



Macquarie Capital Investment Management LLC

ADV Part 2A – Firm Brochure

125 West 55th Street
New York, NY 10019
USA
212-230-1000

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For further information, please contact:
William Fink – Chief Compliance officer
Telephone: 212-231-1000
(bill.fink@macquarie.com)

This brochure provides information about the qualifications and business practices of Macquarie Capital Investment Management LLC (“MCIM”). If you have any questions about the contents of this brochure, please contact us by phone at 212-231-1000 or by email at bill.fink@macquarie.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about MCIM is also available on the SEC’s Investment Adviser Public Disclosure (“IAPD”) website at www.adviserinfo.sec.gov.

Registering as an investment adviser does not imply any certain level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an adviser.

Item 2: Material Changes

On July 28, 2010, the United State Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which amends the disclosure document that we provide to Clients as required by SEC Rules. This Brochure dated July 28, 2015 is an updated document which replaces our previous Brochure which was dated June 30, 2015.

Pursuant to SEC Rules, we will provide you with a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will also provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

This Brochure has been updated to reflect changes to Item 9B: Disciplinary Information: *Administrative Proceedings before a Regulatory Agency.*

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Item 4: Advisory Business

A. Advisory Firm

Macquarie Capital Investment Management LLC (“MCIM”) is an indirect wholly owned subsidiary of Macquarie Group Limited (“Macquarie”), a publicly listed company in Australia (ASX: MQG). MCIM was formed on January 14, 2004 and became registered with the U.S. Securities and Exchange Commission as an investment adviser on February 6, 2004.

B. Advisory Services Offered

MCIM provides portfolio management and investment advisory services to registered investment companies, ERISA accounts, and other institutional clients, both foreign and domestic. These accounts may invest in globally listed equity issued by companies engaged in infrastructure activities which may include emerging market securities. The underlying investors in the accounts of MCIM’s clients may be either institutional or retail. MCIM may also provide advisory services related to unlisted securities and other hybrid, equity-like securities or instruments related to infrastructure, such as interests in private infrastructure partnerships.

C. Tailored Advisory Services

MCIM’s advisory services are provided pursuant to investment authority granted by each Client through an investment advisory agreement, or similar document, based on specific investment objectives and strategies agreed upon prior to commencement of investing for the account. Investment advisory services may be provided on a discretionary or non-discretionary basis and are tailored to the needs of each Client. Clients may impose restrictions on the securities or types of securities to be used in their portfolio.

D. Wrap Fee Programs

Wrap fee programs are arrangements between broker-dealers, investment advisers, banks and other financial institutions (typically acting as sponsors of the programs) and affiliated and unaffiliated investment advisers (or portfolio managers) through which the customers of such firms receive discretionary investment advisory, execution, clearing, and custodial services in a “bundled” form. In exchange for these “bundled” services, customers pay an all-inclusive – or “wrap” – fee determined as a percentage of the assets held in the wrap fee account.

MCIM does not participate in any wrap fee programs.

E. Assets Under Management

As of March 31, 2015, MCIM managed approximately \$ 1,274,310,383 in Client assets under management. As of that date, MCIM managed \$1,274,310,383 on a discretionary basis and \$0 on a non-discretionary basis.

Item 5: Fees and Compensation

A. Compensation

MCIM may receive compensation from each advisory Client in a combination of management fees (a percentage of gross or net assets under management) and, in some cases, a performance-based fee (a percentage of realized or unrealized gains on investments or performance above an agreed upon benchmark). MCIM does not have a standardized fee schedule.

MCIM charges its clients that are registered investment companies and ERISA accounts a base management fee for investment advisory services. This fee, charged in arrears, is expressed as a percentage of gross or net assets under management. Gross and net assets may be calculated utilizing cost, par value, fair market value or other mutually agreed upon measures. The specific fee arrangements, including the amount, timing and basis of calculation, have been determined through negotiations with each Client and documented in a written agreement.

MCIM's other clients are charged a management fee and/or a performance-based fee. Performance-based fees will be charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended. Advisory fees and performance-based fees are specified in the relevant investment advisory agreement with each client. Clients may pay higher or lower fees than other clients who are receiving substantially similar services.

In some cases, MCIM may serve as a non-discretionary investment adviser to collective investment trusts and may receive fees for the non-discretionary investment advisory services it provides to those Clients.

B. Payment of Fees

The time at which fees are payable is negotiated with the Client. In general, management fees are payable monthly or quarterly in arrears. Performance fees are payable on a percentage of realized or unrealized gains on investments or investment performance above an agreed upon benchmark, which may be subject to a high watermark. The written agreement with the Client generally provides that the Client may terminate the agreement under specific circumstances without the payment of any penalty, upon giving sufficient notice to MCIM.

C. Other Fees

No additional fees are paid to the registrant by clients in connection with advisory services provided by MCIM.

Clients may incur audit expenses, taxes, bank charges, expenses related to the due diligence of investments, including legal and tax advice, and, with respect to new funds, formation expenses.

Custodians (generally banks and broker-dealers) will be used to provide custodial and/or administrative services in connection with the management of client assets. The cost of these services is not included in the management fees discussed above.

Clients will incur brokerage and other transaction costs. Please see “Item 12: Brokerage Practices” below for more complete information regarding MCIM’s brokerage practices, including the use of its global affiliate, Macquarie Capital USA Inc. (“MCUSA”) through which it may place client transactions.

In addition, if assets are invested in a mutual fund or exchange traded fund (“ETF”), the Client indirectly bears a pro rata share of operating expenses incurred by the mutual fund or ETF, including, without limitation, brokerage fees and transaction costs, transfer agency fees and custodial expenses. These expenses are described in greater detail in the Prospectus and/or Statement of Additional Information for the relevant mutual fund or ETF.

D. Payment of Fees in Advance

MCIM Clients do not pay fees in advance.

E. Compensation for Sale of Securities or Other Investment Products

None of MCIM’s supervised persons accepts compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds.

Item 6: Performance-Based Fees and Side-by-Side Management

Rule 205-3 of the Investment Advisers Act of 1940 permits a registered investment adviser to enter into a performance fee agreement with certain sophisticated Clients who have the capacity to bear the potential additional risks of such a fee arrangement. An adviser can rely on Rule 205-3 only if the performance fee agreement is with “eligible” Clients as defined in the Rule.

Consistent with the parameters of the Rule, MCIM may receive performance-based fees from certain of its Clients. MCIM may manage accounts that pay a performance-based fee and accounts that do not.

Performance based fees have the potential to cause a conflict of interest by creating an incentive to favor accounts charging such fees over accounts charging asset-based fees. MCIM’s allocation policies (see Item 12: Brokerage Practices, below) address such potential conflicts of interest by prohibiting the Portfolio Manager from unfairly favoring one account over another. From time to time, MCIM may manage accounts whose investment interests may materially differ from one another. In such instances, MCIM will comply with the Macquarie Group Conflicts of Interest policy to ensure that all clients are treated fairly. Conflicts of interest also arise in the trade allocation process. MCIM has a trade allocation procedure whereby trades are generally allocated between Clients with similar investment strategies on a pro rata basis. These

policies apply equally to accounts that charge asset-based fees and those that are charged performance-based fees.

Item 7: Types of Clients

MCIM's Clients may include individuals, investment companies, pension and profit sharing plans, ERISA accounts and other corporations or business entities. MCIM's Clients may also include governments, government agencies, international organizations, educational institutions and other pooled investment vehicles that are exempt from the definition of an investment company under the Investment Company Act of 1940. MCIM's Clients may also include foreign companies or entities, some of which may be related persons of MCIM.

Certain asset strategies within MCIM may impose a minimum investment of \$500,000 for starting or maintaining an account. Additionally, MCIM and its Clients may impose a minimum dollar value of assets or other conditions for their underlying investors, such as conditions imposed by applicable law or regulation.

Minimum invest requirements for the mutual funds advised or sub-advised by MCIM are set forth in the fund's respective prospectus and SAI (if applicable).

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies

MCIM's methods of analysis may include fundamental research as well as technical and charting. The main sources of information that may be used by MCIM are interviews of corporate officers and facilities tours, financial research reports and materials prepared by others, publications and ratings issued by corporate rating services, periodic and annual reports, prospectuses and other filings with the Securities and Exchange Commission and similar foreign organizations, company press releases, and other publicly available information considered useful by MCIM. In addition to those sources enumerated, MCIM may also utilize various additional sources of information to evaluate the investment merits of particular investments, including private placement memoranda prepared by commercial and investment banks, independent credit analysis and market research prepared by banks and brokers.

The investment process used to implement any investment strategy for clients may include one or more of the following: long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions and option writing (including covered options, uncovered options or spreading strategies).

MCIM may utilize leverage through the issuance of leverage instruments, consistent with Clients' investment guidelines and, in the case of advisory services provided to registered investment companies, with the restrictions on leverage imposed by the Investment Company Act of 1940.

MCIM, in certain accounts, concentrates its investments in securities issued by companies principally engaged in the infrastructure industry. This may create greater exposure to the potential adverse economic, regulatory, political, and other changes affecting such entities.

Subject to a Client's investment advisory agreement and applicable rules and restrictions, MCIM may purchase futures contracts to hedge client portfolios against certain correlation risks between the performance of the United States securities markets and the performance of foreign markets' equity and debt securities. MCIM may also hedge the exposure of Client portfolios to fluctuations in their base currency relative to foreign currency by purchasing futures contracts or entering into forward contracts. Finally, MCIM may use credit default contracts to take and/or hedge certain exposures within Client portfolios as an alternative to using fixed income securities as a means to take on such exposure.

These methods, strategies and investments involve risk of loss to Clients, and Clients must be prepared to bear the loss of their entire investment.

B. *Material Risks*

The material risks relating to the foregoing investment strategies and/or securities may include the following risks:

- **Buy and Hold Risk.** The registrant may buy securities and hold them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the security price.
- **Concentration Risk.** Investments that are concentrated in a particular issuer, geographic region, or sector may make the account's value more susceptible to the events or conditions impacting the issuer, geographic region, or sector.
- **Counterparty Risk.** A counterparty to a financial instrument entered into by an account may become bankrupt or otherwise fails to perform its obligation due to financial difficulties, including making payments to the account.
- **Derivatives Risk.** Derivatives are financial instruments that have a value which depends upon, or is derived from, the value of something else, such as one or more underlying securities, pools of securities, options, futures, indexes or currencies. In addition to the potential for increased losses, the use of derivative instruments may lead to increased volatility within the account.
- **Emerging Market Risk.** Emerging market risk is the possibility that risks associated with international investing will be greater in emerging markets than in more developed foreign markets because, among other things, emerging markets may have less stable political and economic environments.

- **Foreign Currency Risk.** The value of an account's investments may be negatively affected by changes in foreign currency exchange rates.
- **Government and Regulatory Risk.** Governments and regulatory authorities have, from time to time, taken or considered actions that could adversely affect various sectors of the securities markets and impact fund performance.
- **Hedging Risk.** There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly.
- **Investment Objective Risk.** A Client's objectives may not be met by the investment adviser's choice of investments.
- **Issuer Risk.** An issuer may perform poorly, and therefore, the value of its securities may decline.
- **Leverage Risk.** Leverage arises due to a client's ability to borrow. Leverage may result in more volatile performance of the client's account, potentially magnifying the gains or losses incurred.
- **Liquidity Risk.** Liquidity risk exists when particular investments are difficult to purchase or sell, preventing the ability to close out a position or rebalance within a timely period and at a fair price.
- **Market Risk.** All the strategies have market risk, which is the risk that the market value of a security or financial instrument will fluctuate, sometimes rapidly and unpredictably. These fluctuations may cause a security or financial instrument to be worth less than it was at the time of purchase.
- **Master Limited Partner Risk.** Holders of the units of master limited partnerships have more limited control and limited rights to vote on matters affecting the partnership. There are also certain tax risks associated with an investment in units of master limited partnerships.
- **Short Selling Risk.** Short selling exposes the Client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit.

No MCIM strategy currently employs high frequency trading as part of its portfolio management process.

C. Materials Risks of Particular Securities

Material risks of particular types of investments employed in the foregoing investment strategies may include:

- **Infrastructure-Related Companies Risk.** Infrastructure-related businesses are subject to a variety of factors that may adversely affect their business or operations including high interest costs in connection with capital construction programs, costs associated with environmental and other regulations, the effects of economic slowdown and surplus capacity, increased competition, uncertainties concerning availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

Item 9: Disciplinary Information

A. Criminal or Civil Action

Neither MCIM nor any of its management persons has been the subject of any criminal or civil actions.

B. Administrative Proceedings before a Regulatory Agency

In July 2015, Macquarie Capital Investment Management LLC (“MCIM”) entered into a settlement of an administrative proceeding with the US SEC. MCIM advises or sub-advises registered investment companies (“Fund Service Activities”). The US SEC’s Order found that MCIM violated Section 9(a) of the Investment Company Act due to engaging in Fund Service Activities from April 1, 2015 through May 15, 2015 without exemptive relief. Due to an injunction against an affiliate of MCIM on April 1, 2015, MCIM required exemptive relief under Section 9 of the Investment Company Act to continue to be eligible to provide Fund Service Activities after April 1, 2015. On May 15, 2015, the US SEC staff, acting under delegated authority from the US SEC, granted temporary exemptive relief from Section 9(a) of the Investment Company Act with respect to the Injunction. Without admitting or denying the validity of the US SEC’s findings, MCIM agreed to pay a penalty of \$20,000.

C. Self-Regulatory Agency Proceedings

Neither MCIM nor any of its management person has been the subject of any self-regulatory organization (SRO) proceeding.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registrations

MCIM is not registered, nor does it have an application pending to register, as a broker-dealer.

As noted in Item 5, when MCIM has brokerage discretion to select broker-dealers to transact securities transactions for clients, MCIM may utilize Macquarie Capital USA Inc. (“MCUSA”), an affiliated broker-dealer, to trade a portion of such transactions if Client investment guidelines and applicable regulations allow it. Clients whose investment guidelines do allow trading through MCUSA may nonetheless trade with other brokers or

dealers that are not affiliated with MCIM. All security transactions are effected based on the expectation that best execution can be achieved.

These arrangements represent a conflict of interest because they may provide an economic incentive for MCIM and its personnel to use MCUSA to benefit Macquarie Group, in lieu of other brokers to effect client securities transactions.

Please see the response to Item 12 for more complete information regarding MCIM's brokerage practices.

B. Other Registrations

Neither MCIM nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the forgoing entities.

C. Affiliations or Relationships Material to Advisory Business

Broker-dealer

MCIM's related parties include Delaware Distributors, L.P., a SEC registered broker-dealer that may offer interests in the pooled investment vehicles that MCIM sponsors and/or advises and Macquarie Capital (USA) Inc., an SEC registered broker-dealer that may offer interests in the pooled investment vehicles that MCIM sponsors and/or advises. Management persons and/or other personnel of MCIM may also be associated with Macquarie Capital (USA) Inc., as discussed in Item 10.A.

Other Investment Advisers

MCIM has a resource sharing agreement with Macquarie Capital Investment Management (Australia) Limited ("MCIML"), an Australian-based investment adviser registered with ASIC, the Australian securities regulator. Macquarie Funds Management Hong Kong Limited and Macquarie Infrastructure Partners Inc., both U.S. registered investment advisers, share certain supervised persons as MCIM. MCIM's parent, MBL, wholly owns Delaware Management Business Trust ("DMBT"), a U.S.-registered investment adviser. MCIM also sub-advises certain funds for Macquarie Investment Management Limited, a U.S. registered investment adviser and sub-advises certain registered investment companies and other accounts for DMBT.

Please refer to Item 11 for a full discussion of any conflicts of interest these relationships may raise and how they are addressed.

D. Recommending Other Investment Advisers for Compensation

MCIM does not recommend or select other investment advisers for its Clients where it receives compensation directly or indirectly from those advisers. However, MCIM may enter into sub-advisory relationships with other investment advisers, including affiliates of MCIM.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

MCIM has a written Code of Ethics (“Code”) to which all MCIM staff are required to adhere. MCIM’s Code imposes restrictions on the ability of its employees and their supervised persons who are “Access Persons” (as defined in the Investment Advisers Act) to invest in securities that may be recommended or traded in MCIM Client accounts. The Code currently applies to most securities transactions (including transactions in equity or debt securities, municipal bonds, exchange-traded securities, securities indices, derivatives of securities and similar instruments) and mutual fund transactions (including transactions in closed end mutual funds, excluding money market funds, open-end mutual funds and other mutual funds specifically designed for short-term investment).

Pursuant to the Code and MGL’s personal dealing policy, Access Persons are required to pre-clear all of their personal securities transactions in securities that are not exempt from the Code or MGL’s personal dealing policy. Access Persons must also receive prior approval before purchasing any securities in a private placement or pursuant to an initial public offering.

Access Persons are subject to a 14-day holding period between purchases and sales in the same securities and mutual funds with certain exceptions (such as transactions in mutual funds subject to periodic purchase plans and other exceptions specifically granted by MCIM Compliance). Certain Access persons are also subject to specific blackout period restrictions.

All Access Persons are subject to reporting obligations, including filing a quarterly personal securities transaction report (which provides information with regard to all securities and mutual fund transactions that are required to be reported, if any, effected during the previous quarter for their own accounts and any accounts over which they have direct or indirect beneficial interest, influence and/or control). Access Persons are also required to disclose their securities and mutual fund accounts to MCIM upon hire and annually confirm the information.

Further, MCIM Access Persons are also subject to additional approval procedures, restrictions and reporting requirements with respect to serving on a board of a publicly traded company, engaging in certain other outside activities that may conflict with MCIM’s obligations to its clients, giving or receiving gifts and entertainment, and making political contributions.

Any Access Person who violates the Code may be subject to disciplinary actions, including possible dismissal. In addition, any securities transactions executed in violation of the Code, such as short-term trading or trading during blackout periods, may subject the Access Person to sanctions, ranging from warnings and trading privilege suspensions to financial penalties, including but not limited to, unwinding the trade and/or disgorging the profits as well as

additional disciplinary action. Violations and suspected violations of criminal laws will be reported to the appropriate authorities as required by applicable laws and regulations.

MCIM's Clients and/or prospective Clients may obtain a copy of its Code of Ethics upon request by calling their client service representative.

B, C. & D. Potential Conflicts of Interest

As discussed above, MCIM's ultimate parent is MGL, a multi-national financial services company. Therefore, MCIM is affiliated with a number of entities that may provide, and/or may engage in commercial banking, insurance, brokerage, investment banking, financial advisory, broker-dealer activities (including sales and trading), hedge funds, real estate and private equity investing, in addition to the provision of investment management services to institutional and individual investors. Since MGL, its affiliates, directors, officers, and employees (the "Macquarie Group") are engaged in businesses and have interests other than managing asset management accounts, such other activities may involve real, potential, or apparent conflicts of interests. These interests and activities include potential advisory, transactional and financial activities and other interests in securities and companies that may be directly or indirectly purchased or sold by MCIM for its clients' advisory accounts. These are considerations of which advisory clients should be aware and which may cause conflicts that could be to the disadvantage of MCIM's advisory clients. Present and future activities of the Macquarie Group, in addition to those described herein, may also result in conflicts of interest that may be disadvantageous to MCIM's clients.

MCIM has established policies, procedures and disclosures designed to address conflicts of interest arising between advisory accounts and the Macquarie Group's businesses. It is MCIM's policy that MCIM personnel involved in decision making for advisory accounts must act in the best interests of their advisory clients and generally without knowledge of the interests of proprietary trading and other operations of the Macquarie Group and/or personnel of the Macquarie Group. Where advisory personnel do know of conflicts or potential conflicts among advisory accounts or between advisory accounts and the Macquarie Group and/or personnel of the Macquarie Group, it is MCIM's policy to disclose the existence of such conflicts or potential conflicts in general form through this Form ADV or directly to clients.

MCIM (i) has related parties that may act as principal, broker or agent in connection with securities transaction with or for clients; (ii) may recommend that clients buy or sell securities in which MCIM or another affiliate has a financial interest; and (iii) may buy and sell for its own account securities that it recommends to clients.

MCIM may enter into arrangements with affiliates and third party service providers to perform various administrative, back-office and other services relating to client accounts. Such service providers may be located in the US or in non-US jurisdictions.

MCIM acts as a fiduciary with respect to its asset management activities and owes its clients a duty of undivided loyalty. As a fiduciary, MCIM is required to act solely in the best interests of the clients whose assets it manages.

On occasion, other entities within the Macquarie Group may have engagements and responsibilities which could give the appearance of a conflict with MCIM's duty of loyalty. To minimize these conflicts, as a general matter, MCIM employees associated with the investment process (including portfolio managers and research analysts) have no contact with employees of the Macquarie Group outside of MCIM regarding specific clients, business matters or initiatives, unless permissible by internal procedures, or approved by MCIM Compliance.

The Macquarie Group is a major participant in global financial markets and it acts as an investor, investment banker, investment manager, financier, advisor, market maker, trader, lender, agent and principal in the global fixed income, currency, commodity, equity and other markets in which MCIM's advisory accounts may directly and indirectly invest. As permitted by, and in conformity with applicable laws and regulations, MCIM's advisory accounts may invest in, engage in transactions with, make voting decisions with respect to, and/or obtain services from entities for which the Macquarie Group performs or seeks to perform banking or other services. Additionally, it is likely that MCIM's advisory accounts will undertake transactions in securities in which the Macquarie Group makes a market or otherwise has direct or indirect interests. MCIM makes decisions for its Clients in accordance with its fiduciary obligations as manager of its advisory accounts. As noted below, however, certain activities of the Macquarie Group may have a negative or detrimental effect on advisory accounts of MCIM.

MCIM may take investment positions in securities in which its clients or related persons within MGL or MCIM itself have different investment positions. There may be instances in which MCIM is purchasing or selling for its client accounts securities in which the Macquarie Group and/or MCIM is undertaking the same or differing strategy. Prices, availability, liquidity and terms of the investments may be negatively impacted by the Macquarie Group's and MCIM's activities and the transactions for MCIM's clients may, as result, be less favorable. The investment results for MCIM's clients may differ from the results achieved by the Macquarie Group, itself and other clients of the Macquarie Group. In addition, results among MCIM clients may differ. For a summary of the restriction of the flow of certain information between MCIM and other parts of Macquarie Group, please see "Information Barriers" below. As noted, MCIM makes decisions for its clients in accordance with its fiduciary obligations as manager of its advisory accounts, independent of what decisions may be made by or in other parts of the Macquarie Group.

The investment activities of the Macquarie Group may limit the investment opportunities for MCIM's client accounts. This may occur in certain regulated industries, private equity markets, emerging markets, and in certain futures and derivative transactions where restrictions may be imposed upon the aggregate amount of investment by affiliated investors. MCIM may voluntarily limit transactions for client accounts or limit the amount of voting securities purchased for client accounts, or waive voting rights for certain securities held in

client accounts, which may limit positions, in order to avoid circumstances which, in the view of MCIM, would require aggregation of such client account positions with investments elsewhere in the Macquarie Group that would approach or exceed certain ownership thresholds.

MCIM may engage in security transactions with brokers who coincidentally sell shares of registered investment companies advised by MCIM, provided that it reasonably believes that the broker will provide best execution. There are no quid pro quo arrangements or agreements in place with these brokers. However, trading with these brokers may raise the appearance of a conflict of interest.

Certain Access Persons of MCIM also serve as the investment team for another MGL wholly-owned subsidiary (“Participating Affiliate”) that provides investment advisory services to funds and managed accounts that are offered outside of the United States (“non-US client accounts”). These individuals, on behalf of MCIM and the Participating Affiliate, may give advice or take action with respect to the investments of client accounts and non-US client accounts (together “Client Accounts”) that may not be given or taken with respect to other Client Accounts with similar investment programs, objectives, and strategies. Accordingly, Client Accounts with similar strategies may not hold the same securities or instruments or achieve the same performance. These individuals, on behalf of MCIM and the Participating Affiliate, may also advise Client Accounts with conflicting programs, objectives or strategies. These activities may also adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Client Accounts. Finally, MCIM and the Participating Affiliate may have conflicts in allocating their personnel’s time and services among Client Accounts. MCIM will devote as much time to each Client Account as MCIM deems appropriate to perform its duties in accordance with its management agreement.

MCIM and the Participating Affiliate may have portfolio managers who manage long/short Client Accounts alongside long-only Client Accounts. For example, MCIM and/or the Participating Affiliate may hold on behalf of a Client Account a security for which MCIM and/or the Participating Affiliate may establish a short position on behalf of another Client Account. The subsequent short sale may result in impairment of the price of the security held long in the Client Account. Conversely, MCIM and/or the Participating Affiliate may on behalf of a Client Account hold a short position in the same security which it may purchase on behalf of another Client Account. The subsequent purchase may result in an increase of the price of the underlying position in the short sale exposure.

MGL may from time to time in its sole discretion invest in one or more Client Accounts with no obligation to invest in any or all Client Accounts. MGL may also engage MCIM to manage proprietary money in accounts or funds that are separate from Client Accounts (“MGL Proprietary Accounts”). MCIM may buy, sell, or hold securities or other instruments for MGL Proprietary Accounts while entering into different investment decisions for one or more Client Accounts.

Information Barriers

The Macquarie Group may come into possession of confidential, material non-public information particularly in connection with its commercial and investment banking activities. The Macquarie Group, including MCIM, has internal procedures in place intended to limit the potential flow of any such non-public information. Should MCIM come into possession of material, non-public information, MCIM has procedures that prohibit trading activities based on such information by MCIM for its clients and by MCIM employees. MCIM may not use material, non-public information obtained from any division of the Macquarie Group when making investment decisions for its clients. As a result of these procedures and prohibitions, client accounts may be precluded from purchasing or selling certain securities, which could have a detrimental effect on one or more client accounts. There may be instances where members of MCIM senior management who are not involved in the investment process may be privy to material, non-public information about transactions or securities due to discussions with senior personnel from other departments within the Macquarie Group. However, when in possession of material, non-public information, such members of senior management may not participate or use that information to influence trading decisions or securities; nor may they pass that information along to personnel within MCIM involved in the investment process (e.g., portfolio managers, research analysts and traders).

There may also be periods during which MCIM may not initiate or recommend certain types of transactions, or may otherwise restrict or limit its advice given to clients in certain securities issued by or related to companies that the Macquarie Group is performing banking or other services, or companies in which the Macquarie Group has a proprietary position. As a result, client accounts may be precluded from purchasing or selling certain securities, which could have a detrimental effect on one or more client accounts.

Proprietary Account Trading

In accordance with the Macquarie Group's policy, MCIM may invest and manage proprietary capital in certain products and strategies also managed by MCIM for clients; these investments may be hedged against market risk, while client assets may not be so hedged. The portfolio management and trading of the proprietary capital investment as well as any associated hedge activity is undertaken in accordance with MCIM policies and procedures. Proprietary capital may not perform the same as similarly managed client accounts for a variety of reasons, including regulatory restrictions on the type and amount of securities in which the proprietary capital may be invested, differential credit and financing terms, as well as any hedging transactions. While MCIM acts solely in the best interests of its clients, these circumstances may give rise to the appearance of a conflict of interest.

Item 12: Brokerage Practices

A. Selection of Broker-dealers

MCIM has several policies and procedures in place with respect to the selection of broker-dealers for portfolio transactions. These include Affiliated Broker, Best Execution, Soft Dollar Arrangements and Fair Allocation (discussed in Item B below).

MCIM utilizes a semi-annual voting process to determine the approximate commission level of the counterparties used by its Clients. Factors considered include pricing, relationship metrics such as trading color and trustworthiness, corporate relationships including access to management, IPOs and placements, and research.

To add a new trading relationship, the new counterparty must be nominated by the front office staff and sent through to the trading desk for inclusion in the next vote. If the new broker/dealer receives a high enough vote, then a trading relationship will be initiated with the broker by the trading desk.

Affiliated Broker

Unless otherwise instructed or directed by a client for which it has discretion, MCIM has the authority generally to determine the broker to be used to affect a client's securities transactions and the commission rates to be paid in connection with a client's securities transactions. When it has discretion to select broker-dealers to execute securities transactions for clients, MCIM selects brokers in accordance with its obligation to seek best execution and may use MCUSA, its affiliated broker-dealer, to trade a portion of the client's transactions. Although MCIM believes that MCUSA commission rates are generally competitive with that of unaffiliated broker-dealers providing comparable services and overall qualitative execution, MCIM does not represent to clients it will necessarily obtain the lowest possible commission charge on every trade. MCIM effects all transactions through MCUSA on an agency basis. All affiliated broker-dealer transactions will be done according to applicable laws and regulations.

Best Execution

MCIM places all orders for the purchase or sale of securities with the primary objective of seeking to obtain the best execution from responsible executing broker-dealers at competitive rates. MCIM seeks to deal with executing broker-dealers that can provide high-quality execution services. MCIM takes into account all factors that it considers to be relevant, including, by way of illustration, price, the size of the transaction, the nature of the market of the security, the amount of the commission, the timing and impact of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker-dealer involved, the willingness of the broker-dealer to commit capital, the need for anonymity in the market, and the quality of the services rendered by the broker-dealer in other transactions, including the research provided by the broker-dealer.

Soft Dollar Arrangements

MCIM may also utilize brokers providing research and brokerage services even though lower commissions may be charged by brokers not offering such services. Commonly referred to "soft dollar" arrangements, MCIM will acquire brokerage and research services that provide lawful and appropriate assistance to MCIM in carrying out its' investment decision-making responsibilities. Under these arrangements, rather than spending "hard dollars" (cash) MCIM obtains brokerage and research services from a broker in exchange for commissions. MCIM intends for these arrangements to comply with Section 28(e) of the Securities Exchange Act of 1934. In addition, client commission arrangements have been implemented with specific brokers by which MCIM contracts for brokerage services at a specified

commission rate with a portion of the commissions generated being deposited in a separate commission “pool”.

MCIM will periodically direct the broker to pay specified dollar amounts from that pool for eligible research services rendered by another provider. Payment to the research provider is not conditioned, directly or indirectly, on the execution of any particular transaction(s) in securities that are analyzed by the research service. Further, the research service provider does not perform other functions typically characteristic of broker-dealers activity (i.e. execute, clear or settle securities transactions). The determination as to eligibility and the value of the research services received is the sole independent responsibility of MCIM under its soft dollar arrangement procedures.

Neither the research services nor the amount of brokerage given to a particular broker-dealer are made through an arrangement or commitment that would obligate MCIM to pay selected broker-dealers for the services provided.

In certain cases, a research service may serve additional functions that are not related to the making of investment decisions (such as accounting, record keeping or other administrative matters). Where a product obtained with commissions has such a mixed use, MCIM will make a good faith allocation of the cost of the product according to its use. MCIM will not use soft dollars to pay for services that provide only administrative or other non-research assistance.

Below is a list of the items MCIM utilizes, in whole or in part, for investment decision-making and currently pays for, in either whole or in part, with soft dollars:

- Fact Set: a risk application system utilized to provide market fundamental and macroeconomic data required for the development of risk models;
- Bloomberg: a subscription service which allows access to financial, regulatory and market databases through their Bloomberg Terminals;
- SunGard APT (Arbitrage Pricing Theory): a risk model provider capable of providing portfolio risk drivers and user-defined risk factors;
- Reuters Knowledge: a web-based information and analytics tool that provides access to broker research fundamental data, real-time estimates, and market news and events;
- Index License Fees (e.g., S&P Global Infra Index): index-based investment strategy data used in the investment process;
- MSCI Index: portfolio risk and performance analytics and governance tools.
- Insight Research: research specializing in European and LATAM infrastructure.

Though MCIM currently utilizes Macquarie Capital USA, Inc. (MCUSA), an affiliated US registered broker-dealer, for trade execution, and evaluates this broker-dealer using the same guidelines as stated above, MCIM has not entered into any soft dollar arrangements with MCUSA.

The use of client commissions to obtain research and brokerage products and services raises conflicts of interest to the extent that MCIM will not have to pay for the products and services itself. This creates an incentive for MCIM to select or recommend a broker-dealer based on its interest in receiving those products or services, rather than MCIM's clients' interest in receiving the most favorable execution.

To monitor this conflict, MCIM staff will periodically meet to review the brokerage and research products it obtains from brokers and the commissions charged with respect to such products to determine whether the commissions are reasonable in relation to the value of the brokerage and research products. This determination will be viewed in terms of either the specific transaction or MCIM's overall responsibilities to the accounts or portfolios over which MCIM exercises investment discretion. The benefits derived from a particular broker in return for commission business may be used in serving some or all of MCIM's clients. In addition, some research or other benefits may not necessarily be used by MCIM in servicing the clients whose commission dollars provided for the benefit or research.

Client Referrals

MCIM does not consider, in selecting or recommending broker-dealers, whether it or a MCIM affiliate receives client referrals from a broker-dealer or third party.

Directed Brokerage

Clients may direct MCIM to use specific broker-dealers. If a client directs MCIM to use a specific broker-dealer, it may lose any discounts that MCIM may negotiate on aggregated transactions, it may pay higher transaction costs or brokerage commissions, and MCIM may be unable to achieve the most favorable execution. Directing MCIM to use a particular broker-dealer might also affect the timing of a client's transaction. There may be times when MCIM may not trade with a client's directed broker-dealer until all non-directed brokerage orders are completed.

B. Aggregation of Orders

As part of MCIM's duty to seek best execution, MCIM may, but is not required to, aggregate purchases and sales of the same security for several clients and allocate the trades, in a fair and equitable manner, across participating accounts over time. To address these circumstances, MCIM has adopted the fair allocation policies described below. The procedures are designed to help assure that investment opportunities are allocated in a manner that is fair and equitable to each client and that no client of MCIM is improperly favoured over any other client or account.

Under such circumstances, and where allowed by each client, MCIM may aggregate the purchase or sale orders if the following conditions are met:

1. Each of MCIM's clients will receive individual investment advice and treatment.
2. MCIM determines that the purchase or sale of the security is consistent with the investment objectives of and is otherwise in the best interests of each client.
3. MCIM believes that such aggregation is consistent with its duty to seek best execution for each client.
4. MCIM does not favor one client over any other client, over time. Each client that participates in an aggregated order will participate at the average share price for all of the aggregated transactions in that security on a given business day, with transaction costs shared pro rata based on each client's participation in the transaction.
5. The Portfolio Manager will enter original order into the trade order management system which will keep a record specifying the participating client accounts and how MCIM intends to allocate the order among those accounts. If the order is filled in its entirety, it shall be allocated among the accounts in accordance with the original order. If, however, the order is partially filled, it shall generally be allocated pro rata based on the original order, unless otherwise noted in the original order.

Notwithstanding the foregoing, the order may be allocated on a different basis if all accounts of clients whose orders are allocated receive fair and equitable treatment, over time, and the reason for the allocation is explained in writing by the Investment Team and the CCO is promptly notified, unless the allocation is due to one of the reasons below:

6. The Investment Team may allocate a partial fill other than pro rata in the following circumstances
 - if an aggregated order is filled 10% or less;
 - if the smallest client account that participated in the aggregated order would receive an allocation that is less than \$15,000; or
 - in accordance with client-specific instructions

If the Investment Team deems it appropriate to not allocate a partial fill pro rata in either of these circumstances, the order will be allocated to each client's account on a random basis by the trading order management system. The MCIM Compliance Team shall review a sample of random allocations periodically, but at least quarterly, to ensure that all clients are treated fairly over time.

Additionally, it may be appropriate to deviate from the original allocation when, subsequent to entering the trade but before the final allocation, MCIM determines that the security in question would be unsuitable for one of the clients designated in the original order.

However, in all situations, MCIM will ensure that all funds are treated fairly over the long-term.

7. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis. Cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement.
8. MCIM would not receive additional compensation or remuneration of any kind as a result of the proposed aggregation.
9. The policies for aggregation of transactions have been fully disclosed to MCIM's clients and the broker-dealers through which the orders are placed. With respect to clients that are investment companies, the Board of Directors, as applicable, of each such client for which transactions will be aggregated must have approved these policies and procedures.
10. All records required to be created pursuant to these procedures, including the original orders, written statements explaining any deviations there from, and client account records are created and maintained in accordance with the record-keeping requirements outlined in MCIM's Compliance Manual.
11. For any instances in which a participating portfolio has 25% or more Macquarie proprietary or seed money, the portfolio will be deemed a proprietary ("prop") account. Prop accounts may not receive an allocation in an aggregated order until all other participating portfolios have received the full intended allocation.

MCIM will review these procedures and their application at least annually to ensure that no client is being systematically disadvantaged as a result of the aggregation of orders. MCIM will revise these procedures should any client be systematically disadvantaged by the aggregation of orders.

Item 13: Review of Accounts

A. & B. *Review of Accounts*

Each account managed by MCIM is assigned to a specific portfolio manager or co-portfolio manager. The portfolio managers are responsible for becoming familiar with the client's investment objectives, policies and investment restrictions. The portfolio manager may be assisted by other managers or analysts, depending on the size, complexity and investment strategy of the account.

MCIM conducts reviews of client accounts based on the nature of such accounts. Reviews may include ongoing regular or periodic reviews as well as reviews on a more frequent basis as needed, depending on specific client's mandate, economic conditions and changes in the general market.

C. Frequency of Regular Reports Provided to Clients

MCIM provides regular written reports to its clients (at least quarterly). The reports may include a review of the performance of the account overall, performance of the underlying securities as appropriate, and a review of the general market conditions. Additional reports are provided as requested. The frequency and nature of reports provided is typically agreed upon in the investment advisory agreement between the client and MCIM.

Item 14: Client Referrals and Other Compensation

A. Other Compensation

No one who is not a client of MCIM provides an economic benefit to MCIM for providing investment advice or other advisory services to its clients.

B. Compensation for Client Referrals

MCIM and its affiliates may utilize both affiliated and non-affiliated third party placement agents. Payment of a referral fee does not result in additional cost to the client. In the event MCIM does enter into such arrangements it intends to comply with disclosure and other requirements applicable to such relationships under applicable laws and regulations.

Item 15: Custody

MCIM does not act as custodian of clients' assets; neither does it hold custody of assets. Client assets managed by MCIM are held at a third party custodian under the client's name pursuant to an agreement between the client and the custodian. MCIM does not appoint or recommend the appointment of custodians to hold custody assets for clients. The Client's custodian sends account statements directly to clients. Clients should carefully review these statements and compare them to account statements they may receive directly from MCIM or its affiliates.

Item 16: Investment Discretion

Generally, MCIM is retained on a discretionary basis and authorized to make the following determinations in accordance with clients' specified investment objectives without client consultation or consent before a transaction is effected:

- which securities to buy or sell;
- the total amount of securities to buy or sell;
- the broker or dealer through which securities are bought or sold;
- the commission rates at which securities transactions will be effected; and
- the price at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

Before assuming discretionary authority, MCIM requires a client to enter into a written investment management agreement with MCIM. Any limitations on MCIM's discretion is agreed

to in advance and set forth in the investment advisory agreement between MCIM and the Client. For registered investment companies, MCIM's authority to trade may also be limited by certain federal securities regulations and tax laws.

Item 17: Voting Client Securities

Where MCIM votes proxies on behalf of its clients and accounts, and/or recommends voting action on behalf of its clients and accounts, MCIM shall do so in a manner that is consistent with the best interest of each of its clients and accounts and their shareholders, considered as a group rather than individually, unless it determines that abstaining from the vote would be in the best interest of their clients. For this purpose, "best interest" means in the best economic interest of each client or account and its shareholders, as investors, without regard to any self-interest which MCIM, its management or affiliates might have in a particular voting matter or any interest which its clients' shareholders may have other than their economic interest, in common, as investors.

MCIM has engaged the services of Institutional Shareholder Services ("ISS") to make recommendations to MCIM with respect to voting proxies related to securities managed by MCIM. ISS recommendations will be based on ISS pre-established voting guidelines.

MCIM will review each ISS recommendation and will generally vote in accordance with such recommendation unless it determines that the recommendation is not in the best interest of MCIM clients and accounts. In the event that MCIM determines that it is not in the best interest of its clients and accounts to vote, or to vote in accordance with an ISS recommendation, regarding a particular voting matter, MCIM will document its reasons for such determinations.

In the event that MCIM, or an affiliate of MCIM, manages the assets of a company that a client or account holds securities in, MCIM will vote proxies relating to that company's securities in accordance with ISS recommendations to avoid any actual or apparent conflict of interest in the matter.

In the event, apart from the situation described immediately above, that MCIM determines it has an actual, potential or apparent conflict of interest regarding a particular voting matter, it will generally follow the ISS recommendation to ensure that such conflict is avoided. Should MCIM determine that a vote according to ISS recommendation regarding such a matter would not be in the best interest of its clients, MCIM will promptly escalate the matter to the client so that voting instructions may be obtained directly from the client. For accounts that are not separately managed clients, MCIM will vote according to ISS recommendations to avoid a conflict.

MCIM will follow any specific voting procedures adopted by its clients, unless it determines that it is unable to do so. In the event that MCIM is unable, for any reason, to follow specific procedures adopted by its clients, it will document the reasons for its determination and promptly notify the client.

Clients may obtain a copy of MCIM's Proxy Voting Policy, or, if applicable, information regarding how MCIM voted proxies, upon request.

If a client withholds authority from MCIM to vote its proxies, the client should make arrangements directly with its custodian to receive proxy statements. While a client may seek MCIM's guidance in this regard, proxy issues are often time sensitive and it may not be practical to request MCIM's input.

Item 18: Financial Information

A. Prepayment of Fees

MCIM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

B. Financial Conditions

MCIM is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.

C. Bankruptcy

MCIM has not been the subject of a bankruptcy petition at any time during the past ten years.