LOGiQ
Asset Management

Macquarie Emerging Markets Infrastructure Income Fund

Annual Management Report of Fund Performance

December 31, 2016

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 LOGiQ Asset Management Ltd. (formerly, 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.logiqasset.com 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.

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

On November 30, 2016, Aston Hill Capital Markets Inc. was amalgamated into Aston Hill Asset Management Inc. On December 8, 2016, Aston Hill Asset Management Inc., as part of Aston Hill Financial Inc. ("Aston Hill") and together with Front Street Capital 2004 ("Front Street") and Tuscarora Capital Inc. ("TCI"), an entity under common control with Front Street, completed a previously announced transaction whereby Aston Hill would acquire all of the equity interests in the Front Street and TCI, and the companies would combine their respective operations. As part of the transaction, Aston Hill also changed its name to LOGiQ Asset Management Inc. and consequently Aston Hill Asset Management Inc. changed its name to LOGiQ Asset Management Ltd.

INVESTMENT OBJECTIVES AND STRATEGIES

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.

The Fund is entitled to employ leverage of up to 33.0% of the net assets of the Fund from the time of borrowing to the year ended December

31, 2016. During the year ended December 31, 2016, the Fund had leverage balances between U.S. $1,500,000 and U.S. $3,500,000. During the year, the Canadian dollar equivalent fluctuated between approximately $1.9 million and $4.9 million or 11.8% and 30.7% of the NAV and the related interest expense was $43,594 (During the year ended December 31, 2015, the Fund had leverage balances between U.S. $3,500,000 and U.S. $6,500,000 and the Canadian dollar equivalent fluctuated between approximately $4.5 million and $8.2 million or 25.0% and 33.3% of the NAV. The related interest expense was $76,935). At December 31, 2016, the borrowed balance was U.S. $1,500,000 and the Canadian equivalent was approximately $2.0 million or 21.6% of the NAV (U.S. $3,500,000 and the Canadian equivalent was approximately $4.9 million at December 31, 2015 or 29.6% 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.logiqasset.com or www.sedar.com.

RECENT DEVELOPMENT

The Manager announced on February 17, 2017 plans to terminate the Fund based on a target completion date on or about March 31, 2017.

On March 22, 2017, following the completion of the conversion of the assets of the Fund to cash, and the satisfaction of, or provision for, all liabilities of the Fund, the net asset value ("NAV") of the Fund was approximately $9.73 per Unit. The Fund's Units will be delisted from the Toronto Stock Exchange on March 31, 2017. Final payment of the net assets of the Fund, on a pro rata basis based on the NAV per Unit, will be made on April 5, 2017. Following such distribution, the Fund will terminate.

The Fund is also declaring a special taxable income distribution of $0.10 per Unit to unitholders of record on March 31, 2017 (the "Special Distribution"). The Fund intends to pay the Special Distribution in cash together with the final NAV on April 5, 2017.

INVESTMENT MANAGER COMMENTARY (AS AT FEBRUARY 2017)

Market & Portfolio Review

Markets were turbulent moving into 2016, with sentiment moving on significantly from the calm that allowed the Fed to raise rates in December. The downtrend continued in commodities, with oil falling as much as 28% intra-month before rebounding. Developments in China were also a key focus. The central bank's slow depreciation of the currency was a key trigger, causing markets to become increasingly skeptical of the Chinese economy, with reports of significant outflows and a decline in central bank reserves. The weakening CNY had troubled markets for weeks and was a key driver of the poor sentiment to start 2016, as there was no clarity on the direction or motives behind the moves.

Following significant volatility, commodity markets stabilized later in the Period. 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 oil prices. Oil prices continued their rebound in March and April, with a willingness to cut or freeze production from some OPEC members buoying optimism that some of the excess supply may be curtailed. The boost in oil prices supported energy-related markets, but commodity prices overall remained subdued and below profitable levels for many producers. Although demand remained tepid, tightening supply was a possibility after OPEC agreed to modest oil output cuts in the first such deal since 2008, contributing to a 6.4% rally in oil prices in the month of September. We continue to avoid in our investment process companies with significant commodity price exposure.

One of the most significant events during the Period was "Brexit". Although the UK still has not initiated the formal process to leave the EU, the vote initially raised the level of uncertainty in global markets. Within days of the result, there were sharp moves across all markets: the British Pound fell by nearly 12%, and European equity markets were down over 8% (as per the MSCI Europe Index in local currency terms), although European equity markets quickly rebounded. Perhaps the most significant movers were government bonds, where yields fell sharply, despite already being well below historical levels.

The world experienced another major unexpected event in early November, with the U.S. election delivering a victory to Donald J. Trump, the Republican candidate. Markets were initially very weak as the outcome began to emerge, however, markets began to price in optimism on the possibility of fiscal spending and broader reforms. Investors were most positive on potential fiscal expansion, through both infrastructure spending and tax cuts for individuals and corporations, and for now some of Trump's negative rhetoric on trade and immigration, in particular, has been downplayed.

The market implications of the Trump win are wide, but still far from clear. The reaction so far has been a rise in bond yields (on hope for growth and inflation), a rise in the USD, and a rebound in U.S. stocks. Commodity prices also rose significantly. Compared to the rhetoric on higher growth, however, broader market moves were more muted: emerging market equities and bonds fell, and most non-U.S. equity and credit markets fell or were stable.

Within the Fund, the largest sector contributor to return (in local currency) over the year was Toll Roads, led by Hopewell Highway (China) and CCR (Brazil). The major sector detractor was Seaports, led by Qinhuangdao Port (China) and China Merchants (China). During the year, the Fund's largest sector exposures were in Seaports, Toll Roads, and Electric Utilities.

From a country perspective, positions in Brazil, Mexico, and India contributed strongly to performance, while China, Singapore and Poland were the detractors from on a country basis. During the year, the Fund's largest country exposure was China (with over 40% on average), following by Brazil and Chile.

Market Outlook

After another election surprise in the form of Donald Trump's US election victory, markets have gained momentum moving into the New Year and we expect market sentiment to remain positive. However we believe uncertainty in the global economy has risen. The status quo over the last eight years of heavy monetary policy support, has been positive for investors. A change to these policies could upset status quo, particularly if US trade and foreign policy continue on a more aggressive stance. We do not believe the world's fundamentals have significantly changed: high debt levels and demographic headwinds mean future growth is structurally lower, though fiscal stimulus could indeed deliver a cyclical uptick in economic activity. We continue to see quality assets offering yield as being well sought after, but developments in global politics and market reactions warrant close watching.

We remain confident in our portfolio's positioning and believe quality and defensive assets that are underpinned by long-term, stable cash flows will continue to be attractive to investors around the world. The portfolio strategy is little changed overall. The portfolio is defensively positioned, being diversified across different geographies and sectors.

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 investment managers through December 31, 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 investment 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 year ended December 31, 2016, 629,214 units were redeemed for the total value of $6,314,513 and there were no subscriptions

(460,415 Units redeemed for a total value of $5,028,713. No subscriptions during the year ended December 31, 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 year ended December 31, 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 increased 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 year ended December 31, 2016, paying $0.68 per Unit ($0.68 per Unit during the year ended December 31, 2015).

RELATED PARTY TRANSACTIONS

Management Fees

Pursuant to the Trust Agreement, the Fund retained LOGiQ Asset Management Ltd. 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, 2016 were $191,180 plus applicable taxes ($321,017 plus applicable taxes during the year ended December 31, 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 fee charged to the Fund during the year ended December 31, 2016 were $50,195 ($66,679 during the year ended December 31, 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 year ended December 31, 2016, administration fees amounted to $6,568 (December 31, 2015 - $18,663).

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.

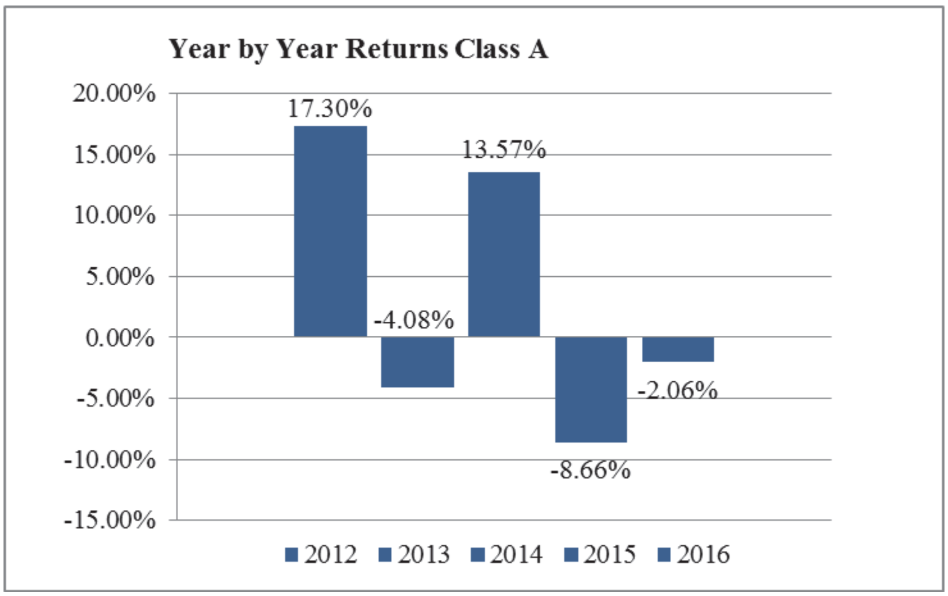
The IRC fees charged to the Fund during the year ended December 31, 2016 were $649 ($108 during the year ended December 31, 2015).

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 year ended December 31, 2016 and 2015.

Past Performance

The following bar chart and table show 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	Past 3 Years	Past 5 Years	Since Inception (1)
Based on NAV	(2.06%)	0.53%	2.71%	2.33%
Based on share price	(0.28%)	(0.17%)	2.90%	0.50%
MSCI Emerging Markets Index (CAD)	4.83%	2.76%	4.38%	3.75%

(1) Annualized for the period from February 18, 2011 (commencement of operations) to December 31, 2016.

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:	2016	2015	2014 (5)	2013 (5)	2012
Net Assets, beginning of year	**9.93**	**11.56**	**10.78**	**11.92**	**10.70**
Unit issue expense (1)	**–**	**–**	**–**	**(0.06)**	**(0.04)**
Increase (decrease) from operations:					
Total revenues	**0.67**	0.67	0.81	0.53	0.45
Total expenses	**(0.38)**	(0.46)	(0.46)	(0.38)	(0.37)
Realized gains (losses) for the year	**(0.93)**	0.58	1.35	0.80	0.85
Unrealized gains (losses) for the year	**0.70**	(1.66)	0.67	(1.42)	0.86
Total increase (decrease) from operations (2)	**0.06**	**(0.87)**	**2.37**	**(0.47)**	**1.79**
Distributions:					
From income (excluding dividends)	**(0.57)**	(0.02)	(0.68)	–	–
From dividends	**(0.01)**	–	–	(0.16)	–
From capital gains	**–**	(0.66)	–	(0.50)	(0.04)
Return of capital	**(0.10)**	–	–	–	(0.56)
Total Distributions (3)	**(0.68)**	(0.68)	**(0.68)**	**(0.66)**	**(0.60)**
Net Assets, end of year (4) (5)	**9.06**	**9.93**	**11.56**	**10.78**	**11.92**

(1) 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.

(2) 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 1,447,130 units outstanding over the financial period (December 31, 2015 – 1,962,907 units).

(3) 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.

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

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

Ratios and Supplemental Data:	2016	2015	2014	2013	2012
Net asset (000's)	9,307	16,450	24,476	43,240	45,276
Number of units outstanding	1,027,430	1,656,644	2,117,059	4,010,470	3,798,532
Base management expense ratio (1) (2)	3.14%	2.76%	3.01%	2.36%	2.51%
Issue expense ratio (1) (2)	0.00%	0.00%	0.00%	0.52%	0.36%
Interest expense ratio (1) (2)	0.32%	0.34%	0.29%	0.18%	0.22%
Management expense ratio "MER" (annualized) (2)	3.46%	3.10%	3.30%	3.06%	3.09%
Management expense ratio before waivers or absorptions (annualized) (2)	3.46%	3.10%	3.30%	3.06%	3.09%
Portfolio turnover rate (3)	35.93%	86.26%	92.67%	150.48%	96.72%
Trading expense ratio (4)	0.27%	0.48%	0.62%	0.74%	0.52%
Closing market price (TSX) – units	8.61	9.30	11.03	10.45	11.30
Closing market price (TSX) – warrants	N/A	N/A	N/A	N/A	0.005

(1) 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.

(2) 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.

(3) 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.

(4) 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 DECEMBER 31, 2016

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

Portfolio by Category	**% of NAV**
Hong Kong	26.6%
Brazil	23.3%
Chile	15.8%
Bermuda	14.6%
Singapore	10.4%
China	8.5%
Mexico	5.0%
Poland	2.5%
India	2.4%
Spain	1.7%
United States	1.3%
Australia	1.2%
Canada	1.2%
Leverage	(21.6%)
Cash	9.3%
Net other assets (liabilities)	(2.2%)
Total	**100.0%**

Top 25 Holdings	**% of NAV**
Hutchison Port Holdings Trust	10.4%
China Merchants Port Holdings Co Ltd.	9.9%
COSCO SHIPPING Ports Ltd.	9.5%
Cash	9.3%
Hopewell Highway Infrastructure Ltd.	8.8%
Prumo Logistica SA	8.3%
CCR SA	7.6%
EDP - Energias do Brasil SA	7.4%
Inversiones Aguas Metropolitanas SA	6.9%
Yuexiu Transport Infrastructure Ltd.	5.1%
OHL Mexico SAB de CV	5.0%
Enel Chile SA	5.0%
China Gas Holdings Ltd.	4.4%
Huadian Fuxin Energy Corp Ltd.	4.4%
China Longyuan Power Group Corp Ltd.	4.1%
Enel Generacion Chile SA	3.9%
Guangdong Investment Ltd.	3.5%
Energa SA	2.5%
Power Grid Corp of India Ltd.	2.4%
Abertis Infraestructuras SA	1.7%
Sempra Energy	1.3%
Veresen Inc.	1.2%
APA Group	1.2%
Net assets attributable to holders of redeemable units	**$ 9,307,368**