AstonHill
CAPITAL MARKETS

Macquarie Emerging Markets Infrastructure Income Fund

Semi-Annual Financial Statements

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. **The semi-annual financial statements and accompanying notes are attached to this report.**

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 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 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.

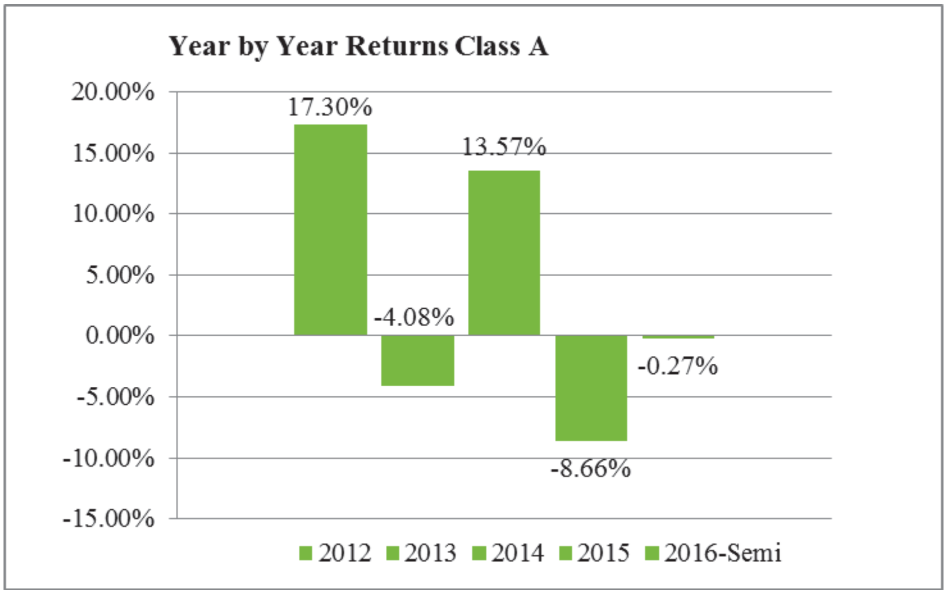
The IRC fees charged to the Fund during the six-month period ended June 30, 2016 were $297 ($875 during the six-month period ended June 30, 2015).

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) (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%
Sempra Energy	1.1%
Net assets attributable to holders of redeemable units	**$ 15,843,772**

Macquarie Emerging Markets Infrastructure Income Fund

Financial Statements (Unaudited)
June 30, 2016

Notice to Reader:

These semi-annual financial statements and related notes for the six months period ended June 30, 2016 have been prepared by Management of Aston Hill Capital Markets Inc. The auditors of the Fund have not audited or reviewed these semi-annual financial statements.

STATEMENTS OF FINANCIAL POSITION (unaudited)

As at		**June 30, 2016**		December 31, 2015
Assets				
Current assets				
Financial assets at fair value through profit or loss	**$**	**17,731,469**	$	19,867,592
Cash		**899,004**		2,012,953
Unrealized appreciation of foreign currency forward contracts (note 4)		**8,053**		47,299
Dividends receivable		**85,117**		8,983
Amounts receivable for investments sold		**14,565**		202,826
Other amounts receivable and prepaid expenses		**31,187**		1,424
Total assets		**18,769,395**		22,141,077
Liabilities				
Current liabilities				
Leverage (note 13)		**2,337,662**		4,861,854
Unrealized depreciation of foreign currency forward contracts (note 4)		**232,209**		389,151
Interest payable		**4,004**		5,510
Payable for investment purchases		**-**		93,751
Distributions payable		**281,629**		281,629
Other accounts payable and accrued expenses		**50,081**		55,476
Management fees payable (note 11)		**20,038**		3,637
Total liabilities		**2,925,623**		5,691,008
Net assets attributable to holders of redeemable units	**$**	**15,843,772**	$	16,450,069
Redeemable units outstanding (note 5)		**1,656,644**		1,656,644
Net assets attributable to holders of redeemable units per class per unit	**$**	**9.56**	$	9.93

Approved by the Manager,
Aston Hill Capital Markets Inc.

Derek Slemko
Director

Kal Zakarneh
Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

For the six month period ended June 30		**2016**		2015
Income				
Net gains (losses) on investments and derivatives at FVTPL:				
Dividend income		**$539,810**		$853,948
Realized gain (loss) on sales of investments		**(140,284)**		2,046,110
Realized gain (loss) on foreign currency forward contracts		**299,032**		(780,310)
Change in unrealized appreciation (depreciation) in the value of investments		**(730,767)**		727,942
Change in unrealized appreciation (depreciation) in the value of foreign currency forward contracts		**117,695**		151,695
Net gains (losses) on investments and derivatives at FVTPL		**85,486**		2,999,385
Other income comprised of:				
Realized foreign exchange gain (loss) on currency		**(20,747)**		11,006
Change in unrealized foreign exchange gain (loss) on currency		**1,272**		(536,270)
Change in unrealized foreign exchange gain (loss) on leverage		**203,888**		-
Total other income		**184,413**		(525,264)
Total income (loss)		**269,899**		2,474,121
Expenses				
Management fees (note 11)		**107,038**		179,211
Custodial and other unitholders' fees		**36,977**		41,580
Interest expense (note 13)		**25,505**		41,550
Service fees (note 11)		**30,065**		51,515
Harmonized sales tax		**16,937**		40,193
Audit fees		**24,092**		25,315
Filing fees		**5,824**		13,028
Administration fees (note 11)		**5,035**		11,330
Transfer agent fees		**4,585**		4,691
TSX listing fees		**5,005**		4,978
Other fees		**4,062**		3,211
Printing and mailing fees		**5,046**		4,887
Legal fees		**2,581**		2,534
IRC fees (note 11)		**297**		875
Transaction costs (note 12)		**17,725**		62,926
Withholding taxes (note 17)		**22,163**		72,104
Total expenses		**312,937**		559,928
Increase (decrease) in net assets attributable to holders of redeemable units	**$**	**(43,038)**	$	1,914,193
Weighted average number of units outstanding		**1,656,644**		2,116,877
Increase (decrease) in net assets attributable to holders of redeemable units per class per unit [(1)]	**$**	**(0.03)**	$	0.90

[(1)] *Based on the weighted average number of units outstanding for the years*

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (unaudited)

For the six month period ended June 30		2016		2015
Increase (decrease) in net assets attributable to holders of redeemable units	**$**	**(43,038)**	$	1,914,193
Distributions to holders of redeemable units (note 8)				
Net investment income		**(563,259)**		(719,630)
Net realized gains		**-**		-
		(563,259)		(719,630)
Redeemable unit transactions (note 5)				
Proceeds from redeemable units issued and exercise of warrants		**-**		-
Agents' fees and issue expenses		**-**		-
Payments on redemption/cancellation of redeemable units		**-**		(11,626)
Total distributions to holders of redeemable units		**-**		(11,626)
Change in net assets attributable to holders of redeemable units during the period	**$**	**(606,297)**	$	1,182,937
Net assets attributable to holders of redeemable units, beginning of period	**$**	**16,450,069**	$	24,475,529
Net assets attributable to holders of redeemable units, end of period	**$**	**15,843,772**	$	25,658,466

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (unaudited)

For the six month period ended June 30		**2016**		2015
Cash flows from operating activities				
Increase (decrease) in net assets attributable to holders of redeemable units	**$**	**(43,038)**	$	1,914,193
Adjustments to reconcile to operating cash flows:				
Realized foreign exchange (gain) loss on currency		**(1,272)**		(11,006)
Realized gain (loss) on sales of investments		**140,284**		(2,046,110)
Change in unrealized (appreciation) depreciation on investments		**730,767**		(727,942)
Change in unrealized appreciation (depreciation) in the value of foreign currency forward contracts		**(117,695)**		(151,695)
Change in unrealized foreign exchange gain (loss) on leverage		**(203,888)**		536,270
Proceeds from disposition of investments		**5,043,559**		13,595,101
Purchase of investments		**(3,683,977)**		(12,831,844)
(Increase) decrease in dividends receivable		**(76,134)**		(230,052)
(Increase) decrease in other amounts receivable and prepaid expenses		**(29,763)**		53,184
Increase (decrease) in other accounts payable and accrued expenses		**(5,396)**		(2,072)
Increase (decrease) in management fees payable		**16,401**		-
Increase (decrease) in interest payable		**(1,506)**		421
Net cash flow provided by (used in) operating activities		**1,768,342**		98,448
Cash flows provided by (used in) financing activities				
Distributions paid to holders of redeemable units		**(563,259)**		(719,800)
Payments on redemption/cancellation of redeemable units (notes 5)		**-**		(11,626)
Withdrawals from leverage (note 13)		**-**		629,425
Repayment of leverage (note 13)		**(2,320,304)**		(624,477)
Net cash flow provided by (used in) financing activities		**(2,883,563)**		(726,478)
Increase (decrease) in cash during the period		**(1,115,221)**		(628,030)
Change in realized foreign exchange (appreciation) depreciation on currency		**1,272**		**11,006**
Cash - beginning of period		**2,012,953**		1,867,812
Cash - end of period	**$**	**899,004**	$	1,250,788
Supplementary Information				
Interest received	**$**	**-**	**$**	**-**
Interest paid	**$**	**27,011**	**$**	**41,129**
Dividends received, net of withholding tax	**$**	**441,513**	**$**	**551,792**

The accompanying notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (unaudited)

As at June 30, 2016

No. of Shares/Units		Average Cost ($)	Fair Value ($)	% of NAV
	Financial assets at FVTPL			
	Australia			
20,779	APA Group	172,576	185,665	1.2%
		172,576	185,665	1.2%
	Bermuda			
1,207,560	COSCO Pacific Ltd.	1,757,297	1,558,566	9.8%
888,000	Yuexiu Transport Infrastructure Ltd.	640,989	740,295	4.7%
		2,398,286	2,298,861	14.5%
	Brazil			
163,200	CCR SA	1,063,633	1,111,424	7.0%
144,000	EDP - Energias do Brasil SA	722,484	795,042	5.0%
297,663	Prumo Logistica SA	967,952	771,038	4.9%
39,494	EDP - Energias do Brasil SA	165,778	220,933	1.4%
		2,919,847	2,898,437	18.3%
	Canada			
21,063	Veresen Inc.	252,578	230,640	1.5%
		252,578	230,640	1.5%
	Chile			
548,082	Inversiones Aguas Metropolitanas SA	968,095	1,133,492	7.2%
4,824,480	Enersis Chile	703,980	734,096	4.6%
469,712	Empresa Nacional de Electricidad SA/Chile	544,900	563,619	3.6%
		2,216,975	2,431,207	15.4%
	China			
1,127,000	China Longyuan Power Group Corp.	1,443,861	1,211,215	7.6%
1,945,500	Qinhuangdao Port Co. Ltd.	1,256,405	869,571	5.5%
2,234,000	Huadian Fuxin Energy Corp. Ltd.	1,180,788	635,762	4.0%
908,000	Datang International Power Generation Co Ltd.	648,464	328,324	2.1%
		4,529,518	3,044,872	19.2%
	Hong Kong			
2,017,500	Hopewell Highway Infrastructure Ltd.	1,148,993	1,303,656	8.2%
286,664	China Merchants Holdings International Co Ltd.	1,108,333	988,559	6.2%
392,000	China Gas Holdings Ltd.	838,947	775,650	4.9%
		3,096,273	3,067,865	19.3%
	India			
142,615	Power Grid Corp Of India Ltd.	397,993	447,566	2.8%
		397,993	447,566	2.8%
	Mexico			
460,800	OHL Mexico SAB de CV	1,003,171	723,349	4.6%
		1,003,171	723,349	4.6%

The accompanying notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (Continued...)

As at June 30, 2016

No. of Shares/Units		**Average Cost ($)**	**Fair Value ($)**	**% of NAV**
	Poland			
123,184	Energa SA	768,755	383,658	2.4%
		768,755	383,658	2.4%
	Singapore			
2,658,500	Hutchison Port Holdings Trust	1,976,303	1,570,932	9.9%
		1,976,303	1,570,932	9.9%
	Spain			
14,215	Abertis Infraestructuras SA	282,523	270,723	1.7%
		282,523	270,723	1.7%
	United States			
1,200	Sempra Energy	144,126	177,694	1.1%
		144,126	177,694	1.1%
	Total equities	20,158,924	17,731,469	111.9%
	Transaction costs (note 12)	(54,822)		
	Total financial assets at FVTPL	**$ 20,104,102**	**$ 17,731,469**	**111.9%**

	Maturity date	**Contract price/rate**	**Unrealized gain (loss) ($)**	**% of NAV**
Foreign currency forward contracts				
Bought HKD 2,321,800, Sold CAD 384,999	Aug/08/2016	6.030660	3,835	0.0%
Bought CAD 620,344, Sold HKD 3,754,400	Aug/08/2016	0.165231	(8,408)	-0.1%
Bought CAD 557,280, Sold HKD 3,368,000	Aug/08/2016	0.165463	(6,761)	0.0%
Bought HKD 2,996,800, Sold CAD 504,714	Aug/08/2016	5.937620	(2,829)	0.0%
Bought CAD 6,450,055, Sold HKD 39,794,388	Aug/08/2016	0.162085	(214,211)	-1.4%
Bought CAD 628,962, Sold HKD 3,730,400	Aug/08/2016	0.168604	4,218	0.0%
Total foreign currency forward contracts			(224,156)	(1.5%)
Cash			899,004	5.7%
Leverage			(2,337,662)	(14.8%)
Net other assets (liabilities)			(224,883)	(1.3%)
Net assets attributable to holders of redeemable units			**$ 15,843,772**	**100.0%**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (JUNE 30, 2016)

1. GENERAL INFORMATION

Macquarie Emerging Markets Infrastructure Income Fund (the "Fund") is a closed-end investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of January 26, 2011 (the "Trust Agreement") between Aston Hill Capital Markets Inc. (the "Manager") 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. The address of the Fund's registered office is 77 King Street West, Suite 2110, Toronto, Ontario M5K 1G8.

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.

These financial statements were authorized for issue by Aston Hill Capital Market Inc. (the Manager) on August 29, 2016.

2. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Funds' accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

The Funds' long position investments in equity securities are designated at fair value through profit or loss ("FVTPL") at inception. The Funds' derivatives are categorized as held-for-trading. As a result of such designation and categorization, the Funds' investments and derivatives are measured at FVTPL. The Funds' obligation for net assets attributable to holders of redeemable units is presented at approximately the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The Funds' accounting policies for measuring the fair value of their investments and derivatives are identical to those used in measuring their published Net Asset Value. The fair values of the Funds' financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

b) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels at the beginning of the period in which circumstances giving rise of the transfer occur.

The fair value of financial assets and liabilities that are not traded in an active market including foreign currency forward contracts are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each measurement date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and others commonly used by market participants and which make the maximum us of observable inputs.

Refer to note 16 for further information about the Fund's fair value measurements.

The Fund's net asset value per unit did not differ from its net assets attributable to holders of redeemable units per unit as at June 30, 2016 and December 31, 2015.

c) Cash

Cash consists of cash in hand, deposits held with bank.

d) Investment Transactions and Income Recognition

Regular purchases and sales are recognised on the trade date - the date on which the Fund commits to purchase or sell the investment. Any realized and unrealized gains or losses are recognized using the average cost of the investments, which excludes broker commissions. The interest income for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. Dividend income and dividend expenses are recognized on the ex-dividend date.

e) Increase (decrease) Net Assets Attributable to Holders of Redeemable Units per Unit

The increase (decrease) in Net Assets attributable to holders of redeemable units per unit in the Statements of Comprehensive Income is calculated by dividing the increase (decrease) in Net Assets attributable to holders of redeemable units per series by the weighted average number of redeemable units outstanding for each relevant series during the period.

f) Unit Valuation

The Net Assets attributable to holders of redeemable units 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 of units for that day.

g) 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.

h) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities are expensed and are recognized in the Statements of Comprehensive Income.

i) Foreign currency translation

The majority of the Funds' subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the prevailing exchange rate at the measurement date. Foreign exchange gains and losses relating to cash and those relating to other financial assets and liabilities are presented as "net foreign exchange of gain (loss) on currency" in the Statements of Comprehensive Income.

The fair values of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the noon rate of exchange on each valuation date. Purchases and sales of investments and income derived from investments are translated at the prevailing rate of exchange on the date of such transactions.

j) Foreign currency forward contracts

The Fund may enter into foreign currency forward contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. The fair value of such contracts will fluctuate with changes in currency exchange rates. The contracts are marked-to-market and the change in fair value is recorded as an unrealized gain or loss. When a contract is closed, the Fund records a realized gain or loss in the Statements of Comprehensive Income as "realized gain (loss) on foreign currency forward contracts" equal to the difference between the value of the contract on the date it was opened and the value on the date it was closed.

k) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Manager provides investment management services to the Fund, including the provision of key management personnel.

l) Accounting Standards Issued But Not Yet Adopted

The final version of International Financial Reporting Standard (IFRS) 9, Financial Instruments, was issued by IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Fund is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Classification of Redeemable Units Issued by the Fund

Under IFRS, IAS 32 requires that shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as a financial liability. The unitholders can request cash distributions and therefore the Fund's units do not meet the criteria in IAS 32 for classification as equity. They have been classified as financial liabilities on the Statements of Financial Position.

Functional and Presentation Currency

The Fund's investors are primarily Canadian residents, with capital activities of the redeemable shares denominated in Canadian dollars. The primary activity of the Fund is to invest in Canadian, global securities and derivatives and to offer Canadian investors a higher return compared to other products available in Canada. The performance of the Fund is measured and reported to the investors in Canadian dollars and the expenses are primarily in Canadian dollars. The Manager considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

When the Fund holds financial instruments that are not quoted in active markets, fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding.

Classification and Measurement of Investments and Application of the Fair Value Option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make judgments about the classification of financial instruments and the applicability of the fair value option to its investments which are not held for trading. The Manager has determined that the Fund's derivatives are held for trading due to their short term nature. The fair value option has been applied to the Fund's investments in equity securities as the investments are managed on a fair value basis in accordance with the Fund's investment strategy.

5. REDEEMABLE UNITS

The beneficial interest in the net assets and net income of the Fund is divided into Redeemable 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 Redeemable 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, which is the last Business Day of August for each year commencing in August 2012. 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).

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).

During the six-month periods ended June 30, 2016 and 2015, the number of redeemable units issued, redeemed and outstanding was as follows:

	June 30, 2016	**June 30, 2015**
Balance – beginning of year	1,656,644	2,117,059
Units issued from exercise of warrants	–	–
Units redeemed	–	(1,000)
Balance – end of year	1,656,644	2,116,059

6. CAPITAL MANAGEMENT

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The Fund's objectives when managing capital is to safeguard the Fund's ability to continue as a going concern, to provide financial capacity and flexibility to meet its strategic objectives, and to provide an adequate return to unitholders commensurate with the level of risk while maximizing the distributions to unitholders.

The Fund does not have any externally imposed capital requirements, and the Manager believes that the current level of distributions, capital and capital structure is sufficient to sustain ongoing operations. The Manager actively monitors the cash position and financial performance of the Fund to ensure there are sufficient resources to meet distributions and redemptions.

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

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.

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).

9. FUND ADMINISTRATION

RBC Investor & Treasury Services is responsible for certain aspects of the Fund's day-to-day operations, including calculating Net assets attributable to holders of redeemable units, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund.

10. CUSTODIAN

Pursuant to the Trust Agreement, RBC Investor & Treasury Services (the "Custodian") also acts as custodian of the assets of the Fund. In consideration for these services, the Fund pays a fee to the Custodian. The Custodian is rated AA- by Standard & Poor's ("S&P") as of June 30, 2016 and December 31, 2015.

11. 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 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 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).

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

Service Fees

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 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 (during the six-month period ended June 30, 2015- $11,330).

IRC Fee

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

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

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).

12. INVESTMENT TRANSACTIONS AND SOFT DOLLAR SERVICES

There was $17,725 of broker commission paid during the six-month period ended June 30, 2016 in connection with portfolio transactions ($62,926 during the same period ended June 30, 2015). The Investment Manager maintains commission sharing arrangements with various executing brokers in which a portion of total commissions paid by the Fund is allocated to a pool of “credits” maintained by a broker. These credits may be used to pay for a portion of the Investment Manager’s permitted investment research services. No soft dollar services were included in the broker commission charges. These amounts are accounted for as transactional costs.

13. LEVERAGE

Pursuant to an agreement with a Canadian chartered bank, the Fund maintains a 364-day revolving credit facility. 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”) on January 31, 2014 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. There is no fixed termination date for this agreement and the interest rate for the leverage is variable.

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 six-month period ended June 30, 2016. 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).

14. INCOME TAXES

As at December 31, 2015 and 2014, the Fund did not have any net carry over taxable capital losses or non-capital losses.

15. FINANCIAL INSTRUMENT RISK

The Fund is exposed to a variety of financial instruments risks: credit risk, liquidity risk, portfolio concentration risk and market risk (including interest rate risk, currency risk and price risk). The level of risk to which each Fund is exposed depends on the investment objectives and the type of investments the Fund holds. The value of investments within a portfolio can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company-specific news related to investments held by the Fund. The Manager of the Fund may attempt to minimize the potential adverse effects of these risks on the Fund’s performance by, but not limited to, regular monitoring of the Fund’s positions and market events and diversification of the investments portfolio by asset type, country, sector, and term to maturity within the constraints of the stated objectives, and through the usage of derivatives to hedge certain risk exposures.

The Manager of the Funds monitors the below risks on a regular basis.

Concentration risk

Concentration risk is the risk associated with exposure to any one or more particular country, asset class and industry type security. Manager reduces the portfolio concentration risk for the Funds due to diversification by asset class and security of the Fund.

The following comparative summary represents the securities by asset type held by the Fund as at June 30, 2016 and December 31, 2015:

Country	June 30, 2016	December 31, 2015
Hong Kong	19.4%	23.60%
China	19.2%	21.80%
Brazil	18.3%	18.70%
Chile	15.3%	14.30%
Bermuda	14.5%	11.10%
Singapore	9.9%	10.00%
Mexico	4.6%	5.20%
India	2.8%	5.00%
Poland	2.4%	4.80%
Spain	1.7%	2.20%
Canada	1.5%	1.40%
Australia	1.2%	1.40%
United States	1.1%	1.30%
Net Other Assets (Liabilities)	(11.9%)	(20.8%)
Total	**100.0%**	**100.0%**

Market price risk

a) Price risk

Price risk is the risk that the fair 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). The value of each investment is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends. The Fund's equity instruments are susceptible to price risk arising from uncertainties about future prices of the instruments. All securities excluding short-term debt present a risk of loss of capital.

Other assets and liabilities are monetary items that are short-term in nature and therefore are not subject to significant price risk.

As of June 30, 2016, if equity prices had increased or decreased by 10% with all other variables held constant, the net assets attributable to holders of redeemable units of the Fund would have increased or decreased by approximately $1,773,000 (December 31, 2015 - $1,987,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

b) 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.

c) Interest rate risk

Interest rate risk is the risk that interest-bearing credit facility and the fair value of investments will fluctuate due to changes in prevailing levels of market interest rates. As a result, the value of the Fund that invests in debt securities and short-term notes and will be affected by changes in applicable interest rates. If interest rates fall, the fair value of existing debt securities may increase due to the increase in yield. Alternatively, if interest rates rise, the yield of existing debt securities may decrease which could lead to a decrease in their fair value. The magnitude of the decline will generally be greater for long-term debt securities than for short-term debt securities. Other assets and liabilities are short-term in nature and non-interest bearing.

As at June 30, 2016 and December 31, 2015, interest rate risk was negligible as the Fund had no exposure to investment and interest-bearing credit facility.

d) Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's the functional currency of the Funds. As a result, the Funds may be exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates.

The following tables indicate the foreign currencies to which the Fund had significant exposure as at June 30, 2016 and December 31, 2015 in Canadian dollar ("CAD") terms. The tables also illustrate the approximate potential impact on Net Assets attributable to holders of redeemable units if the CAD had weakened by 5% in relation to each of the other currencies, with all other variables held constant If the CAD 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 June 30, 2016:

	Exposure			Impact on net assets attributable to holders of redeemable units		
Currency	**Non - Monetary Instruments**	**Monetary Instruments**	**Total**	**Non-Monetary Instruments**	**Monetary Instruments**	**Total**
Australian Dollar	$ 185,665	$ 3,165	$ 188,830	$ 9,283	$ 158	$ 9,441
Euro	270,723	–	270,723	13,536	–	13,536
Brazilian Real	2,898,436	–	2,898,436	144,922	–	144,922
Chilean Peso	2,431,207	–	2,431,207	121,560	–	121,560
Hong Kong Dollar	8,411,600	(7,509,468)	902,132	420,580	(375,473)	45,107
Indian Rupee	447,566	–	447,566	22,378	–	22,378
Mexican Peso	723,349	–	723,349	36,167	–	36,167
Polish Zloty	383,658	–	383,658	19,183	–	19,183
United States Dollar	1,748,625	(2,322,013)	(573,388)	87,431	(116,101)	(28,670)
Total	**$ 17,500,829**	**$ (9,828,316)**	**$ 7,672,513**	**$ 875,040**	**$ (491,416)**	**$ 383,624**
% of net assets attributable to holder of redeemable units	**110.5%**	**(62.0%)**	**48.5%**	**5.5%**	**(3.1%)**	**2.4%**

As at December 31, 2015:

	Exposure			Impact on net assets attributable to holders of redeemable units		
Currency	**Non - Monetary Instruments**	**Monetary Instruments**	**Total**	**Non-Monetary Instruments**	**Monetary Instruments**	**Total**
Australian Dollar	$ 228,301	$ 4,248	$ 232,549	$ 11,415	$ 212	$ 11,627
Euro	362,501	–	362,501	18,125	–	18,125
Brazilian Real	3,071,203	76,338	3,147,541	153,560	3,817	157,377
Chilean Peso	1,834,157	66,178	1,900,335	91,708	3,309	95,017
Hong Kong Dollar	9,843,159	(6,859,150)	2,984,009	492,158	(342,958)	149,200
Mexican Peso	848,799	–	848,799	42,440	–	42,440
Philippine Peso	–	2,981	2,981	–	149	149
Polish Zloty	825,617	–	825,617	41,281	–	41,281
Thai Baht	781,619	–	781,619	39,081	–	39,081
United States Dollar	1,849,838	(4,860,532)	(3,010,694)	92,492	(243,027)	(150,535)
Total	**$ 19,645,194**	**$ (11,569,937)**	**$ 8,075,257**	**$ 982,260**	**$ (578,498)**	**$ 403,762**
% of net assets attributable to holder of redeemable units	**119.4%**	**(70.3%)**	**49.1%**	**6.0%**	**(3.5%)**	**2.5%**

Credit risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of a debt instrument includes consideration for the credit worthiness of the debt issuer. The credit risk exposure of the Funds' other assets is represented by their carrying amount as disclosed in the Statements of Financial Position. The carrying amount of debt investments and unrealized gain (loss) on derivative instruments outstanding with counterparties represents the maximum exposure to credit risk. Credit ratings for debt securities, preferred securities and derivative instruments are obtained from Standard & Poor's, where available; otherwise, ratings are obtained from Moody's Investors Service, Dominion Bond Rating Services or Canadian Bond Rating Services. Other assets will be settled in the short term.

The Manager evaluates the credit quality of the securities prior to purchase and performs ongoing monitoring of the credit quality of the securities. As of the purchase date, the Fund will not invest more than 10% of its total assets in the securities of any one issuer in accordance with investment restrictions.

The Fund is exposed to the credit risk of the Custodian, whose S&P credit rating as of June 30, 2016 and December 31, 2015 was AA-.

As at June 30, 2016 and December 31, 2015, the Fund was exposed to the credit risk of the counterparties to the forward contracts. The counterparties to the forward contracts had a S&P credit rating of AA- as of June 30, 2016 (The counterparties to the forward contracts had Fitch credit ratings of AA- as of December 31, 2015).

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations on time or at a reasonable price with financial liabilities. Unitholder redemption requests are the main liquidity risk for the Fund. The Fund is exposed to liquidity risk through its monthly and annual redemptions. Therefore, the Funds invest the majority of their assets in investments that are traded in an active market and can be readily disposed of. In addition, the Funds retain sufficient cash and cash equivalents to maintain liquidity.

All of the Fund's financial liabilities at June 30, 2016 and December 31, 2015 had maturities of less than one year. The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted amounts.

As at June 30, 2016						
Financial liabilities		**On demand**		**less than 3 months**		**Total**
Leverage	$	2,337,662	$	–	$	2,337,662
Unrealized depreciation of foreign currency forward contracts		–		232,209		232,209
Interest payable		–		4,004		4,004
Distributions payable		–		281,629		281,629
Other accounts payable and accrued expenses		–		50,081		50,081
Management fees payable		–		20,038		20,038
Total	**$**	**2,337,662**	**$**	**587,961**	$	**2,925,623**

As at December 31, 2015						
Financial liabilities		**On demand**		**less than 3 months**		**Total**
Leverage	$	4,861,854	$	–	$	4,861,854
Unrealized depreciation of foreign currency forward contracts		–		389,151		389,151
Interest payable		–		5,510		5,510
Payable for investment purchases		–		93,751		93,751
Distributions payable		–		281,629		281,629
Other accounts payable and accrued expenses		–		55,476		55,476
Management fees payable		–		3,637		3,637
Total	**$**	**4,861,854**	**$**	**829,154**	$	**5,691,008**

16. FAIR VALUE MEASUREMENT

The Fund's assets and liabilities recorded at fair value have been categorized within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The Fund classifies its investments and derivative assets and liabilities into three categories based on the nature of the inputs used to determine their fair value. The categories and the nature of the inputs used in each category are as follows:

Level l: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

Equities: The Fund's long equity positions are classified as Level 1 as the security held is 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.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2016 and December 31, 2015:

Assets at fair value as at June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	$ 17,731,469	$ –	$ –	$ 17,731,469
Foreign currency forward contracts	–	8,053	–	8,053
Total	**$ 17,731,469**	**$ 8,053**	**$ –**	**$ 17,739,522**

Liabilities at fair value as at June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign currency forward contracts	$ –	$ 232,209	$ –	$ 232,209
Total	**$ –**	**$ 232,209**	**$ –**	**$ 232,209**

Assets at fair value as at December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	$ 18,242,189	$ 1,625,403	$ –	$ 19,867,592
Foreign currency forward contracts	–	47,299	–	47,299
Total	**$ 18,242,189**	**$ 1,672,702**	**$ –**	**$ 19,914,891**

Liabilities at fair value as at December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign currency forward contracts	$ –	$ 389,151	$ –	$ 389,151
Total	**$ –**	**$ 389,151**	**$ –**	**$ 389,151**

There was no transfer among the three levels during the six-month period ended June 30, 2016 and the year ended December 31, 2015.

17. WITHHOLDING TAXES

The Funds incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate line item in the Statements of Comprehensive Income.

18. FINANCIAL INTRUMENTS BY CATEGORY

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the six months ended June 30, 2016 and the year ended December 31, 2015.

	Net gains (losses)	
Net gains (losses) on financial instruments at FVTPL	**June 30, 2016**	December 31, 2015
Financial Assets and Liabilities at FVTPL:		
Held for Trading	**$ 416,727**	$ (1,376,159)
Designated at inception	**(331,241)**	1,849,424
Total financial assets and liabilities at FVTPL	**$ 85,486**	$ 473,265

19. OFFSETTING OF FINANCIAL INSTRUMENTS

The Fund did not enter into master netting arrangements in connection with its Foreign Currency Forward Contracts with any counterparty. The agreement meets the criteria for offsetting in the Statements of Financial Position and allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. For counterparties where master netting arrangements are not entered into the gross assets and liabilities have not been offset on the statement of financial position.

The following table presents the recognized financial instruments that are offset, or subject to enforceable master netting agreements or other similar agreements, as at June 30, 2016 and December 31, 2015. The "Net" column shows what the impact on the Fund's Statements of Financial Position would be if all set-off rights were exercised.

As at June 30, 2016

				Related amounts not set-off in the Statement of Financial Position		
Financial Assets	**Gross Amount**	**Financial Instruments eligible for offset**	**Net amounts presented in the statement of financial position**	**Financial instruments**	**Collateral Pledged**	**Net Amount**
Counterparty						
Westpac Banking Corp.	$ 8,053	$ –	$ 8,053	$ (8,053)	$ –	$ –
Net Amounts	**$ 8,053**	**$ –**	**$ 8,053**	**$ (8,053)**	**$ –**	**$ –**
Financial Liabilities						
Westpac Banking Corp.	$(232,209)	$ –	$ (232,209)	$ 8,053	$ –	$ (224,156)
Net Amounts	**$(232,209)**	**$ –**	**$ (232,209)**	**$ 8,053**	**$ –**	**$ (224,156)**

As at December 31, 2015

				Related amounts not set-off in the Statement of Financial Position		
Financial Assets	**Gross Amount**	**Financial Instruments eligible for offset**	**Net amounts presented in the statement of financial position**	**Financial instruments**	**Collateral Pledged**	**Net Amount**
Counterparty						
Westpac Banking Corp.	$ 10,173	$ –	$ 10,173	$ –	$ –	$ 10,173
Bank of Nova Scotia	37,126	–	37,126	(37,126)	–	–
Net Amounts	**$ 47,299**	**$ –**	**$ 47,299**	**$ (37,126)**	**$ –**	**$ 10,173**
Financial Liabilities						
Bank of Nova Scotia	$(389,151)	$ –	$ (389,151)	$ 37,126	$ –	$ 352,025
Net Amounts	**$(389,151)**	**$ –**	**$ (389,151)**	**$ 37,126**	**$ –**	**$ 352,025**

CORPORATE INFORMATION

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C. Scott Browning

Robert Falconer

Joseph H. Wright

Directors and Senior Officers of the Manager

James Werry
Director

Kal Zakarneh
Chief Financial Officer

Derek Slemko
Director

Manager

Aston Hill Capital Markets Inc.

Investment Manager

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