing in the Portfolio Management Agreement prevents the Portfolio Manager from providing similar services

for its own account or to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. Investments in securities purchased by the Portfolio Manager on behalf of the Fund and other investment funds or trusts for which the Portfolio Manager provides investment management services will generally be allocated to the Fund and such other investment funds or trusts on a pro rata basis according to the size of the order and the applicable investment restrictions and policies of the Fund and the other investment funds or trusts.

The Trust Agreement acknowledges that the Trustee may provide services to the Fund in other capacities, provided that the terms of any such arrangements are no less favorable to the Fund than those which would be obtained from parties which are at arm's length for comparable services. The Trustee may act as trustee of, and provide services to, other investment funds or trusts.

5.4 PROXY VOTING POLICIES AND PROCEDURES

Subject to compliance with the provisions of applicable law, the Portfolio Manager has the right to vote proxies relating to the securities in the Portfolio and the securities held directly by the Fund. Proxies must be voted in a manner consistent with the best interests of the Fund.

Because the Fund does not purchase securities for the purposes of exercising control or direction over the securities of the Portfolio, proxies will typically (but need not) be voted with management on routine business. Examples of routine business are voting on the size, nomination and election of the board of directors and the appointment of auditors. All other special or non-routine matters will be assessed on a case-by-case basis with a focus on the potential impact of the vote on the value of the Fund's investment. Examples of non-routine business are stock based compensation plans, executive severance compensation arrangements, shareholders rights plans, corporate restructuring plans, going private transactions in connection with leveraged buyouts, supermajority approval proposals, and stakeholder or shareholder proposals.

On rare occasions, the Portfolio Manager may abstain from voting a proxy or a specific proxy item when it is concluded that the potential benefit of voting the proxy is outweighed by the cost of voting the proxy. In addition, the Portfolio Manager will not vote proxies received for securities which are no longer held in the Portfolio or by the Fund as applicable.

5.5 INDEPENDENT REVIEW COMMITTEE

The Manager has appointed an independent review committee (the "Independent Review Committee") in accordance with NI 81-107 comprised of four members, each of whom is independent of the Manager and entities related to the Manager. The Independent Review Committee intends to function in accordance with applicable securities law, including NI 81-107. The mandate of the Independent Review Committee is to review and provide its decisions to the Manager on conflict of interest matters that the Manager has referred to the Independent Review Committee for review. The Manager is required to identify conflict of interest matters inherent in its management of the Fund and request input from the Independent Review Committee in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest. The Independent Review Committee has adopted a written charter which it follows when performing its functions and is subject to requirements to conduct regular assessments. In performing their duties, members of the Independent Review Committee are required to act honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Independent Review Committee report annually to the Fund which report is available free of charge upon request to the Manager and is also posted on the Manager's website at www.astonhill.ca.

The members of the Independent Review Committee are John Crow (chair), Joseph Wright, Robert B. Falconer and Scott Browning. The Independent Review Committee acts as a review committee for a number of investment funds managed by the Manager.

The principal occupations and biographies of the Independent Review Committee members are set out below:

John Crow (chair) is the former Governor of the Bank of Canada and a noted economist. He is a director or advisor to a number of companies, and is also a Senior Fellow of the C.D. Howe Institute. In 1999, he chaired a committee of international experts that was commissioned by the Executive Board of the International Monetary Fund (the "IMF") to evaluate IMF bilateral, regional, and multilateral surveillance activities, and in 2002, he took part in a high level international mission to advise on monetary problems in Argentina. In 2003, he chaired an international task force commissioned by the International Federation of Accountants to examine the loss of credibility in financial reporting and how to restore it. Mr. Crow is the author (2002) of *Making Money: An Insider's Perspective on Finance, Politics, and Canada's Central Bank*.

C. Scott Browning received his doctorate in chemistry from the University of Toronto in 1992. He returned to join the faculty at

UofT after a sixteen month term as a post-doctoral Fellow at the National Institute of Bioscience in Japan. His research on the modular design, synthesis and properties of tunable phosphine ligands has been published in the journals of the Royal Society of Chemistry and the American Chemical Society and presented at international conferences. Dr. Browning is a Fellow of the University of St. Michael's College and is currently coauthoring a textbook that emphasizes a strong mechanistic approach to understanding organic chemistry.

Robert B. Falconer is a Member of Board of Directors, Audit and Valuation, Investment and Independent Review Committee (chair) of VentureLink Funds and has financial consulting contracts with Altamira Financial Services, Ontario Clean Water Agency and GHD International. He recently worked as a Director of Community Loans Policy & Risk Control for Ontario Strategic Infrastructure Financing Authority and as a Vice President of Corporate Finance for Altamira Financial Services.

Joseph H. Wright spent 23 years with Citibank in New York, Geneva and Toronto. He left Citibank in 1986 to join Burns Fry Limited where he worked until 1994, finishing as a Vice Chairman. In 1995, he joined Swiss Bank Corporation (Canada) as President & CEO. Following Swiss Bank, he has spent 16 years as a corporate director, serving on the boards of Loblaw Companies Limited, O & Y Real Estate Investment Trust, Call-Net Enterprises Inc. and St. Laurent Paperboard Inc., to name a few. He also served for 5 years as the Chair.

The IRC members each receive \$15,000 per annum (\$20,000 for the Chairman) plus \$1,250 per meeting for acting in such capacity and are also reimbursed for expenses in connection with performing their duties. These fees and expense reimbursements are allocated across investment funds that are managed by the Manager in a manner that is fair and reasonable.

For the year ended December 31, 2015, members of the IRC were paid the following aggregate compensation: Mr. Crow: \$29,662; Mr. Falconer: \$24,012; Mr. Browning \$24,012 and Mr. Wright \$24,012. The report prepared by the IRC is available on the Manager's website (www.astonhill.ca), or on request at no cost, by contacting the Manager at 77 King Street West, Suite 2110, P.O. Box 92, Toronto-Dominion Centre, Toronto, Ontario M5K 1G8; telephone: (416) 583-2300; or toll free: 1-800-513-3868.

5.6 THE TRUSTEE

RBC Investor & Treasury Services is the trustee of the Fund under the Trust Agreement and, as such, is responsible for certain aspects of the day-to-day administration of the Fund as described in the Trust Agreement. The Trustee's office is located in Toronto, Ontario.

The Trustee may resign upon 60 days' notice to Unitholders and the Manager. The Trustee may be removed with the approval of a simple majority vote cast at a meeting of Unitholders called for such purpose or by the Manager, if the Trustee has committed certain events of bankruptcy or insolvency or is in material breach or default of its obligations under the Trust Agreement which breach has not been cured within 30 days after notice thereof has been given to the Trustee. Any such resignation or removal shall become effective only upon the acceptance of appointment by a successor. If the Trustee resigns, its successor may be appointed by the Manager. The successor must be approved by Unitholders if the Trustee is removed by Unitholders. If no successor has been appointed within 90 days, the Fund will be terminated.

The Trust Agreement provides that the Trustee shall not be liable in carrying out its duties under the Trust Agreement except where it is in breach of its obligations under the Trust Agreement or where the Trustee fails to act honestly and in good faith, and in the best interests of Unitholders to the extent required by laws applicable to trustees, or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Trust Agreement contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee, or any of its officers, directors, employees or agents, in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee is entitled to receive fees from the Fund. The Trustee is entitled to be reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of the Fund.

5.7 THE CUSTODIAN

RBC Investor & Treasury Services also acts as custodian (the "Custodian") of the assets of the Fund pursuant to the Trust Agreement, with the power to appoint sub-custodians. The Custodian, in its capacity as valuation services agent, also carries out certain aspects of the day-to-day administration of the Fund, including calculating NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. The Custodian's office is located in Toronto, Ontario.

5.8 THE AUDITOR

The auditor of the Fund is PricewaterhouseCoopers LLP, Chartered Accountants, at 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

5.9 THE REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc., at its office in Toronto, Ontario, maintains the securities registers of the Units and register transfers of the Units.

5.10 PORTFOLIO TRANSACTIONS AND BROKERAGE

The Portfolio Manager is responsible for selecting members of securities exchanges, brokers and investment dealers for the execution of transactions in respect of the Fund's investments and, when applicable, the negotiation of commissions in connection therewith. The Fund is responsible to pay those commissions.

6 FEES AND EXPENSES

6.1 INITIAL FEES AND EXPENSES

The expenses of the Offering (including the Agents' fee, costs of creating and organizing the Fund, the costs of printing and preparing the prospectus, legal expenses, marketing expenses and other reasonable out-of-pocket expenses incurred by the Agents and other incidental expenses), which were \$3,717,692 were paid out of the gross proceeds of the Offering.

6.2 MANAGEMENT FEES

The Manager is entitled to an annual fee equal to 1.40% of the net asset value of the Fund per annum, calculated and paid monthly in arrears, plus any applicable taxes.

The total management fees charged to the Fund during the year ended December 31, 2015 were \$321,017 plus applicable taxes (\$553,066 plus applicable taxes during the year ended December 31, 2014).

The Manager pays the Portfolio Manager out of these management fees.

6.3 SERVICE FEES

A service fee is payable by the Manager to each dealer whose clients hold Units in the Fund at the end of a calendar quarter. The service fee is calculated daily and payable at the end of each calendar quarter in arrears and is equal to 0.40% annually of the net asset value of the Units held by clients of the dealers.

The service fee charged to the Fund during the year ended December 31, 2015 were \$66,679 (\$162,441 during the year ended December 31, 2014).

6.4 ONGOING EXPENSES

The Fund pays for all expenses incurred in connection with the operation and administration of the Fund. These expenses include, without limitation: mailing and printing expenses for periodic reports to Unitholders; fees payable to the Trustee for acting as trustee of the Fund; fees payable to the Registrar and Transfer Agent for performing certain financial, record-keeping, Unitholder reporting, distribution agency and general administrative services; fees payable to the auditors and legal advisors of the Fund; ongoing regulatory filing fees and other fees; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; expenses relating to portfolio transactions; and any expenditures which may be incurred upon the termination of the Fund.

Administration and operating costs were approximately \$189,196 plus applicable taxes and brokerage commission charges were \$108,800 during the year ended December 31, 2015 (administration and operating costs were \$225,101 plus applicable taxes and brokerage commission charges were \$246,446 during the year ended December 31, 2014).

7 CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.

7.1 STATUS OF THE FUND

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any calendar year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of the calendar year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a calendar year basis such that Canadian income taxes payable by the Fund under present legislation will be minimized.

7.2 TAXATION OF THE FUND

The Fund is subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the year. The Fund deducts, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains, it will generally not be liable in such year for income tax under Part I of the Tax Act. The Fund is entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a "capital gains refund" in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year. In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income and not incurred for the purpose of generating capital gains.

7.3 TAXATION OF UNITHOLDERS

A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year (whether in cash or Units). The non-taxable portion of the Fund's net realized capital gains paid or payable to a Unitholder in a taxation year will not be included in the Unitholder's income for the year and, where appropriate designations are made by the Fund, will not reduce the adjusted cost base of the Unitholder's Units. Any other amount in excess of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will generally not be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed gain.

On the disposition or deemed disposition of a Unit (including a redemption), the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (net of any reasonable costs of disposition and excluding any portion of amounts paid on redemption treated as distributions of income or gains by the Fund) exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base to a Unitholder, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all identical Units owned by the Unitholder as capital property before that time. For this purpose, the cost of Units that have been issued as an additional distribution will generally be equal to the amount of the net income or capital gain distributed to the Unitholder in Units.

One-half of any capital gain (a "taxable capital gain") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss (an "allowable capital loss") realized may generally be deducted from taxable capital gains in accordance with the provisions of the Tax Act. Subject to the detailed rules in the Tax Act, allowable capital losses in excess of taxable capital gains in the year of disposition may be applied to reduce net taxable capital gains of a Unitholder in any of the three

years preceding the year of disposition or in any year following the year of disposition in accordance with the Tax Act.

7.4 TAXATION OF REGISTERED PLANS

Amounts of income and capital gains distributed by the Fund to a trust governed by a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan, registered disability savings plan or tax-free savings account (each a “registered plan”), and capital gains realized by a registered plan on a disposition of Units, are generally not taxable under Part I of the Tax Act while retained in a registered plan. Unitholders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a registered plan.

8 MATERIAL CONTRACTS

The following contracts that have been entered into by the Fund can reasonably be regarded as material to Unitholders:

- (a) the Trust Agreement; and
- (b) the Portfolio Management Agreement.

Copies of the agreements referred to above may be obtained at any time from the Manager on written request and are available on www.sedar.com.

Macquarie Emerging Markets Infrastructure Income Fund

Additional information about Macquarie Emerging Markets Infrastructure Income Fund is available in the financial statements. You can get copy of the financial statements, including a statement of portfolio transactions, at no charge by contacting the Manager by:

- Mail: Aston Hill Capital Markets Inc.
77 King Street West
Suite 2110, P.O. Box 92
Toronto, Ontario
M5K 1G8
www.astonhill.ca
- Phone: 1-800-513-3868
- E-mail: info@astonhill.ca