2013

Macquarie Emerging Markets Infrastructure Income Fund

Annual Report

December 31, 2013

Macquarie Emerging Markets Infrastructure Income Fund Message to Unitholders

March 28, 2014

Dear Investor,

We are pleased to provide you with the annual report for the Macquarie Emerging Markets Infrastructure Income Fund (the “Fund”) for the year ended December 31, 2013.

The Fund has been designed to provide investors with emerging markets exposure, quarterly distributions and total return by actively investing in listed infrastructure securities issued by emerging market domiciled entities that own, operate or provide infrastructure assets or services.

After a strong start, the Fund had a more challenging 2013. The net asset value (“NAV”) at December 31, 2013 was $10.78 per unit and distributions of $1.78 were paid out since inception. The return for 2013 was -4.08%. Its benchmark, the MSCI Emerging Markets Index, was up 4.29% over the same period. The Fund has delivered a compound annual growth rate of 4.24% from opening NAV, compared to 1.62% for the Index.

In January of this year, the Fund raised additional gross proceeds of $31,725,288 through the exercise of warrants at a price of $11.41 per unit.

The Fund performed well in the latter half of the year, in keeping with the more positive tone in developed equity markets. This was driven by improved investor sentiment due to coordinated policy action and liquidity easing measures by central banks, which gave investors confidence that tail risks had reduced. The significant move in interest rates and sentiment in the second quarter hit the Fund’s holding given their longer duration holdings.

At year-end, the Fund’s largest sector exposures are in Electric Utilities, Highways & Railtracks and Wireless Telecommunication Services (that will benefit from growth in data usage). The Fund’s smallest sector exposures are to Railroads, Construction & Engineering and Integrated Telecommunication Services. Hong Kong (China) was the largest country allocation, representing 28.30% of the Fund.

Macquarie Capital Investment Management LLC (the “Investment Manager”) continues to believe that the longer-term view remains positive as the three foundation assumptions that support emerging market infrastructure investment (economic growth, population growth, and urbanization) all remain intact and they continue to see good investment opportunities arising from the infrastructure shortage in emerging markets.

Please see our website for monthly updates. We appreciate your investment in the Fund and look forward to good performance as the fund continues.

Yours truly,

W. Neil Murdoch

W. Neil Murdoch
Chief Executive Officer
Macquarie Emerging Markets Infrastructure Income Fund

Management Report of Fund Performance

This annual management report of fund performance for **Macquarie Emerging Markets Infrastructure Income Fund** (the "Fund") contains financial highlights but does not contain the complete annual financial statements of the Fund. **The annual financial statements and accompanying notes are attached to this report.**

You can obtain a copy of the annual financial statements at no cost by writing to Aston Hill Capital Markets Inc. (formerly "Connor, Clark & Lunn Capital Markets Inc.") (the "Manager") to the following address: 77 King Street West, Suite 2110, PO Box 92, Toronto, Ontario, M5K 1G8 or calling 1-800-513-3868 or visiting the Manager's website at www.astonhill.ca or by visiting www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Note that any reference to "Net Assets" or "Net Assets per Unit" or "GAAP Net Assets" means that the value was determined in accordance with the Canadian Generally Accepted Accounting Principles "GAAP" for financial statements purposes. Also, any reference to "Net Asset Value" or "Net Asset Value per Unit" or "Transactional NAV" means that the value was determined for valuation and transactional purposes in accordance with the Canadian Securities Administrators. An explanation of the difference between both values can be found in Note 3 to the financial statements.

Investment Objectives and Strategies

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 the Manager in its capacity as manager and RBC Investor & Treasury Services (the "Trustee") as trustee of the Fund.

The Fund's investment objectives are to generate:

i) quarterly distributions for holders of Units (the "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.

In order to achieve the Fund's investment objectives, Macquarie Capital Investment Management LLC (the "Investment Manager") invested the net proceeds of the Offering in a portfolio (the "Portfolio") consisting of infrastructure equity securities issued by entities domiciled in emerging markets.

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

Risk

Changes in the risk exposure of the Fund occurred in the following area:

Use of leverage

The Fund is entitled to employ leverage of up to 33% of the net assets of the Fund at the time of borrowing. The Fund applied leverage in the range from 6.2% to 28.6% during the year ended December 31, 2013 (8.9% to 16.5% during the year ended December 31, 2012). The leverage factor as of December 31, 2013 was 28.3% (11.0% as of December 31, 2012).

For full disclosure of risks associated with an investment in the Fund's units, please refer to the Prospectus dated January 26, 2011 or to the Fund's most recent Annual Information Form. Both are available at www.astonhill.ca or www.sedar.com.

Recent Developments

Future accounting changes

Beginning January 1, 2014, the Fund will prepare its annual financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and provide comparative statements on an IFRS basis, including an opening balance sheet as at January 1, 2013 (the transition date). The Fund will also report its interim financial statements for the period ending June 30, 2014, in accordance with IFRS.

The Manager has reviewed and developed its IFRS changeover plan that included performing an impact assessment and identifying differences between existing Canadian GAAP and IFRS. Management has monitored developments in IFRS and has assessed the likely impacts on accounting policies, implementation decisions, internal controls, information systems and training. Based on management's assessment to date, the more significant changes impacting the financial statements may be how the Fund measures fair values of its investments and the classification of net assets representing unitholders' equity. The Manager does not consider this to be comprehensive list of the accounting changes when the Fund adopts IFRS but in the view of the Manager represent the key differences. The differences described in the sections that follow are based on Canadian GAAP as at December 31, 2013 and IFRS that are in effect as of January 1, 2014.

Under Canadian GAAP, the Fund measures the fair values of its investments in accordance with the CPA Canada Handbook Section 3855, Financial Instruments – Recognition and Measurement. This section requires the use of bid prices for the long positions and asks prices for the short positions to the extent such prices are available. In May 2011, the IASB issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. The standard allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. The impact of this may result in the elimination of the differences between the transactional NAV and net assets at the financial statements reporting dates.

The Fund's outstanding redeemable unit entitlement includes a contractual obligation to deliver cash or another financial asset on the Fund's fixed termination date, and therefore the ongoing redemption feature is not the units only contractual obligation. The impact of the requirements of International Auditing Standards 32 - Financial Instruments Presentation is on classification only and does not impact net assets per unit.

Management will continue to monitor the Fund's IFRS changeover plan to address the key elements of the IFRS conversion.

Sale of Connor, Clark & Lunn Capital Markets Inc.

Connor, Clark & Lunn Financial Group and the principals of the Manager entered into a sale transaction to sell to Aston Hill Financial Inc. ("Aston Hill") shares in the Manager, Connor, Clark & Lunn Capital Markets Inc. (the "Company"). The terms of the transaction involved Aston Hill purchasing 80% of the Company from Connor, Clark & Lunn Financial Group, Neil Murdoch (President and Chief Executive Officer) and Darren Cabral (Chief Financial Officer). Neil Murdoch and Darren Cabral hold the remaining 20% of the Company not owned by Aston Hill. Completion of the sale transaction occurred on August 15, 2013. The business acquired by Aston Hill included the management agreement related to this Fund.

Results of Operations

Caution regarding forward-looking statements

The analysis in the document includes forward-looking statements. The use of any of the words anticipate, may, will, expect, estimate, should, believe and similar expressions are intended to identify forward-looking statements. Such statements reflect the opinion of the Investment Manager regarding factors that might be reasonably expected to affect the performance and the distributions on units of the Fund and are based on information available at the time of writing. The Investment Manager believes that the expectations reflected in these forward-looking statements and in the analysis are reasonable but no assurance can be given that these expectations or the analysis will prove to be correct and accordingly, they should not be unduly relied on. These statements speak only as of the date of this report. Actual events and outcomes may differ materially from those described in these forward-looking statements or analysis.

Investment Manager Commentary (as at February 2014)

The improved investor sentiment and appetite for risk during the second half of 2012 continued into 2013. Global equities were buoyed by the support to asset markets provided by the quantitative easing programs of central banks.

Emerging Markets' ("EM") equities pulled back mid-year as investors reduced exposure to "risk assets", driven by concerns about the timing of the United States Federal Reserve System's ("Fed") proposed quantitative easing ("QE") tapering strategy. The United States ("US") dollar maintained solid support as global capital flows were redirected away from previously higher yielding currencies. EM equities also faced earnings and economic growth downgrades. Late in the year, the Fed confirmed its intention to commence modest tapering. There was a positive reaction in equity markets as a large policy uncertainty risk was removed.

While EM equities recovered from the mid-year weakness, returns significantly lagged the performance of developed equity markets over the year.

Within the Fund, the largest sector contributors to return over the year were Airport Services, led by Grupo Aeroportuario del Centro Norte (Mexico), Highways & Railtracks, led by Shenzhen Expressway (China), and Construction & Engineering, led by Promotora y Operadora de Infraestructura (PINFRA), a toll road company in Mexico.

The major sector detractors were Electric Utilities, led by E. CL (Chile), and Independent Power Producers & Energy Traders, led by Electricity Generating Public Co (Thailand).

From a country perspective, positions in China, Mexico and Malaysia contributed strongly to performance, while positions in Brazil, Chile and Singapore detracted.

At year-end, the Fund's largest sector exposures were in Electric Utilities, Highways and Railtracks, and Marine Ports and Services. The Fund had no exposure to Railroads, Integrated Telecommunication Services and Construction and Engineering, and only small exposure to Multi-Utilities and Oil and Gas Storage and Transportation.

The Fed's QE tapering is not on a pre-set course but dependent on further economic improvement and higher inflation. It is likely that the major central banks will move towards a greater degree of coordination in 2014. Both the ECB and Bank of Japan have indicated a strong commitment to extended and expanded programs of liquidity easing, if necessary, to bolster the pace of economic recovery.

Infrastructure continues to be one of the few safe haven sectors in the world as the sector is less affected by changes to economic growth due to the essential service nature of many infrastructure services (such as water, gas and electricity).

Our longer-term view remains positive as the three foundation assumptions that support EM infrastructure investment (economic growth, population growth, and urbanization) all remain intact and we continue to see good investment opportunities arising from the infrastructure shortage in EM.

Capital transactions

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. Each Combined Unit consisted of one Unit and one transferable Warrant for one Unit. Each Warrant entitled the holder to purchase one Unit at a subscription price of $12.00 on or before January 31, 2012.

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.

During the exercise period from February 18, 2011 (commencement of operations) to January 31, 2012, there were 61,700 Warrants exercised for gross proceeds of $740,400. There were 4,638,300 Warrants that were not exercised by January 31, 2012 and were void and of no value.

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.

During the year ended December 31, 2013, there were also 2,568,543 Units redeemed for net payment of $27,377,135 (the Fund had redemptions of 963,168 Units for a total value of $10,908,563 during the year ended December 31, 2012).

Market repurchases

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.

The Fund did not purchase any Units for cancellation during the years ended December 31, 2013 and 2012.

Leverage

The Fund entered into a Margin Loan Agreement (the "Credit Agreement") dated May 6, 2011, between the Fund Manager (on behalf of the Fund) and the Bank of Nova Scotia (the "Lender") to use for various purposes but primarily to purchase additional securities for the Portfolio. Borrowings by the Fund thereunder 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.

During the year ended December 31, 2013, the Fund had bank indebtedness balances between U.S. $5,000,000 and U.S. $11,500,000. During the year, the Canadian dollar equivalent fluctuated between approximately $4.9 and $12.3 million or 6.2% and 28.6% of the NAV and the related interest expense was $114,731. (During the year ended December 31, 2012, the Fund had bank indebtedness balances between U.S. $5,000,000 and U.S. $8,100,000 and the Canadian dollar equivalent fluctuated between approximately $4.9 and $8.4 million or 8.9% and 16.5% of the NAV. The related interest expense was $108,639.) At December 31, 2013, the borrowed balance was U.S. $11,500,000 and the Canadian equivalent was approximately $12,000,000 or 28.3% of the NAV. (At December 31, 2012, the borrowed balance was U.S. $5,000,000 and the Canadian equivalent was approximately $5.0 million or 11.0% of the NAV.)

Distributions

The Fund paid quarterly distributions initially at $0.15 per Unit, representing a return of 5.0% per annum on the Unit issue price.

On June 10, 2013, the Fund announced an increased 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, 2013, paying $0.66 per Unit ($0.60 per Unit during the year ended December 31, 2012).

Related Party Transactions

Management Fees

Pursuant to the Trust Agreement, the Fund retained Aston Hill Capital Markets Inc. (formerly "Connor, Clark & Lunn Capital Markets Inc.") to act as manager. As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 1.40% per annum of the Net Asset Value of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund during the year ended December 31, 2013 were $886,620 plus applicable taxes ($702,023 plus applicable taxes during the year ended December 31, 2012).

Service Fee

The Fund pays to the Manager a service fee which is payable to dealers whose clients hold Units in the Fund. 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.

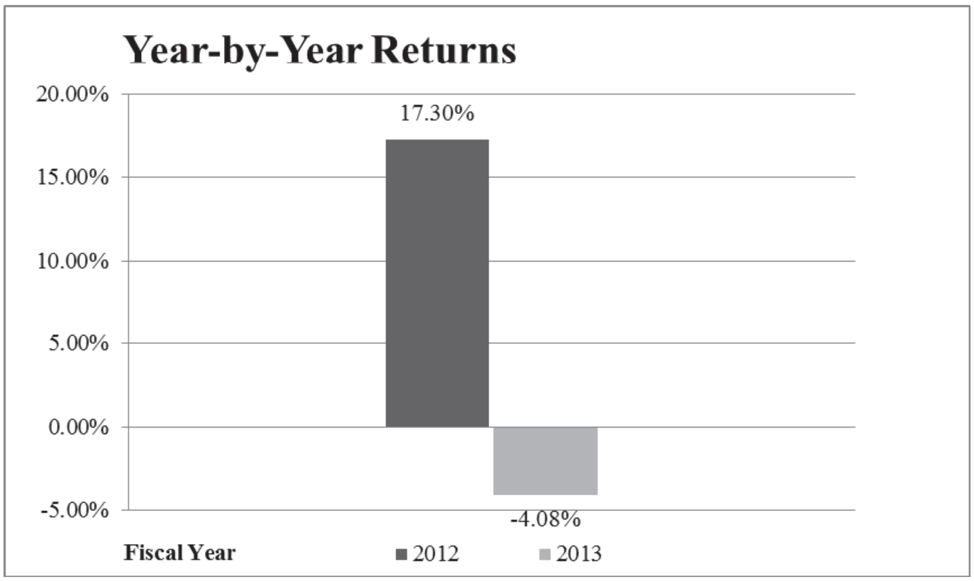
The service fee charged to the Fund during the year ended December 31, 2013 were $239,822 ($195,746 during the year ended December 31, 2012).

Recommendations or Reports by the Independent Review Committee

The Independent Review Committee of the Fund tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended December 31, 2013.

Past Performance

The following bar chart and table shows the Fund's annual performance by showing both annual returns by fiscal year and annualized compound returns from inception assuming all the distributions made by the Fund during the year shown were reinvested. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. The bar chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period. Past performance is not necessarily indicative of future performance.



Annual Compound Returns

	Past Year	Since Inception (1)
Based on NAV	-4.08%	4.24%
Based on share price	-1.80%	0.85%
MSCI Emerging Markets Index (CAD)	4.29%	1.62%

(1) Annualized for the period from February 18, 2011 (commencement of operations) to December 31, 2013.

The MSCI Emerging Markets Index captures large and mid-cap representation across 21 Emerging Markets countries. With 821 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to aid in understanding the Fund's financial performance since inception. This information is derived from the Fund's audited annual financial statements:

The Fund's Net Assets per Unit:	2013	2012	2011 [1]
Net Assets, beginning of period	**11.87**	**10.66**	**12.00**
Unit issue expense [2]	**(0.06)**	**(0.04)**	**(0.79)**
Increase (decrease) from operations:			
Total revenues	0.53	0.45	0.58
Total expenses	(0.38)	(0.37)	(0.29)
Realized gains (losses) for the period	0.80	0.85	(0.48)
Unrealized gains (losses) for the period	(1.42)	0.86	0.15
Total increase (decrease) from operations [3]	**(0.47)**	**1.79**	**(0.04)**
Distributions:			
From income (excluding dividends)	–	–	–
From dividends	(0.16)	–	(0.16)
From capital gains	(0.50)	(0.04)	–
Return of capital	–	(0.56)	(0.36)
Total Distributions [4]	**(0.66)**	**(0.60)**	**(0.52)**
Net Assets, end of period [5]	**10.73**	**11.87**	**10.66**

(1) Results for the period from February 18, 2011 (commencement of operations) to December 31, 2011.

(2) Issue expense of $3,717,692 incurred in connection with the initial units issuance at inception and $513,946 incurred in connection with the Fund's two warrant offerings. The full amount of issue expenses was treated as a reduction of Unit Capital for accounting purposes and is amortized over a period of five years for tax purposes.

(3) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase / decrease from operations is based on the weighted average number of 5,520,189 units outstanding over the financial period (December 31, 2012 – 4,448,539 units).

(4) Distributions are paid in cash. The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on the Fund's tax return.

(5) This is not reconciliation between the opening and the closing net assets per unit.

Ratios and Supplemental Data:	2013	2012	2011 [1]
Net asset value (000's)	43,240	45,276	50,972
Number of units outstanding	4,010,470	3,798,532	4,761,700
Base management expense ratio [2] [3]	2.36%	2.51%	2.52%
Issue expense ratio [2] [3]	0.52%	0.36%	7.20%
Interest expense ratio [2] [3]	0.18%	0.22%	0.16%
Management expense ratio (annualized) [3]	3.06%	3.09%	10.31%
Management expense ratio before waivers or absorptions (annualized) [3]	3.06%	3.09%	10.31%
Portfolio turnover rate [4]	150.48%	96.72%	46.28%
Trading expense ratio [5]	0.74%	0.52%	0.43%
Net asset value per unit [6]	10.78	11.92	10.70
Closing market price (TSX) – units	10.45	11.30	10.20
Closing market price (TSX) – warrants	N/A	0.005	0.03

(1) Results for the period from February 18, 2011 (commencement of operations) to December 31, 2011.

(2) A separate base management expense ratio has been presented to include the normal operating expenses and exclude broker commission charges and the Issue expense ratio, representing all agents' fees and unit issue expenses.

(3) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, are not annualized.

(4) The Fund's turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund's buying and selling all of the securities in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Fund.

(5) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset values during the period.

(6) The net asset value (Transactional NAV) per unit is based on the last traded price for the day of the underlying portfolio, whereas the net assets per unit (GAAP Net Assets) is based on the closing bid prices of the underlying portfolio; hence the difference between the two amounts.

Summary of Investment Portfolio as of December 31, 2013

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update is available at www.astonhill.ca.

	Fair Value $	% of NAV
Portfolio by Category		
Hong Kong	12,213,227	28.2%
Brazil	11,830,755	27.4%
Chile	4,406,712	10.2%
Singapore	3,642,582	8.4%
China	3,626,695	8.4%
India	3,090,063	7.1%
Bermuda	2,927,098	6.8%
Thailand	2,688,671	6.2%
The Philippines	2,529,616	5.9%
Poland	1,949,136	4.5%
Mexico	1,914,058	4.4%
Britain	1,106,781	2.6%
Canada	866,908	2.0%
Cayman Islands	722,998	1.7%
Australia	547,620	1.3%
Foreign Currency Forward Contracts	(239,334)	-0.6%
Cash	2,906,741	6.7%
Bank Indebtedness	(12,218,704)	-28.3%
Other Liabilities Net of Other Assets	(1,271,662)	-2.9%
Top 25 Holdings		
Hutchison Port Holdings Trust	3,642,582	8.4%
EDP - Energias do Brasil SA	3,607,702	8.3%
Hopewell Highway Infrastructure Ltd.	3,391,080	7.8%
CCR SA	3,129,085	7.2%
NWS Holdings Ltd.	2,911,565	6.7%
Cash	2,906,741	6.7%
Electricity Generating PCL	2,688,671	6.2%
China Merchants Holdings International Co. Ltd.	2,567,203	5.9%
Philippine Long Distance Telephone Co.	2,529,616	5.9%
Power Grid Corp of India Ltd.	2,200,382	5.1%
Shenzhen Expressway Co. Ltd.	1,988,500	4.6%
Transmissora Alianca de Energia Eletrica SA	1,963,864	4.5%
Energa SA	1,949,136	4.5%
Power Assets Holdings Ltd.	1,676,909	3.9%
Inversiones Aguas Metropolitanas SA, ADR	1,643,758	3.8%
Yuexiu Transport Infrastructure Ltd.	1,484,320	3.4%
COSCO Pacific Ltd.	1,442,778	3.3%
Ecorodovias Infraestrutura e Logistica SA	1,171,013	2.7%
LLX Logistica SA	1,135,329	2.6%
Grupo Aeroportuario del Pacifico SAB de CV	1,119,086	2.6%
E.CL SA	1,108,053	2.6%
SSE PLC	1,106,781	2.6%
Empresa Nacional de Electricidad SA	1,106,331	2.6%
CLP Holdings Ltd.	1,104,592	2.6%
Dalian Port PDA Co. Ltd.	1,072,797	2.5%
Net asset value (NAV)	**$43,239,961**	

Management's Responsibility for Financial Reporting

The accompanying financial statements to **Macquarie Emerging Markets Infrastructure Income Fund** (the "Fund") and all of the information therein have been prepared by Aston Hill Capital Markets Inc. in its capacity as Manager of the Fund and have been approved by the Board of Directors of the Manager. The Fund's Manager is responsible for all of the information and representations contained in these financial statements and other sections of the Annual Report. Management maintains appropriate process to ensure that relevant and reliable financial information is produced.

The financial statements have been prepared in accordance with the Canadian generally accepted accounting principles. The financial statements are not precise since they include certain amounts based on estimates and judgements. The Manager has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has ensured that the other financial information presented in this Annual Report is consistent with the financial statements.

The financial statements have been audited by PricewaterhouseCoopers LLP on behalf of the Unitholders. They have audited the financial statements in accordance with the Canadian generally accepted auditing standards to enable them to express to the Unitholders their opinion on the financial statements. Their report is set below.

W. Neil Murdoch
President and Chief Executive Officer
Aston Hill Capital Markets Inc.

Darren N. Cabral
Vice President and Chief Financial Officer
Aston Hill Capital Markets Inc.

Toronto, Canada
March 28, 2014

March 28, 2014

Independent Auditor's Report

To the Unitholders of
Macquarie Emerging Markets Infrastructure Income Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at December 31, 2013, the statements of net assets as at December 31, 2013 and December 31, 2012 and the statements of operations, changes in net assets and retained earnings (deficit) and cash flows, for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

pwc

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2013 and 2012, and the results of its operations, the changes in its net assets and retained earnings (deficit) and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Macquarie Emerging Markets Infrastructure Income Fund

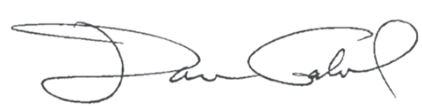
Statements of Net Assets

As at December 31, 2013 and 2012

	2013 $	2012 $
Assets		
Cash	2,906,741	2,273,921
Investments at fair value (cost - $56,690,032; 2012 - $43,859,747)	53,868,664	48,415,605
Dividends receivable	37,306	104,479
Prepaid expenses	854	2,880
Unrealized gain on foreign currency forward contracts	16,048	5,150
	56,829,613	50,802,035
Liabilities		
Bank indebtedness (note 6)	12,218,704	4,978,493
Interest payable	11,384	8,153
Payable for investment purchases	475,295	-
Distributions payable	681,780	569,780
Accounts payable and accrued liabilities	119,537	108,125
Management fees payable (note 9)	21,826	52,545
Unrealized loss on foreign currency forward contracts	255,382	9,506
	13,783,908	5,726,602
Net Assets and Unitholders' Equity	43,045,705	45,075,433
Units issued and outstanding (note 5)	4,010,470	3,798,532
Net assets per unit - basic	10.73	11.87
Net assets per unit - diluted	N/A	11.87
Unitholders' Equity (note 5)		
Combined Unit Capital	42,731,884	38,706,710
Retained Earnings (Deficit)	313,821	6,368,723
Total Unitholders' Equity	43,045,705	45,075,433

Approved by the Manager,
Aston Hill Capital Markets Inc.

Director



Director

(See accompanying notes to financial statements)

Macquarie Emerging Markets Infrastructure Income Fund

Statements of Operations

For the years ended December 31, 2013 and 2012

	2013 $	2012 $
Income		
Dividends (net of withholding taxes - $220,177; 2012 - $163,426)	2,917,734	2,002,642
Interest	140	163
	2,917,874	2,002,805
Expenses		
Management fees (note 9)	886,620	702,023
Broker commission charges (note 12)	468,009	260,539
Service fees (note 10)	239,822	195,746
Custodial and other unitholders' fees	161,573	160,589
Interest expense (note 6)	114,731	108,639
Harmonized sales tax	84,462	80,345
Audit fees	33,400	30,552
Administration fees	24,796	21,211
Filing fees	19,442	11,712
TSX listing fees	13,299	9,175
Transfer agent fees	11,040	15,756
Printing and mailing fees	9,979	17,417
Other	7,384	11,613
Legal fees	5,110	6,804
IRC fees	2,920	660
Insurance premium fees	-	848
	2,082,587	1,633,629
Net investment income (loss)	835,287	369,176
Net realized gain (loss) on investments		
Net realized gain (loss) on investments	5,990,522	3,765,765
Net realized gain (loss) on foreign exchange forward contracts	(1,216,661)	185,050
Net realized loss on foreign exchange	(333,565)	(183,404)
	4,440,296	3,767,411
Net unrealized gain (loss) on investments		
Change in unrealized gain (loss) on investments	(7,377,226)	3,489,157
Change in unrealized gain (loss) on foreign exchange forward contracts	(234,978)	30,284
Change in unrealized gain (loss) on foreign exchange	(238,806)	304,009
	(7,851,010)	3,823,450
Net gain (loss) on investments	(3,410,714)	7,590,861
Increase (decrease) in net assets from operations	(2,575,427)	7,960,037
Increase (decrease) in net assets from operations per unit - basic *	(0.47)	1.79
Increase (decrease) in net assets from operations per unit - diluted *	(0.45)	1.79

* (based on weighted average number of units outstanding during the period)
(See accompanying notes to financial statements)

Macquarie Emerging Markets Infrastructure Income Fund

Statements of Changes in Net Assets and Retained Earnings (Deficit)

For the years ended December 31, 2013 and 2012

	2013 $	2012 $
Increase (decrease) in net assets from operations	(2,575,427)	7,960,037
Distributions to unitholders from:		
Warrants issued	-	(23,809)
Net investment income (note 8)	(835,287)	-
Net realized gain on investments (note 8)	(2,635,087)	(186,904)
Return of capital (note 8)	-	(2,381,166)
	(3,470,374)	(2,591,879)
Unitholders' transactions:		
Proceeds from issue of units and exercise of warrants (note 5)	31,725,288	-
Agents' fees and issue expenses (note 3)	(332,080)	(158,057)
Payments on redemption or cancellation of units (notes 4 & 5)	(27,377,135)	(10,908,563)
	4,016,073	(11,066,620)
Change in net assets during the year	(2,029,728)	(5,698,462)
Net assets - beginning of year	45,075,433	50,773,895
Net assets - end of year	43,045,705	45,075,433

Retained earnings (Deficit), beginning of year	6,368,723	(960,335)
Increase (decrease) in net assets from operations	(2,575,427)	7,960,037
Distributions to unitholders	(3,470,374)	(186,904)
Cost of shares repurchased / redeemed in excess of original issue price (note 5)	(9,101)	(444,075)
Retained earnings (Deficit), end of year	313,821	6,368,723

(See accompanying notes to financial statements)

Macquarie Emerging Markets Infrastructure Income Fund

Statements of Cash Flows

For the years ended December 31, 2013 and 2012

	2013 $	2012 $
Operating Activities		
Increase (decrease) in net assets from operations	(2,575,427)	7,960,037
Items not affecting cash:		
Net realized (gain) loss on investments	(5,990,522)	(3,765,765)
Unrealized gain on investments	7,377,226	(3,489,157)
Unrealized (gain) loss on foreign exchange forward contracts	234,978	(30,284)
Changes in non-cash working capital		
(Increase) decrease in dividends receivable	67,173	89,391
(Increase) decrease in prepaid expenses	2,026	(2,880)
Increase (decrease) in accounts payable and accrued liabilities	11,412	(7,689)
Increase (decrease) in management fees payable	(30,719)	(7,760)
Increase (decrease) in interest payable	3,231	(2,920)
Cost of investments purchased	(103,027,965)	(52,105,367)
Proceeds from investments sold	96,663,497	68,567,017
Net cash flow provided by (used in) operating activities	(7,265,090)	17,204,623
Financing Activities		
Proceeds from issuance of units	31,725,288	-
Distributions paid to unitholders	(3,358,374)	(2,736,354)
Payments on redemption/cancellation of units	(27,377,135)	(10,908,563)
Warrant/unit issue costs	(332,080)	(158,057)
Bank indebtedness	7,240,211	(2,658,359)
Net cash flow provided by (used in) financing activities	7,897,910	(16,461,333)
Net increase in cash	632,820	743,290
Cash - beginning of period	2,273,921	1,530,631
Cash - end of period	2,906,741	2,273,921

Supplementary Information

Interest paid	111,500	111,559

(See accompanying notes to financial statements)

Macquarie Emerging Markets Infrastructure Income Fund

Statement of Investment Portfolio

As at December 31, 2013

	Number of Shares/Units	Average Cost $	Fair Value $	% of net assets
Investments				
Australia				
DUET Group	288,051	594,788	547,620	1.3%
Bermuda				
Yuexiu Transport Infrastructure Ltd.	2,668,000	1,395,542	1,480,664	3.4%
COSCO Pacific Ltd.	989,560	1,416,445	1,437,354	3.3%
		2,811,987	2,918,018	6.7%
Brazil				
EDP - Energias do Brasil SA	705,800	4,283,820	3,607,702	8.4%
CCR SA	391,000	3,524,840	3,107,954	7.2%
Transmissora Alianca de Energia Eletrica SA	239,600	2,718,978	1,963,864	4.6%
Ecorodovias Infraestrutura e Logistica SA	175,690	1,345,345	1,163,101	2.7%
LLX Logistica SA	2,334,236	1,570,282	1,135,329	2.6%
Light SA	82,692	806,125	823,017	1.9%
		14,249,390	11,800,967	27.4%
Britain				
SSE PLC	45,908	1,079,733	1,105,166	2.6%
Canada				
Veresen Inc.	60,750	789,052	865,086	2.0%
Cayman Islands				
ENN Energy Holdings Ltd.	92,000	480,708	718,586	1.7%
Chile				
Inversiones Aguas Metropolitanas SA, ADR (*)	45,567	1,611,661	1,643,758	3.8%
E.CL SA	807,004	1,763,400	1,109,636	2.6%
Empresa Nacional de Electricidad SA	699,411	1,177,554	1,089,134	2.5%
Enersis SA	1,721,391	646,919	543,383	1.3%
		5,199,534	4,385,911	10.2%
China				
Shenzhen Expressway Co. Ltd.	4,158,000	1,642,539	1,971,407	4.6%
Dalian Port PDA Co. Ltd.	3,954,000	889,303	1,067,379	2.5%
Huadian Fuxin Energy Corp. Ltd.	1,344,000	505,456	561,714	1.3%
		3,037,298	3,600,500	8.4%
Hong Kong				
Hopewell Highway Infrastructure Ltd.	6,706,500	3,684,492	3,381,890	7.8%
NWS Holdings Ltd.	1,797,601	2,795,419	2,886,933	6.7%
China Merchants Holdings International Co. Ltd.	662,000	2,438,285	2,558,132	5.9%
Power Assets Holdings Ltd.	198,500	1,717,333	1,676,909	3.9%
CLP Holdings Ltd.	131,500	1,149,276	1,103,691	2.6%
China Mobile Ltd.	51,000	564,369	560,830	1.3%
		12,349,174	12,168,385	28.2%

(*) American Depositary Receipt (ADR) and Global Depositary Receipt (GDR) issued in U.S. dollars
(See accompanying notes to financial statements)

Macquarie Emerging Markets Infrastructure Income Fund

Statement of Investment Portfolio … Continued

As at December 31, 2013

	Number of Shares/Units	Average Cost $	Fair Value $	% of net assets
India				
Power Grid Corp of India Ltd.	1,282,272	2,439,554	2,197,078	5.1%
NHPC Ltd.	2,649,322	967,494	887,405	2.1%
		3,407,048	3,084,483	7.2%
Mexico				
Grupo Aeroportuario del Pacifico SAB de CV	198,800	910,593	1,116,022	2.6%
Grupo Aeroportuario del Centro Norte Sab de CV	223,936	593,654	795,698	1.8%
		1,504,247	1,911,720	4.4%
The Philippines				
Philippine Long Distance Telephone Co.	39,635	2,652,248	2,529,616	5.9%
Poland				
Energa SA	347,487	2,014,505	1,928,335	4.5%
Singapore				
Hutchison Port Holdings Trust	5,079,000	3,902,805	3,615,600	8.4%
Thailand				
Electricity Generating PCL	678,800	2,798,413	2,688,671	6.2%
Total equities		56,870,930	53,868,664	125.1%
Transaction costs - Section 3855 adjustment (note 3)		(180,898)	-	0.0%
Total investments		56,690,032	53,868,664	125.1%

	Maturity date	Contract price / rate $	Unrealized gain (loss) $	% of net assets
Foreign currency forward contracts				
Bought HKD 6,532,200, sold CAD 884,695	02/13/14	0.135436	11,400	0.0%
Bought HKD 14,817,900, sold CAD 2,028,126	02/13/14	0.136870	4,648	0.0%
Bought CAD 977,228, sold HKD 7,221,500	02/13/14	0.135322	(13,427)	0.0%
Bought HKD 15,266,800, sold CAD 2,112,314	02/13/14	0.138360	(17,929)	0.0%
Bought CAD 14,620,549, sold HKD 108,212,188	02/13/14	0.135110	(224,026)	-0.5%
Total foreign currency forward contracts			(239,334)	-0.50%
Bank indebtedness			(12,218,704)	-28.4%
Other assets net of other liabilities			1,635,079	3.8%
Net assets			43,045,705	100.0%

1 Formation of Fund

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. (formerly "Connor, Clark & Lunn Capital Markets Inc.") (the "Manager") in its capacity as manager and RBC Investor & Treasury Services (the "Trustee") as trustee of the Fund. The Fund commenced operations on February 18, 2011. The fiscal year-end of the Fund is December 31. The Units of the Fund are listed on the Toronto Stock Exchange (the "TSX") under the symbol MQA.UN.

In August 2013, Connor, Clark & Lunn Financial Group and the principals of the Manager entered into a sale transaction to sell to Aston Hill Financial Inc. ("Aston Hill") shares in the Manager, Connor, Clark & Lunn Capital Markets Inc. (the "Company"). The terms of the transaction involved Aston Hill purchasing 80% of the Company from Connor, Clark & Lunn Financial Group, Neil Murdoch (President and Chief Executive Officer) and Darren Cabral (Chief Financial Officer). Neil Murdoch and Darren Cabral hold the remaining 20% of the Company not owned by Aston Hill. Completion of the sale transaction occurred on August 15, 2013. The business acquired by Aston Hill included the management agreement related to this Fund.

2 Investment objectives

The Fund's investment objectives, as set out in the Prospectus dated January 26, 2011, are to generate:

i) quarterly distributions for holders of Units (the "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, Macquarie Capital Investment Management LLC (the "Investment Manager") invested the net proceeds of the Offering in a portfolio (the "Portfolio") consisting of infrastructure equity securities issued by entities domiciled in emerging markets.

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

3 Summary of significant accounting policies

Basis of presentation

These financial statements, prepared in accordance with the Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from these estimates. The following is a summary of the significant accounting policies of the Fund.

Valuation of investments

Investments are deemed to be categorized as "held for trading" in accordance with CPA Canada 3855, Financial Instruments – Recognition and Measurement ("Section 3855") and therefore, are recorded at fair value, established by the closing bid price for a security on the recognized exchange on which it is principally traded ("GAAP Net Assets" or "net assets"). Should the quoted value for a security, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value of the security is estimated based on valuation techniques. Fair value is determined by the Manager on the basis of the most recently reported information for the security, similar securities and the markets in which the security is active. Investment purchase and sale transactions are recorded as of the trade date and realized and unrealized gains and losses on investments are determined using average cost. Brokers' commissions and other transaction charges are immediately charged to net income in the period incurred. The Canadian Securities Administrators allow investment funds to calculate the daily net asset value for the purpose of processing unitholder transactions using the last traded price for the day as fair value of financial instruments traded in an active market, which is referred to as a "Transactional NAV" or "NAV". The Fund processes unitholder transactions using Transactional NAV.

The difference between the net asset value per unit and the net assets per unit as shown on the Statements of Net Assets is due to the different pricing methodology discussed above. The reconciliation between the Transactional NAV and the GAAP Net Assets is as follows:

	Transactional NAV	Section 3855 Adjustment	GAAP Net Assets
December 31, 2013	10.78	(0.05)	10.73
December 31, 2012	11.92	(0.05)	11.87

Income recognition

Income from investments is recognized on an accrual basis. Dividend income is recognized at the time a security trades on an ex-dividend basis. Interest income is accrued based on the number of days the investment is held during the period. All income, realized and unrealized gains (losses) and transaction costs (apart from an insignificant amount of income arising from cash) are attributable to investments and derivatives, which are deemed held for trading. Realized gains (losses) are recorded on the transaction date they are incurred.

Expense recognition

Expenses that are directly attributable to the Fund are recorded on an accrual basis as incurred.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the end of the year. Purchases and sales of investments and income and expenses are translated into Canadian dollars at the exchange rate prevailing on the transaction dates.

Realized foreign currency gains and losses on monetary assets and liabilities other than investments denominated in foreign currencies are included in the Statements of Operations in "Net realized gain (loss) on foreign exchange". Unrealized foreign currency gains and losses on monetary assets and liabilities other than investments denominated in foreign currencies are included in the Statements of Operations in "Change in unrealized gain (loss) on foreign exchange."

Foreign currency forward contracts

The Fund may enter into foreign currency forward contracts to hedge against exposure to foreign currency fluctuations. The carrying value of these contracts is the gain or loss that would be realized if the position were closed out on the valuation date and is recorded as an unrealized gain or loss. Upon closing of a contract, the gain or loss is recorded as a net realized gain or loss on foreign currency forward contracts.

Warrants

Warrants are accounted for as equity in the financial statements. The fair value of warrants, net of the related warrant issue costs, is categorized as a separate component of Unitholder's equity and reclassified to Unitholder's capital as the warrants are exercised. Any portion of the warrant capital related to warrants that expire is transferred to contributed surplus upon expiry of the related warrants.

When there are warrants outstanding, a diluted Net Assets per unit is calculated when the closing TSX price of the Fund's units on a valuation date is greater than the warrant exercise price. To calculate diluted Net Assets per unit, Net Assets are increased by the net proceeds to be received from the exercise of all warrants and units are increased by the number of units to be issued from the exercise of all warrants.

Initial fees and expenses

The issue expenses and the Agents' fees incurred in connection with the initial unit issuance, the May 2012 warrants issuance and the exercise of warrants are deducted from the unit capital for accounting purposes. Issue expense of $3,717,692 incurred in connection with the initial units issuance at inception and $513,946 incurred in connection with the Fund's two warrant offerings. The full amount of issue expenses was treated as a reduction of Unit Capital for accounting purposes and is amortized over a period of five years for tax purposes.

Unit valuation

The NAV per unit is determined by dividing the aggregate market value of net assets of the Fund by the total number of units of the Fund outstanding before giving effect to redemptions or subscriptions for units of that day.

Increase (decrease) in net assets from operations per unit

This calculation is based on the increase (decrease) in net assets from operations divided by the weighted average number of units outstanding during the period. If there are warrants outstanding, a separate diluted increase (decrease) in net assets from operations per unit is calculated when the exercise price of the warrants is lower than the average TSX price of the units over the exercise period. This calculation is based on the increase (decrease) in net assets from operations divided by the weighted average number of units outstanding during the period had all the warrants been exercised.

Designation of financial assets and liabilities

For the purpose of measuring and recognizing assets and liabilities, the following designations have been made: All investments, including derivatives, if any, are initially recognized at fair value and are designated as held for trading. Cash, accrued interest and dividends receivable, amounts receivable for capital shares sold and securities sold and other assets are designated as loans and receivables and reported at amortized cost. Amounts payable for securities purchased and capital shares redeemed, other liabilities and accrued expenses are designated as other financial liabilities and reported at amortized cost.

Related party transactions

All related party transactions occur in the normal course of operations and are recorded at an amount of consideration agreed to by the parties.

Future accounting changes

Beginning January 1, 2014, the Fund will prepare its annual financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and provide comparative statements on an IFRS basis, including an opening balance sheet as at January 1, 2013 (the transition date). The Fund will also report its interim financial statements for the period ending June 30, 2014, in accordance with IFRS.

The Manager has reviewed and developed its IFRS changeover plan that included performing an impact assessment and identifying differences between existing Canadian GAAP and IFRS. Management has monitored developments in IFRS and has assessed the likely impacts on accounting policies, implementation decisions, internal controls, information systems and training. Based on management's assessment to date, the more significant changes impacting the financial statements may be how the Fund measures fair values of its investments and the classification of net assets representing unitholders' equity. The Manager does not consider this to be comprehensive list of the accounting changes when the Fund adopts IFRS but in the view of the Manager represent the key differences. The differences described in the sections that follow are based on Canadian GAAP as at December 31, 2013 and IFRS that are in effect as of January 1, 2014.

Under Canadian GAAP, the Fund measures the fair values of its investments in accordance with the CPA Canada Handbook Section 3855, Financial Instruments – Recognition and Measurement. This section requires the use of bid prices for the long positions and asks prices for the short positions to the extent such prices are available. In May 2011, the IASB issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. The standard allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. The impact of this may result in the elimination of the differences between the transactional NAV and net assets at the financial statements reporting dates.

The Fund's outstanding redeemable unit entitlement includes a contractual obligation to deliver cash or another financial asset on the Fund's fixed termination date, and therefore the ongoing redemption feature is not the units only contractual obligation. The impact of the requirements of International Auditing Standards 32 - Financial Instruments Presentation is on classification only and does not impact net assets per unit.

Management will continue to monitor the Fund's IFRS changeover plan to address the key elements of the IFRS conversion.

4 Market Purchase Program

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 NAV 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.

The Fund did not purchase any Units for cancellation during the years ended December 31, 2013 and 2012.

5 Units of the Fund

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.

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. Each Combined Unit consisted of one Unit and one transferable Warrant for one Unit. Each Warrant entitled the holder to purchase one Unit at a subscription price of $12.00 per Unit on or before January 31, 2012.

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.

During the exercise period from February 18, 2011 (commencement of operations) to January 31, 2012, there were 61,700 Warrants exercised for gross proceeds of $740,000. There were 4,638,300 Warrants that were not exercised by January 31, 2012 and expired.

During its second warrant offering, the Fund issued to its Unitholders Warrants to subscribe for Units pursuant to a final prospectus dated May 11, 2012. Under the warrant offering, the Fund issued one transferable Warrant for each Unit held by its Unitholders of record on May 28, 2012 for a total of 4,761,700 Warrants. Each Warrant entitled the Unitholder to acquire one Unit at a price of $11.41 per Unit on Monday of each week from October 1, 2012 to January 28, 2013. 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 $332,080. There were 1,981,219 Warrants that were not exercised and expired.

The Units may be redeemed on an annual redemption date. The Units may be surrendered for redemption during the period from August 1st to 5:00 p.m. (Toronto time) on the 10th 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 NAV 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 (the "Redemption Payment Date"). Any unpaid distributions 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 NAV per Unit will vary depending on a number of market factors, including interest rates and volatility in the equity markets.

In addition to the annual redemption right, the 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: (a) 95% of the Market Price (as defined below) of a Unit; and (b) 100% of the Closing Market Price (as defined below) 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).

The Fund had redemptions of 2,568,543 Units for a total value of $27,377,135 during the year ended December 31, 2013 (the Fund had redemptions of 963,168 Units for a total value of $10,908,563 during the year ended December 31, 2012).

Changes in outstanding units during the years ended December 31, 2013 and 2012 are summarized as follows:

	December 31, 2013	December 31, 2012
Balance – beginning of year	3,798,532	4,761,700
Units issued from exercise of warrants	2,780,481	–
Units redeemed	(2,568,543)	(963,168)
Balance – end of year	4,010,470	3,798,532

Changes in outstanding warrants during the years ended December 31, 2013 and 2012 are summarized as follows:

	December 31, 2013	December 31, 2012
Balance – beginning of year	4,761,700	4,638,300
Warrants issued	–	4,761,700
Warrants exercised	(2,780,481)	–
Warrants expired	(1,981,219)	(4,638,300)
Balance – end of year	–	4,761,700

The Unit Capital dollar amount represents the face value of the Fund's Units minus any return of capital distributions and issue costs paid since February 18, 2011 (commencement of operations) to December 31, 2013. If the redemption price is lower than the average cost per unit, the difference is included in Contributed Surplus on the Statements of Net Assets. If the redemption price is greater than the average cost per unit, the difference is first charged to Contributed Surplus until the balance in Contributed Surplus is eliminated and the remaining balance is charged to Retained Earnings (Deficit).

The Fund considers capital to include the net assets of all units and warrants issued and outstanding, if applicable. The Fund manages its capital in accordance with the objectives outlined in Note 2.

6 Bank indebtedness

The Fund entered into a Margin Loan Agreement (the "Credit Agreement") dated May 6, 2011 between the Fund Manager (on behalf of the Fund) and the Bank of America N.A. (London Branch) (the "Lender") to use for various purposes but primarily to purchase additional securities for the Portfolio. Borrowings by the Fund thereunder may be in Canadian or U.S. dollars and shall not exceed 33% of the NAV of the Fund at the time of borrowing. The maximum amount of leverage that the Fund would employ is 1.33:1.

During the year ended December 31, 2013, the Fund had bank indebtedness balances between U.S. $5,000,000 and U.S. $11,500,000. During the year, the Canadian dollar equivalent fluctuated between approximately $4,900,000 and $12,300,000 or 6.2% and 28.6% of the NAV and the related interest expense was $114,731. (During the year ended December 31, 2012, the Fund had bank indebtedness balances between U.S. $5,000,000 and U.S. $8,100,000. During the year, the Canadian dollar equivalent fluctuated between approximately $4,900,000 and $8,400,000 or 8.9% and 16.5% of the NAV and the related interest expense was $108,639.) At December 31, 2013, the borrowed balance was U.S. $11,500,000 and the Canadian equivalent was approximately $12,200,000 or 28.3% of the NAV. (At December 31, 2012, the borrowed balance was U.S. $5,000,000 and the Canadian equivalent was approximately $5,000,000 or 11.0% of the NAV.)

7 Fund administration

Pursuant to the Trust Agreement, RBC Investor & Treasury Services (the "Custodian") also acts as custodian of the assets of the Fund. The Custodian carries out certain aspects of the day-to-day administration of the Fund, including calculating Transactional NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. In consideration for these services, the Fund pays a fee to the Custodian. The Custodian is rated AA- by S&P as of December 31, 2013 and 2012.

8 Distributions

The Fund paid quarterly distributions initially at $0.15 per Unit, representing a return of 5.0% per annum on the Unit issue price.

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

9 Management fees

Pursuant to the Trust Agreement, the Fund retained Aston Hill Capital Markets Inc. (formerly "Connor, Clark & Lunn Capital Markets Inc.") to act as manager. As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 1.40% per annum of the NAV of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund during the year ended December 31, 2013 were $886,620 plus applicable taxes ($702,023 plus applicable taxes during the year ended December 31, 2012).

The Manager pays the Investment Manager out of the above management fees.

10 Service fee

The Fund pays to the Manager a service fee which is payable to dealers whose clients hold Units in the Fund. 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 NAV of the Units held by clients of the dealers.

The service fee charged to the Fund during the year ended December 31, 2013 was $239,822 ($195,746 during the year ended December 31, 2012).

11 Income taxes

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. As a result thereof, and of the deduction of expenses in computing its taxable income, no provisions for income taxes are made in the financial statements.

As at December 31, 2013 the Fund did not have any net carry over taxable capital losses ($2,188,179 as at December 31, 2012). The Fund did not have any carry-over taxable non-capital losses as at December 31, 2013 and 2012.

12 Broker commission charges and soft dollar services

There were $468,009 of broker commission paid during the year ended December 31, 2013 in connection with portfolio transactions ($260,539 during the year ended December 31, 2012). No contractual arrangements for soft dollar services exist in the broker commission charges.

13 Financial instruments

For the purposes of categorization in accordance with CPA Canada Section 3862, Financial Instruments – Disclosures, cash, prepaid expenses, dividends receivable and receivables from investment sales are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, bank indebtedness, distributions payable, interest payable, accounts payable and accrued liabilities and management fees payable are deemed to be financial liabilities and reported at amortized cost.

The following tables illustrate the classification of the Fund's financial instruments held for trading within the fair value hierarchy as at December 31, 2013 and 2012:

Assets at fair value as at December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	53,868,664	–	–	53,868,664
Foreign currency forward contracts	–	16,048	–	16,048
Total	**53,868,664**	**16,048**	**–**	**53,884,712**

Liabilities at fair value as at December 31, 2013	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	–	255,382	–	255,382
Total	**–**	**255,382**	**–**	**255,382**

Assets at fair value as at December 31, 2012	Level 1	Level 2	Level 3	Total
Equities	48,415,605	–	–	48,415,605
Foreign currency forward contracts	–	5,150	–	5,150
Total	**48,415,605**	**5,150**	**–**	**48,420,755**

Liabilities at fair value as at December 31, 2012	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	–	9,506	–	9,506
Total	**–**	**9,506**	**–**	**9,506**

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

Equities: The Fund's equity positions are classified as Level 1 when securities are actively traded and a reliable quote is observable. Some equity positions are classified as Level 2 as they are less actively traded.

Foreign currency forward contracts: Foreign currency forward contracts for which inputs, including interest rates, forward market rates and credit spreads are observable and reliable or for which unobservable inputs are determined not to be significant to fair value, are classified as Level 2.

There was no transfer among the three levels during the year ended December 31, 2013. (There was one transfer among the three levels during the year ended December 31, 2012, as Jiangsu Expressway Co. Ltd., moved from Level 2 back to Level 1)

14 Financial instrument risk

The Fund's activities expose it to a variety of financial risks. The Investment Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, by diversifying the investment portfolio within the constraints of the investment objectives and periodically through the use of derivatives to hedge certain risk exposures.

Interest rate risk

Interest rate risk is the risk that the fair value of the Fund's interest-bearing investments will fluctuate due to changes in prevailing levels of market interest rates. Other assets and liabilities are short-term in nature and non-interest bearing. As at December 31, 2013 and 2012, interest rate risk was negligible as the Fund had no exposure to interest-bearing investments.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's functional currency. The Fund is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The Statement of Investment Portfolio identifies all securities denominated in foreign currencies.

The tables below summarize the Fund's exposure to foreign currencies as at December 31, 2013 and 2012. Amounts shown are based on the carrying values of monetary and non-monetary assets as well as the underlying principal amounts of foreign currency derivatives such as forward contracts. Other financial assets such as dividends and interest receivable and receivable from investment sales and liabilities such as interest payable, accounts payable and accrued liabilities and management fees payable denominated in foreign currencies do not expose the Fund to significant currency risk. The tables below summarize the Fund's exposure to foreign currencies and the approximate impact on net assets had the Canadian dollar ("CAD") weakened by 5% in relation to these currencies. If the Canadian dollar were to strengthen relative to these currencies, the opposite would occur. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

As at December 31, 2013:

	Monetary instruments $	Non-monetary instruments $	Foreign Currency Contracts $	Net Exposure $	% of Net Assets %	Sensitivity (based on devaluation of CAD) $
Australian Dollar	–	547,620	–	547,620	1.3%	27,000
Brazilian Real	34,011	11,800,967	–	11,834,978	27.5%	592,000
Chilean Peso	–	2,742,153	–	2,742,153	6.4%	137,000
British Pound	–	1,105,166	–	1,105,166	2.6%	55,000
Hong Kong Dollar	–	19,405,489	(10,800,267)	8,605,222	20.0%	430,000
Indian Rupee	–	3,084,483	–	3,084,483	7.2%	154,000
Mexican Peso	–	1,911,720	–	1,911,720	4.4%	96,000
Philippine Peso	–	2,529,616	–	2,529,616	5.9%	126,000
Polish Zloty	–	1,928,335	–	1,928,335	4.5%	96,000
Thai Baht	–	2,688,671	–	2,688,671	6.2%	134,000
United States Dollar	(12,218,704)	5,259,358	–	(6,959,346)	(16.2%)	(348,000)
Total	**(12,184,693)**	**53,003,578**	**(10,800,267)**	**30,018,618**	**69.8%**	**1,499,000**

As at December 31, 2012:

	Monetary instruments $	Non-monetary instruments $	Foreign Currency Contracts $	Net Exposure $	% of Net Assets %	Sensitivity (based on devaluation of CAD) $
Brazilian Real	72,833	12,441,197	–	12,514,030	27.8%	626,000
Chilean Peso	–	937,596	–	937,596	2.1%	47,000
Czech Koruna	–	999,767	–	999,767	2.2%	50,000
Hong Kong Dollar	–	16,424,201	(11,390,208)	5,033,993	11.2%	252,000
Indian Rupee	–	468,092	–	468,092	1.0%	23,000
Malaysian Ringgit	31,377	1,447,378	–	1,478,755	3.3%	74,000
Mexican Peso	–	4,068,542	–	4,068,542	9.0%	203,000
Philippine Peso	–	2,410,089	–	2,410,089	5.3%	121,000
Taiwan Dollar	200,499	1,002,069	–	1,202,568	2.7%	60,000
Thai Baht	–	5,449,879	–	5,449,879	12.1%	272,000
United States Dollar	(4,978,493)	2,766,795	–	(2,211,698)	(4.9%)	(111,000)
Total	**(4,673,784)**	**48,415,605**	**(11,390,208)**	**32,351,613**	**71.8%**	**1,617,000**

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value. The Fund's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If equity prices had increased or decreased by 10% on December 31, 2013, all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately $5,387,000 (December 31, 2012 – $4,842,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

The Fund is exposed to the risk that a security issuer will be unable to pay amounts when due. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of debt investments and unrealized gain (loss) on derivative instruments outstanding with counterparties represents the maximum exposure to credit risk.

As at December 31, 2013 and 2012, the Fund was exposed to the credit risk of the counterparties to the forward contracts. The counterparty to the forward contracts had a Fitch credit rating of A+ (the counterparties to the forward contracts had S&P credit ratings of A and AA- as of December 31, 2012). The Fund is also exposed to the credit risk of the Custodian, whose S&P credit rating as of December 31, 2013 and 2012 was AA-.

Liquidity risk

Liquidity risk is the risk of not being able to meet the Fund's cash requirements in a timely manner and includes the risk of not being able to liquidate assets at reasonable prices. The Fund is also exposed to unlimited annual anniversary redemptions on August 31 of every year (see Note 5) and normal monthly redemptions; therefore, the Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund retains sufficient cash to maintain liquidity. All liabilities (other than bank indebtedness) are due within three months.

Concentration risk

The investments of the Fund are concentrated in some geographic areas such as Hong Kong, Brazil and Chile and will be especially affected by factors particular to these countries. Factors influencing valuation include changes in government policy, fluctuations in the capital markets and conditions of the overall economy. Changes that specifically affect those countries may cause the Net Assets of the Fund to be more volatile than the value of a more broadly diversified portfolio. The tables below summarize the Fund's exposure to the different countries.

Country	December 31, 2013 (% of Net Assets)
Hong Kong	28.2%
Brazil	27.4%
Chile	10.2%
Singapore	8.4%
China	8.4%
India	7.2%
Bermuda	6.7%
Thailand	6.2%
The Philippines	5.9%
Poland	4.5%
Mexico	4.4%
Britain	2.6%
Canada	2.0%
Cayman Islands	1.7%
Australia	1.3%
Total	**125.1%**

Country	December 31, 2012 (% of Net Assets)
Brazil	27.5%
Hong Kong	23.0%
China	13.6%
Thailand	12.1%
Mexico	9.0%
Chile	5.5%
Philippines	5.3%
Malaysia	3.2%
Cyprus	2.7%
Czech Republic	2.2%
Taiwan	2.2%
India	1.0%
Total	**107.3%**

Emerging markets risk

The Fund invests in countries that are considered to be emerging market countries at the time of purchase. Investments in the securities of issuers in emerging market countries could involve risks not associated with investments in the securities of issuers in developed countries. Emerging markets can be substantially more volatile and substantially less liquid than more developed markets such as Canada. Emerging markets could be subject to greater political and economic instability, uncertainty regarding the existence of trading markets and more governmental limitations on foreign investment than more developed markets.