



MACQUARIE INVESTMENT MANAGEMENT

Macquarie International Infrastructure Securities Fund Monthly Report - April 2012

Investment objective

The Macquarie International Infrastructure Securities Fund (Fund) aims to provide a return comprising both income and capital growth by investing in a diversified portfolio of global listed infrastructure securities, and to outperform the S&P Global Infrastructure Index (Net Total Return \$A Hedged)** over the medium to long term.

Fund performance to 30 April 2012

	Gross Fund Returns	Net Fund Returns*	Benchmark Returns**	Net Excess Returns
1 month (%)	0.27	0.18	0.12	0.06
3 months (%)	5.11	4.84	4.50	0.34
1 year (%)	6.41	5.27	3.39	1.88
2 years (% pa)	11.10	9.92	7.44	2.48
3 years (% pa)	16.52	15.28	12.48	2.80
5 years (% pa)	-0.27	-1.38	0.49	-1.87
Since inception (% pa)	5.71	4.52	6.16	-1.64

Past performance is no indication of future performance.

*Net returns are quoted after the deduction of all fees and expenses. Due to individual investor circumstances, your net returns may differ from the net returns quoted above.

**Until 28 February 2011, the benchmark was the Macquarie Global Infrastructure Total Return Index (\$A Hedged). From 1 March 2011, the benchmark is the S&P Global Infrastructure Index (Net Total Return \$A Hedged).

Fund highlights

The Fund returned 0.18% (after fees), while the benchmark returned 0.12%. As the Fund's foreign currency exposure is hedged, Australian dollar movements do not materially affect its return.

The major contributors to the Fund's return were the Airports, Water and Pipelines sectors. Toll Roads, Seaports and Diversified Infrastructure were the major detractors. Relative to the benchmark, the major positive contributors were positions in the Electric Utility, Airports and Water sectors. The major detractors were positions in the Seaports, Pipelines and Toll Roads sectors.

Market review

Global equities reversed their positive trend of the first quarter of 2012, returning -1.5% (as per the MSCI World Index in local currency terms) during April.

Economic momentum in the US reflected a moderate pace of growth. Federal Reserve chairman Ben Bernanke described the slow pace of recovery as "frustrating". "Here we are almost three years from the beginning of the expansion, and the unemployment rate is still over 8% ... It's been a very long slog. And that, I think, would be the single most concerning thing," he said.

While the economic recovery in the US continues slowly, a third round of quantitative easing by the Fed remains an option should conditions worsen. "We remain entirely prepared to take additional balance sheet actions as necessary to achieve our objectives," Mr Bernanke said. "Those tools remained very much on the table and we would not hesitate to use them should the economy require that additional support."

Economic data released in Europe during April took a turn for the worse. Spain was downgraded by S&P, while UK GDP disappointed expectations, coming in at -0.2% quarter on quarter, tipping the UK economy officially back into recession.

In Australia, expectations of a rate cut firmed over the month. In the event, the Reserve Bank of Australia (RBA) reduced the cash rate by 50bps at its May board meeting, based "on information received over the past few months that suggests that economic conditions have been somewhat weaker than expected, while inflation has moderated".

Top 10 holdings	(%)
Transurban	5.0
Asciano	3.8
Abertis Infraestructuras	3.2
Spark Infrastructure	3.1
PG&E	3.1
Severn Trent	3.0
Vinci	2.9
Hamburger Hafen und Logistik	2.8
Atlantia	2.8
NextEra Energy	2.7

By industry	(%)
Pipelines	18.7
Electric Utility	16.4
Toll Roads	15.9
Airports	11.9
Seaports	10.2
Electricity And Gas Distribution	8.6
Water	6.3
Electricity Transmission	3.7
Diversified	2.3
Communications	2.2
Rail/Other Transportation	1.1
Social Infrastructure	1.0

By country	(%)
United States	29.4
Australia	15.5
France	8.2
United Kingdom	8.0
China	7.7
Germany	6.5
Canada	5.0
Spain	4.6
Japan	3.8
Brazil	3.1
Italy	2.8
Mexico	2.2
Switzerland	1.4



Despite the negative return from global equities, global listed infrastructure outperformed and posted a small positive return over the month. The Water sector performed well, led by UK regulated water companies. Severn Trent was up largely on media speculation of a bid for the company. Pennon Group and United Utilities were also up a little on the Severn Trent speculation.

The Airports sector posted another positive return, continuing its recovery from a dip in February. Grupo Aeroportuario del Sureste reported solid 1Q results and is one of the two participants to present a final bid for the privatization of the Puerto Rico airport. Beijing Capital International Airport was up as the market responded to its FY 11 results released at the end of March which were above consensus due to its cost discipline and continued development of the non-aero business (such as retail and advertising). Aeroports de Paris also performed well on solid March traffic results.

The Pipelines sector performed well. Williams Co was up strongly as it reported earnings above expectations. Enbridge Inc performed well on positive sentiment. Enagas was weak as it reported results slightly below expectations. It maintained guidance for earnings and dividend growth of 8% in 2012.

The Seaports sector pulled back after recent outperformance. Chinese ports were weaker. China Merchants reported results that were a little below market expectations, while Cosco Pacific reported strong 1Q volume growth of 11% yoy in its container ports. Asciano was a little weaker, despite reaching an agreement with its port workers after very lengthy negotiations. This will also allow the company to update the market on planned efficiency improvements on the waterfront.

The Toll Roads sector was weaker. Italian toll roads were generally weaker on macro concerns. In France, Vinci was weak despite upgrading guidance slightly for the year. Spain's Abertis Infraestructuras was weak after it announced plans to acquire nine toll road concessions in Brazil and three in Chile, covering over 3500 km in total. Transurban continued to perform well after reporting 1Q revenue growth of 5.1%, despite weaker traffic growth which was expected due to road construction projects and poor weather.

Outlook

Global equity markets have paused after making strong gains since their recent low in October 2011. While investors have responded positively to policy developments in Europe and priced out the 'worst case' scenario, European concerns have heightened, particularly in relation to Spain.

We remain cautiously optimistic for listed infrastructure. We continue to identify attractive listed infrastructure opportunities. European stocks are somewhat undervalued, but in many cases are still facing a heightened risk profile due to sovereign / political risk, regulatory risk and an uncertain growth outlook. The overall economic outlook in Europe remains negative in the shadow of significant fiscal austerity and public and private deleveraging. We remain cautious and selective with exposure to Europe.

The portfolio has exposure to a number of investment themes, including US energy infrastructure build out, Chinese transportation and defensive regulated stocks with attractive yields and prospects for some growth, as well as niche opportunities in the Communications and Social Infrastructure sectors. With interest rates expected to remain low we believe that assets which offer the prospect of growth and yield, such as many infrastructure stocks, are well positioned. Many infrastructure stocks have resilient and growing earnings, high and sustainable dividend yields, generally defensive economic exposures, and attractive valuations.

Macquarie Investment Management Limited ABN 66 002 867 003 AFS Licence 237492 (Macquarie) is the issuer of units in the Fund. Investors should consider the offer document relating to the Fund in deciding whether to acquire or continue to hold units in the Fund. The offer document is available by calling 1800 814 523. The above information is not personal advice and does not take into account the investment objectives, financial situation or needs of any person. Performance, based on NAV prices, is calculated by compounding daily time-weighted returns and assumes reinvestment of income. Past performance is not necessarily an indication of future performance. Future results are impossible to predict. This report includes opinions, estimates and other forward-looking statements which are, by their very nature, subject to various risks and uncertainties. Actual events or results may differ materially, positively or negatively, from those reflected or contemplated in such forward-looking statements. Forward-looking statements constitute our judgement as at the date of preparation of this report and are subject to change without notice.

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Unit prices

Application price: \$0.8257

Redemption price: \$0.8215

NAV price: \$0.8236

Fund details

APIR code: MAQ0432AU

Inception date: 29 September 2005

Fund size: \$413m

Distribution frequency: Quarterly

Management fee: 1.00% pa

Buy/Sell spread: +0.25% / -0.25%

Minimum investment (Direct): \$20,000

Available platforms include:

AMP
ASGARD
AXA
BT
Colonial
Hillross
ING
IOOF
Macquarie
MLC
Navigator
Netwealth
Oasis
Synergy

Rated by:

Lonsec
S&P
Zenith

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