



Macquarie Emerging Markets Infrastructure Income Fund

Semi-Annual Management Report of Fund Performance

June 30, 2016

MANAGEMENT REPORT OF FUND PERFORMANCE

This semi-annual management report of fund performance for **Macquarie Emerging Markets Infrastructure Income Fund** (the “Fund”) contains financial highlights but does not contain the complete semi-annual financial statements of the Fund.

You can obtain a copy of the semi-annual financial statements at no cost by writing to Aston Hill Capital Markets Inc. (the “Manager”) to the following address: 77 King Street West, Suite 2110, 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.

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 which represents 6.8% of the issue price.

RISK

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

Use of leverage

From May 6, 2011, the Fund entered into a Margin Loan Agreement (the “Credit Agreement”) first between the Fund Manager (on behalf of the Fund) and the Bank of America. The Credit Agreement was subsequently moved to 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 33.0% 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 six-month period ended June 30, 2016, the Fund had leverage balances between U.S. \$1,800,000 and U.S. \$3,500,000. During the period, the Canadian dollar equivalent fluctuated between approximately \$2.3 million and \$4.9 million or 14.75% and 30.66% of the NAV and the related interest expense was \$25,505 (During the six-month period ended June 30, 2015, the Fund had leveraged balances between U.S. \$6,000,000 and U.S. \$6,500,000 and the Canadian dollar equivalent fluctuated between approximately \$6.9 million and \$8.2 million or 25.82% and 31.92% of the NAV. The related interest expense was \$41,550). At June 30, 2016, the borrowed balance was U.S. \$1,800,000 and the Canadian equivalent was approximately \$2.3 million or 14.75% of the NAV (U.S. \$6,000,000 and the Canadian equivalent was approximately \$7.5 million at June 30, 2015 or 29.2% of the NAV).

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.

INVESTMENT MANAGER COMMENTARY (AS AT AUGUST, 2016)

Market & Portfolio Review

Negative developments in China were a key focus in the first half of 2016. The central bank slowly depreciated its currency, causing markets to become increasingly skeptical of the Chinese economy, with reports of significant outflows and a decline in central bank reserves. Fears over a significant devaluation of the Chinese currency subsided somewhat, after the People's Bank of China governor indicated that there was 'no basis for devaluation', after not publicly commenting for six months. The weakening CNY had troubled markets and was a key driver of the poor sentiment in the first half of 2016, as there was no clarity on the direction or motives behind the moves.

China's lower growth expectations weighed on commodity prices in general. Copper futures fell 8% and iron ore fell 24% in May, indicating that the underlying fundamentals for economic growth are not accelerating and the lackluster rate of growth experienced in recent quarters is likely to continue.

Slow growth also impacted oil, with prices in the first half of the year far lower than historic levels. Weaker demand coupled with a global supply glut was the primary driver of the lower prices. A proposed OPEC production freeze (at historically high volumes) didn't get buy in from key countries such as Iran, but the possibility of a deal and the better sentiment helped put a temporary floor under the oil price. By the end of the second quarter, oil prices stabilized and rebounded slightly, but commodity prices overall remain subdued and below profitable levels for many producers.

Markets were turbulent throughout the first half of the year, with sentiment moving on significantly from the calm that allowed the US Fed to raise rates in December of 2015. Volatility was caused in part by political events such as the success of the Leave campaign in the "Brexit" vote.

Central bank activity was another source of volatility. The European Central Bank (ECB) eased policy, cutting the deposit rate further into negative territory (to -0.30%) and explicitly lengthening the timeframe for bond purchases, to at least March 2017. Markets had expected more significant easing and were disappointed with the announcement, again highlighting the amount of central bank intervention that is priced into global markets.

From a country perspective, positions in Chile and Mexico were large positive contributors and exposure to China detracted from performance significantly.

The largest detractor among the sectors was Seaports, which was led lower by China Merchant (China). Toll roads provided the largest contribution to performance.

At the end of the Period, the Fund's largest sector exposures were in seaports and toll roads. The Fund had no weight to the Airports sector or the Mobile Telecommunications sector. The fund held small weights to the Pipelines, Electricity Transmission, and Water sectors.

Outlook

The UK's vote to leave the EU raised the level of uncertainty in global markets. We expect central bank action to be even more prominent in supporting markets with the Bank of England and the European Central Bank (ECB) having already made forceful statements outlining intentions to backstop market sentiment. In this context we anticipate that significant tightening of policy by the US Federal Reserve would be very painful – and therefore unlikely.

The infrastructure assets owned and operated by the well diversified range of infrastructure companies in the portfolio continue to perform well. The portfolio strategy is little changed overall. The portfolio is defensively positioned, being diversified across different geographies and sectors, and this strategy has borne fruit during the recent market turmoil.

Caution regarding forward-looking statements

This document has been prepared by Macquarie Capital Investment Management LLC ("MCIML").

The above commentary and outlook reflects the views of the portfolio managers through June 30, 2016 and may include forward-looking statements. The statements may include projections, estimates and descriptions of future events. These statements are subject to a variety of risks and uncertainties, which may cause actual results to differ materially from this commentary and outlook. The portfolio managers' views are subject to change as market and other conditions warrant and should not be construed as a recommendation for any securities discussed herein.

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 six-month period ended June 30, 2016, there were no subscriptions and redemptions (1,000 Units redeemed for a total value of \$11,626 and no subscriptions during the six-month period ended June 30, 2015).

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 six-month periods ended June 30, 2016 and 2015.

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 per Unit to \$0.17 per Unit which represents 6.8% of the issue price.

The Fund has made all its scheduled distributions during the six-month period ended June 30, 2016, paying \$0.34 per Unit (\$0.34 per Unit during the six-month period ended June 30, 2015).

RELATED PARTY TRANSACTIONS

Management Fees

Pursuant to the Trust Agreement, the Fund retained Aston Hill 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 six-month period ended June 30, 2016 were \$107,038 plus applicable taxes (\$179,211 plus applicable taxes during the six-month period ended June 30, 2015).

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 fees charged to the Fund during the six-month period ended June 30, 2016 were \$30,065 (\$51,515 during the six-month period ended June 30, 2015).

Administration Fees

The Manager allocates back to the Fund a portion of the administration costs relating to the operations of the Fund. The expenses are directly attributable to the Fund as they relate to time spent on Fund accounting, valuation, taxation, compliance, investor relations, financial reporting and unitholder reporting cost management and oversight and any other operations matter.

For the six-month period ended June 30, 2016, administration fees amounted to \$5,035 (June 30, 2015-\$11,330).

IRC Fee

The IRC has four 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.

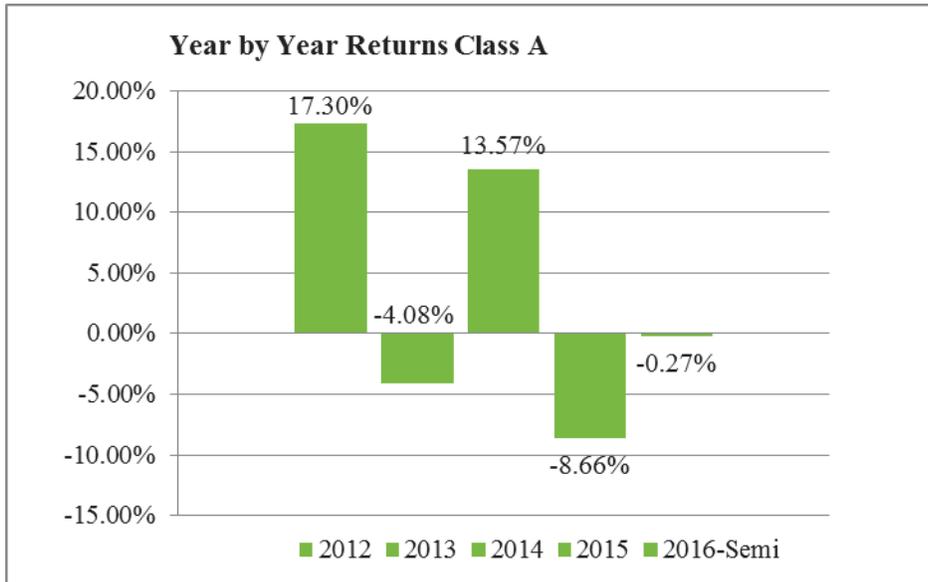
The IRC fees charged to the Fund during the six-month period ended June 30, 2016 were \$297 (\$875 during the six-month period ended June 30, 2015).

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 six-month periods ended June 30, 2016.

PAST PERFORMANCE

The following bar chart and table show the Fund’s annual as well as semi-annual for the six-month period ended June 30, 2016 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.



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 and unaudited semi-annual financial statements:

The Fund's Net Assets per Unit:	2016 ⁽¹⁾	2015	2014 ⁽⁶⁾	2013 ⁽⁶⁾	2012
Net Assets, beginning of year	9.93	11.56	10.78	11.92	10.70
Unit issue expense⁽²⁾	–	–	–	(0.06)	(0.04)
Increase (decrease) from operations:					
Total revenues	0.33	0.67	0.81	0.53	0.45
Total expenses	(0.19)	(0.46)	(0.46)	(0.38)	(0.37)
Realized gains (losses) for the year	0.08	0.58	1.35	0.80	0.85
Unrealized gains (losses) for the year	(0.25)	(1.66)	0.67	(1.42)	0.86
Total increase (decrease) from operations⁽³⁾	(0.03)	(0.87)	2.37	(0.47)	1.79
Distributions:					
From income (excluding dividends)	(0.33)	(0.02)	(0.68)	–	–
From dividends	–	–	–	(0.16)	–
From capital gains	(0.01)	(0.66)	–	(0.50)	(0.04)
Return of capital	–	–	–	–	(0.56)
Total Distributions⁽⁴⁾	(0.34)	(0.68)	(0.68)	(0.66)	(0.60)
Net Assets, end of year^{(5) (6)}	9.56	9.93	11.56	10.78	11.92

⁽¹⁾ Results for the six-month period ended June 30, 2016

⁽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 1,656,644 units outstanding over the financial period (December 31 2015 – 1,962,907 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.

⁽⁶⁾ The Fund adopted International Financial Reporting Standards ("IFRS") commencing January 1, 2014. The information for the period up to December 31, 2012 is presented under Canadian GAAP.

Ratios and Supplemental Data:	2016 ⁽¹⁾	2015	2014	2013	2012
Net asset (000's)	15,844	16,450	24,476	43,240	45,276
Number of units outstanding	1,656,644	1,656,644	2,117,059	4,010,470	3,798,532
Base management expense ratio ^{(2) (3)}	2.83%	2.76%	2.55%	2.36%	2.51%
Issue expense ratio ^{(2) (3)}	0.00%	0.00%	0.00%	0.52%	0.36%
Interest expense ratio ^{2) (3)}	0.28%	0.34%	0.29%	0.18%	0.22%
Management expense ratio "MER" (annualized) ⁽³⁾	3.11%	3.49%	3.30%	3.06%	3.09%
Management expense ratio before waivers or absorptions (annualized) ⁽³⁾	3.11%	3.49%	3.30%	3.06%	3.09%
Portfolio turnover rate ⁽⁴⁾	20.20%	86.26%	92.67%	150.48%	96.72%
Trading expense ratio ⁽⁵⁾	0.20%	0.48%	0.62%	0.74%	0.52%
Closing market price (TSX) – units	9.29	9.30	11.03	10.45	11.30
Closing market price (TSX) – warrants	N/A	N/A	N/A	N/A	0.005

⁽¹⁾ Results for the six-month period ended June 30, 2016

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

⁽³⁾ MER is based on the requirements of NI 81-106 and includes the total expenses (excluding commissions and other portfolio transaction cost) of the Fund for the stated period, including interest expense and issuance costs, if applicable, and is expressed as an annualized percentage of daily average net asset value during the period.

⁽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 year.

SUMMARY OF INVESTMENT PORTFOLIO AS OF JUNE 30, 2016

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

Portfolio by Category	% of NAV
Hong Kong	19.4%
China	19.2%
Brazil	18.3%
Chile	15.3%
Bermuda	14.5%
Singapore	9.9%
Mexico	4.6%
India	2.8%
Poland	2.4%
Spain	1.7%
Canada	1.5%
Australia	1.2%
United States	1.1%
Cash	5.7%
Foreign Currency Forward Contracts	(1.4%)
Net Other Assets (Liabilities)	(16.2%)
Total	100.0%
Top 25 Holdings	% of NAV
Hutchison Port Holdings Trust	9.9%
COSCO Pacific Ltd.	9.8%
Hopewell Highway Infrastructure Ltd.	8.2%
China Longyuan Power Group Corp.	7.6%
Inversiones Aguas Metropolitanas SA	7.2%
CCR SA	7.0%
China Merchants Holdings International Co Ltd.	6.2%
Cash	5.7%
Qinhuangdao Port Co. Ltd.	5.5%
EDP - Energias do Brasil SA	5.0%
China Gas Holdings Ltd.	4.9%
Prumo Logistica SA	4.9%
Yuexiu Transport Infrastructure Ltd.	4.7%
Enersis Chile	4.6%
OHL Mexico SAB de CV	4.6%
Huadian Fuxin Energy Corp. Ltd.	4.0%
Empresa Nacional de Electricidad SA/Chile	3.6%
Power Grid Corp Of India Ltd.	2.8%
Energa SA	2.4%
Datang International Power Generation Co Ltd.	2.1%
Abertis Infraestructuras SA	1.7%
Veresen Inc.	1.5%
EDP-Energias do Brasil SA	1.4%
APA Group	1.2%
Sempre Energy	1.1%
Net assets attributable to holders of redeemable units	\$ 15,843,772