MACQUARIE/FIRST TRUST GLOBAL INFRASTR/UTIL DIV & INC FUND
Form 497
March 29, 2004

File No. 333-112202
Rule 497(c)
Rule 497(h)

PROSPECTUS

8,500,000 Shares

Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund

Common Shares
$20.00 per share

Investment Objective. The Macquarie/First Trust Global Infrastructure/ Utilities Dividend & Income Fund (the "Fund") is a newly organized, non-diversified, closed-end management investment company. The Fund's investment objective is to seek a high level of current return consisting of dividends, interest and other similar income while attempting to preserve capital. In pursuit of the objective, the Fund will seek to manage its investments and expenses so that a significant portion of its distributions to the Fund's common shareholders will qualify as tax-advantaged dividends, subject to the continued availability of favorable tax treatment for such qualifying dividends.

No Prior Trading History. Because the Fund is newly organized, its common shares have no history of public trading. Shares of closed-end investment companies frequently trade at a discount from their net asset value, or "NAV." This risk may be greater for investors who expect to sell their shares in a relatively short period after completion of the public offering. The Fund's common shares have been approved for listing on the New York Stock Exchange, subjec to notice of issuance, under the symbol "MFD."

(continued on following page)

INVESTING IN THE FUND'S COMMON SHARES INVOLVES RISKS THAT ARE DESCRIBED IN THE "RISKS" SECTION BEGINNING ON PAGE 27 OF THIS PROSPECTUS.

	Per Share	Total
Public offering price	$20.00	$170,000,000
Sales load (1)	$.90	$7,650,000
Estimated offering expenses (2)	$.04	$340,000
Proceeds, after expenses, to the Fund	$19.06	$162,010,000

(1) The Fund has agreed to pay the underwriters $.00667 per common share as a partial reimbursement of expenses incurred in connection with the offering and to pay certain expenses of counsel to the underwriters. First Trust Advisors L.P. will pay certain additional compensation to Merrill Lynch, Pierce, Fenner & Smith Incorporated. The total amount of this additional compensation payment, plus the amounts paid by the Fund as partial reimbursement to the underwriters and as payment of certain expenses of counsel to the underwriters, will not exceed 4.5% of the

total price to the public of the common shares sold in this offering. See "Underwriting."

(2) Total expenses of the offering of the common shares of the Fund paid by the Fund (other than sales load, but including the $.00667 per common share reimbursement of underwriter expenses) are estimated to be $748,953. The Fund's investment adviser and a sub-adviser have agreed to pay (i) all organizational expenses and (ii) all offering costs of the Fund (other than sales load, but including the reimbursement described above) that exceed $.04 per common share.

The underwriters may also purchase up to an additional 1,275,000 common shares at the public offering price, less the sales load, within 45 days from the date of this prospectus solely to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The common shares will be ready for delivery on or about March 30, 2004.

Merrill Lynch & Co.

Robert W. Baird & Co. Raymond James

RBC Capital Markets SunTrust Robinson Humphrey

The date of this prospectus is March 25, 2004.

Page 1

(continued from previous page)

Investments in the Fund are not deposits with or other liabilities of Macquarie Bank Limited ACN 008 583 542, or of any entity in the Macquarie Bank Group, and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. None of Macquarie Bank Limited, Macquarie Infrastructure Fund Adviser, LLC, Four Corners Capital Management, LLC, and any member company of the Macquarie Bank Group guarantees any particular rate of return or the performance of the Fund, nor do they guarantee the repayment of capital from the Fund or any tax treatment of any distribution by the Fund. See "Management of the Fund" for information regarding Macquarie Bank Limited.

In addition, the Fund's common shares ("Common Shares") do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

Portfolio Contents. The Fund will seek to achieve its investment objective by investing in a non-diversified portfolio of equity, debt, preferred or convertible securities and other instruments that are issued by U.S. and non-U.S. issuers ("Infrastructure Issuers") that have as their primary focus (in terms of income and/or assets) the management, ownership and/or operation of infrastructure and utilities assets ("Infrastructure Assets") in a select group of countries. The Fund currently intends to utilize leverage up to a maximum of 30% of the Fund's total assets, immediately after taking into account such leverage. To the extent leverage is used, the Fund currently intends to invest the funds raised through leverage in senior secured floating-rate U.S. dollar-denominated loans of Infrastructure Issuers ("Infrastructure Senior Loans"). See "Prospectus Summary - Investment Objective and Policies - Infrastructure Assets" for a description of Infrastructure Assets.

Therefore, the Fund's portfolio will likely consist of two components: (1) the "Core Component," which will consist primarily of equity securities and securities and instruments with equity characteristics issued by Infrastructure Issuers but may also include other securities and instruments issued by Infrastructure Issuers (collectively, "Core Infrastructure Securities") and (2) the "Senior Loan Component," which will consist of Infrastructure Senior Loans. The Fund currently intends to apply the proceeds of issuance of its common shares to acquire Core Infrastructure Securities and the proceeds of any leverage to acquire Infrastructure Senior Loans. Up to 100% of the Senior Loan Component may consist of non-investment grade instruments. Such instruments are commonly referred to as "high yield" or "junk bonds" and are considered speculative with respect to the issuer's capacity to pay interest and repay principal.

Under normal market conditions, the Fund will seek to invest more than 50% of the Fund's total assets in the securities and instruments of non-U.S. Infrastructure Issuers located in Australia, New Zealand, Canada, the United Kingdom and other European Union member countries as of the date of this prospectus, Switzerland, Japan, Hong Kong and Singapore. Across both the Core Component and the Senior Loan Component, the Fund intends that no more than 40% of the Fund's total assets be invested in the securities and instruments of Infrastructure Issuers located in the U.S. and that no more than 7% of the Fund's total assets be invested in the securities and instruments of any one Infrastructure Issuer. The Core Component is intended to consist mainly of exchange-listed securities and instruments of Infrastructure Issuers. Although not a primary focus of the Fund, the Fund may invest up to 25% of the Core Component in unlisted securities and instruments of Infrastructure Issuers. The Fund will seek to deliver at least 50% of its distributed income attributable to the Core Infrastructure Securities as tax-advantaged dividends under the Internal Revenue Code of 1986, as amended, which may enable individual U.S. investors who meet holding period and other requirements to receive the benefit of favorable tax treatment. Tax-advantaged dividends generally include dividends from U.S. corporations and dividends and distributions from non-U.S. entities that meet certain criteria. See "The Fund's Investments" for a description of holding period requirements.

Investment Adviser and Sub-Advisers. First Trust Advisors L.P. ("First Trust" or the "Adviser") will be the Fund's investment adviser, responsible for supervising the Fund's sub-advisers, monitoring the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical and bookkeeping and other administrative services. The Adviser, in consultation with the Sub-Advisers (as defined below), is also responsible for determining the Fund's overall investment strategy and overseeing its implementation. Macquarie Infrastructure Fund Adviser, LLC ("MIFA") and Four Corners Capital Management, LLC ("Four Corners") will be the Fund's sub-advisers (the "Sub-Advisers"). MIFA is a newly organized registered investment adviser with no operating history. The Core Component will be managed by MIFA. The Senior Loan Component will be managed by Four Corners.

Leverage. Within approximately three months after the completion of the offering of Common Shares described in this prospectus, the Fund currently intends, subject to then favorable market conditions, to utilize leverage through the issuance of preferred shares, commercial paper or notes and/or borrowings in an aggregate amount up to 30% of the Fund's total assets immediately after such issuance and/or borrowing. The issuance of these instruments, which would be senior to the Common Shares, will result in the financial leveraging of the Common Shares. Whether to offer shares of preferred stock or engage in another form of leveraging, and, if offered, the terms of such shares or leveraging and the timing and other terms of their offering or

Page 2

arrangement will be determined by the Fund's Board of Trustees in consultation with the Sub-Advisers. Through leveraging, the Fund will seek to obtain a higher return for the holders of Common Shares than if the Fund did not use leverage. Leverage is a speculative technique and investors should note that there are special risks and costs associated with the leveraging of the Common Shares. There can be no assurance that a leveraging strategy will be successful during any period in which it is employed. See "Borrowings and Preferred Shares - Effects of Leverage," "Risks - Leverage Risk" and "Description of Shares."

You should read this prospectus, which contains important information about the Fund, before deciding whether to invest and retain it for future reference. The Fund's Statement of Additional Information, dated March 25, 2004, and as it may be supplemented (the "SAI"), containing additional information about the Fund, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the SAI, the table of contents of which is on page 55 of this prospectus, by calling (800) 988-5891 or by writing to the Fund, or you may obtain a copy (and other information regarding the Fund) from the Securities and Exchange Commission's web site (http://www.sec.gov).

Page 3

TABLE OF CONTENTS

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS. THE FUND HAS NOT, AND THE UNDERWRITERS HAVE NOT, AUTHORIZED ANY OTHER PERSON TO PROVIDE YOU WITH DIFFERENT INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT INFORMATION OR INCONSISTENT INFORMATION, YOU SHOULD NOT RELY ON IT. THE FUND IS NOT, AND THE UNDERWRITERS ARE NOT, MAKING AN OFFER TO SELL THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

Page 4

PROSPECTUS SUMMARY

This is only a summary. This summary does not contain all of the information that you should consider before investing in the Fund's common shares, especially the information set forth under the heading "Special Risk Considerations." You should review the more detailed information contained in this prospectus and in the Statement of Additional Information.

The Fund........................ Macquarie/First Trust Global Infrastructure/ Utilities Dividend & Income Fund (the "Fund") is a newly organized, non-diversified, closed-end management investment company. The Fund's principal offices are located at 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532 and its telephone number is (630) 241-4141.

The Offering.................... The Fund is offering 8,500,000 common shares of beneficial interest at $20.00 per share through a group of underwriters (the "Underwriters") led by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"). The common shares of beneficial interest are called "Common Shares" in this prospectus. You must purchase at least 100 Common Shares in this offering. The Fund has given the Underwriters an option to purchase up to 1,275,000 additional Common Shares to cover orders in excess of 8,500,000 Common Shares. See "Underwriting." First Trust Advisors L.P. ("First Trust" or the "Adviser") and Macquarie Infrastructure Fund Adviser, LLC ("MIFA") have agreed to pay (i) all organizational expenses and (ii) all offering costs (other than sales load, but including the $.00667 per Common Share reimbursement of underwriter expenses) that exceed $.04 per Common Share.

Investment Objective and Policies.................... The Fund's investment objective is to seek a high level of current return consisting of dividends, interest and other similar income while attempting to preserve capital. In pursuit of the objective, the Fund will seek to manage its investments and expenses so that a significant portion of its distributions to the Fund's common shareholders will qualify as tax-advantaged dividends, subject to the continued availability of favorable tax treatment for such qualifying dividends. The Fund will seek to achieve its investment objective by investing in a portfolio of equity, debt, preferred or convertible securities and other instruments (for instance, other instruments could include Canadian income trusts and Australian stapled securities) issued by U.S. and non-U.S. issuers ("Infrastructure Issuers") that have as their primary focus (in terms of income and/or assets) the management, ownership and/or operation of infrastructure and utilities assets ("Infrastructure Assets") in a select group of countries.

Under normal market conditions, the Fund's over-riding investment philosophy will be to seek to identify and invest in securities and instruments that, over the long term, are anticipated to produce, for equity securities and securities and instruments with equity characteristics, consistent dividends or distribution of income and, for debt securities and other non-equity instruments, interest income commensurate with the underlying risk of the debt.

The Fund intends to invest the net proceeds of issuance of its Common Shares raised under this offering primarily in equity securities and securities and instruments with equity characteristics issued by Infrastructure Issuers but may also invest in other securities and instruments issued by Infrastructure Issuers (collectively, "Core Infrastructure Securities"). This will comprise the "Core Component" of the Fund's investment portfolio. The Core Component will be managed by MIFA.

The Fund currently intends to use leverage through the issuance of instruments (each, a "Leverage Instrument" and collectively, the "Leverage Instruments"), such as preferred shares of beneficial interest ("Preferred Shares"), commercial paper or notes and/or borrowings in an aggregate amount up to 30% of the Fund's Total Assets (as defined below) immediately after such issuance and/or borrowing. The Fund currently intends to invest the proceeds of the leverage in U.S. dollar-denominated senior secured floating-rate loans of Infrastructure Issuers ("Infrastructure Senior Loans") in an attempt to provide a stable stream of income. The Infrastructure Senior Loans in which the Fund invests will be the "Senior Loan Component" of the Fund's investment portfolio. The Senior Loan Component will be managed by Four Corners Capital Management, LLC ("Four Corners"; together with MIFA, the "Sub-Advisers"). The investments in

Infrastructure Senior Loans are expected to largely match the currency and interest rate characteristics of any leverage. It is anticipated that at least 80% of the Infrastructure Senior Loans in the Senior Loan Component will be non-investment grade debt instruments.

"Total Assets" generally means the average daily gross asset value of the Fund (including assets attributable to the proceeds of the Fund's Preferred Shares, if any, and the principal amount of any borrowings) minus the sum of the Fund's accrued and unpaid dividends on any outstanding Preferred Shares and accrued liabilities (other than the principal amount of any borrowings incurred, commercial paper or notes issued by the Fund and the liquidation preference of any outstanding Preferred Shares). For purposes of determining Total Assets, the liquidation preference of the Preferred Shares is not treated as a liability.

The Core Component is intended to consist mainly of listed securities and instruments of Infrastructure Issuers. The Fund may, when presented with an opportunity to do so, invest up to 25% of the Core Component in unlisted securities and instruments of Infrastructure Issuers, although this is not a primary focus of the Fund and MIFA will not actively seek out such opportunities. Under normal market conditions, the Fund will seek to deliver at least 50% of its income attributable to the Core Infrastructure Securities as tax-advantaged dividends under the United States Internal Revenue Code of 1986, as amended (the "Code"), to the extent that preferential treatment for such dividends remains available (under current law, generally up to and including December 31, 2008). Infrastructure Senior Loans, U.S. corporate bonds, notes and debentures, convertible debt securities, and other similar types of corporate instruments, including high yield debt securities, are not eligible to pay tax-advantaged dividends.

Across both the Core Component and the Senior Loan Component, under normal market conditions, the Fund intends to invest at least 80%, and may invest up to 100%, of its Total Assets in securities and instruments of Infrastructure Issuers that are expected to provide dividends, interest and other similar income. The Fund cannot change this investment policy unless the shareholders of the Fund ("Shareholders") receive at least 60 days prior notice of any such change.

Under normal market conditions, the Fund intends that more than 50% of the Core Component will, and up to 100% may, comprise securities and instruments of non-U.S. Infrastructure Issuers, and more than 50% of the Fund's Total Assets will be invested in securities and instruments of non-U.S. Infrastructure Issuers. Accordingly, the Fund will hold securities and instruments denominated in non-U.S. currencies.

The Fund does not currently intend to enter into arrangements to reduce its exposure to non-U.S. currencies, other than in connection with the Fund's exposure to dividends received or receivable in non-U.S. currencies. The Fund intends to restrict its investments to securities and instruments of Infrastructure Issuers located in Australia, New Zealand, the United States, Canada, the United Kingdom ("U.K.") and other European Union member countries as of the date of this prospectus, Switzerland, Japan, Hong Kong and Singapore ("Permitted Countries").

The Fund also intends to apply the following guidelines to its investments:

o Across both the Core Component and the Senior Loan Component, no more than 7% of the Fund's Total Assets may be invested in the securities and instruments of any single Infrastructure Issuer at any time.

o Across both the Core Component and the Senior Loan Component, no more than 40% of the Fund's Total Assets may be invested in the securities and instruments of U.S. Infrastructure Issuers at any time.

o Within the Core Component, no more than 20% of the Core Infrastructure Securities may consist of securities and instruments of U.S. Infrastructure Issuers at any time.

o Across both the Core Component and the Senior Loan Component, no more than 30% of the Fund's Total Assets may be invested in the securities and instruments of non-U.S. Infrastructure Issuers located in any one country at any time.

The Fund may invest in securities and instruments that are forecast to decline in value due to the nature of the assets of the Infrastructure Issuer, where such decline is anticipated to be compensated through enhanced yield.

The Fund intends to follow the guidelines set out above but may deviate from such guidelines from time to time as deemed appropriate under prevailing economic and market conditions to achieve its investment objective over the long term. If any allocation of assets exceeds the guidelines set out above, the Fund will seek to reduce the allocation as soon as practicable based on the liquidity of its assets and other market factors.

The Fund may not be appropriate for all investors. There can be no assurance that the Fund's investment strategy will be successful, that the Fund will achieve its investment objective, or that preferential tax treatment will be achieved with respect to its investments. See "The Fund's Investments" and "Risks."

Infrastructure Assets. Up to 100% of the Fund's Total Assets may be comprised of securities and instruments of Infrastructure Issuers that manage, own and/or operate Infrastructure Assets. Infrastructure Assets are an underlying foundation of basic services, facilities and institutions upon which the growth and development of a community depends. Typically, in the United States, such assets are owned, operated or managed by government-related entities such as municipalities. In non-U.S. countries, these assets are often owned, operated or managed by private entities.

Infrastructure Assets can be broadly divided into four categories:

1. Assets that are natural or near-natural monopolies and are regulated in the level of revenue earned or charges imposed, and include certain power and gas transmission, generation and distribution assets, as well as certain water/waste-water treatment facilities and incumbent local exchange carriers.

2. Assets that depend on a form of user pay system for their main revenue

source, and include toll roads, airports, railways, ports and certain parking lots (e.g., airport related).

3. Assets that provide basic social services to the community, and include schools, hospitals and correction facilities, as well as certain water/waste-water treatment facilities.

4. Assets that compete in a market for the sale of a product or service and are therefore exposed to market risks. Competitive assets include certain electricity generation, solid waste disposal facilities, city and local carparks, and certain communication asset classes (e.g., fixed-base wireless transmission towers and broadband television cable), as well as certain water/waste-water treatment facilities.

Infrastructure Issuers. "Infrastructure Issuers" are U.S. and non-U.S. issuers that have as their primary focus (in terms of income and/or assets) the management, ownership and/or operation of infrastructure and utilities assets in a select group of countries. Typically, in the United States, Infrastructure Issuers are municipalities and federal or state government and government-related agencies. For example, the New York Port Authority, a government-related entity, operates, among other things, the Port of New York and the John F. Kennedy International and La Guardia Airports. Outside the United States, Infrastructure Issuers are often non-governmental entities, and include both publicly traded and privately held entities. These entities may issue debt or equity securities, including equity securities in which the Fund may invest. In several developed countries outside the United States, including the U.K., Canada and Australia, there has been over many years a trend of increasing privatization as national governments spend less and less on Infrastructure Assets. Unlike the United States, these countries often do not utilize municipal financing to fund these Infrastructure Assets. Furthermore, in many of these non-U.S. countries, some of the larger private sector infrastructure

companies can be public companies the shares of which are traded on national exchanges. For example, the fund that owns a majority stake in the Sydney Airport in Australia is listed on the Australian Stock Exchange.

Non-U.S. Securities. More than 50% of the Core Component will, and up to 100% may, be comprised of securities and instruments of non-U.S. Infrastructure Issuers, and under normal market conditions more than 50% of the Fund's Total Assets will be comprised of securities and instruments of non-U.S. Infrastructure Issuers located in the Permitted Countries other than the United States. The Fund does not currently intend to reduce or hedge its exposure to non-U.S. currencies, other than in connection with the Fund's exposure to dividends received or receivable in non-U.S. currencies. There may be special risks associated with investing in non-U.S. securities and instruments. See "Risks - Non-U.S. Investments Risk" and "Risks - Currency Risk."

Leverage/Infrastructure Senior Loans. The Fund may utilize leverage up to a maximum of 30% of the Fund's Total Assets, immediately after taking into account such leverage. To the extent leverage is used, the Fund intends to invest the proceeds of the leverage in Infrastructure Senior Loans, which are secured, floating-rate and U.S. dollar-denominated. The Fund believes that its investments in Infrastructure Senior Loans may provide opportunities for the Fund to (i) increase its income through greater incremental returns over the interest or dividend payments by the Fund on its leverage through borrowings and/or the issuance of Preferred Shares, respectively, and (ii) largely hedge or match the Fund's risk of increases in the interest rate on borrowings and/or the Preferred Share dividend rate as a result of increases in short-term interest rates.

Senior loans generally hold one of the most senior positions in the capital structure of a business entity, are typically secured with specific collateral and have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debtholders and stockholders of the borrower. The proceeds of senior loans are primarily used to finance leveraged buyouts, recapitalizations, mergers, acquisitions, stock repurchases, and, to a lesser extent, to finance internal growth and for other corporate purposes. Senior loans typically have floating or variable rates of interest that are reset either daily, monthly, quarterly or semi-annually by reference to a base lending rate, primarily the London Interbank Offered Rate ("LIBOR"), plus a premium.

It is anticipated that at least 80% of the Senior Loan Component will comprise Infrastructure Senior Loans that are rated non-investment grade debt, although from time to time the entire Senior Loan Component may comprise non-investment grade Infrastructure Senior Loans.

Other Securities and Instruments. Under normal market conditions, at least 80% of the Fund's Total Assets (across both the Core Component and the Senior Loan Component) are intended to be invested in securities and instruments of Infrastructure Issuers that are expected to provide dividends, interest and other similar income. It is currently intended, however, that 100% of the Fund's Total Assets will be invested in securities and instruments of Infrastructure Issuers. The Fund may invest its assets temporarily in other investments and securities of various types pending investment or reinvestment in securities and instruments of Infrastructure Issuers. Pending investment or reinvestment, such temporary investments and securities will not be taken into account for purposes of the Fund's allocation guidelines. For temporary defensive purposes, the Fund may depart from its principal investment strategies and invest part or all of its assets in securities with remaining maturities of less than one year or cash equivalents, or it may hold cash. During such periods, the Fund may not be able to achieve its investment objective.

Percentage allocation guidelines described in this prospectus are, except as set out below, as of the time of investment by the Fund and may be exceeded on a going-forward basis as a result of market value fluctuations of the Fund's portfolio and other events. The Fund will monitor on a current basis its compliance with its stated intention to invest more than 50% of the Fund's Total Assets in the securities and instruments of non-U.S. Infrastructure Issuers.

Investment Adviser and Sub-Advisers................ First Trust Advisors L.P. will be the Fund's investment adviser, responsible for supervising the Fund's Sub-Advisers, monitoring the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical and bookkeeping and other administrative services. The Adviser, in consultation with the Sub-Advisers, is also responsible for determining the Fund's overall investment strategy and overseeing its implementation. MIFA and Four Corners will be the Fund's Sub-Advisers. The Core Component will be managed by MIFA. The Senior Loan Component will be managed by Four Corners.

First Trust, a registered investment adviser, is an Illinois limited partnership formed in 1991. It serves as investment adviser or portfolio supervisor to investment portfolios with approximately $9.9 billion in assets which it managed or supervised as of December 31, 2003. See the SAI under "Investment Adviser."

MIFA is a Delaware limited liability company and is registered under the Investment Advisers Act of 1940. MIFA has not previously served as an investment adviser. Macquarie Infrastructure Management (USA) Inc. ("MIMU") is the sole member of MIFA. MIMU is wholly owned by Australia's Macquarie Bank Limited ("MBL") through a subsidiary. MBL together with its associated entities worldwide ("Macquarie Group") is a diversified international provider of financial and investment banking services, with over 5,700 staff in 21 countries. The Macquarie Group's Infrastructure and Specialized Funds Division ("Macquarie's ISF Division") manages, directly or indirectly, approximately $11 billion of Infrastructure Assets (based on the most recent audited gross assets of each fund managed by Macquarie's ISF Division as reflected in MBL's September 30, 2003 semi-annual public filings). As of September 30, 2003, the Macquarie Group had over $38 billion in assets under management. Twelve investment vehicles managed by the Macquarie Group are listed on the Australian Stock Exchange, and had a total capitalization of approximately $12.2 billion as of December 31, 2003.

Four Corners specializes in managing portfolios of senior loans and structured finance assets. Four Corners is a Delaware limited liability company founded in September 2001 by Macquarie Holdings (USA), Inc., an affiliate of MBL, and an experienced group of senior loan investment professionals. Four Corners managed investment portfolios with approximately $900 million of investment capacity as of January 31, 2004.

Related Party Transactions.................... From time to time, MIFA may determine that it is in the best interests of the Fund to gain exposure to Infrastructure Assets through the purchase of Core Infrastructure Securities the issuer of which is a listed entity that primarily invests in the securities of Infrastructure Issuers and is advised by a member of the Macquarie Group (a "MIFA Related Party"). Such listed entity may be a non-U.S. investment company. See "Portfolio Composition - Other Investment Companies." To the extent that a "MIFA Related Party" is under common control with MIFA, it may be a second-tier affiliate of the Fund (in other words, an "affiliated person" of an "affiliated person" of the Fund, as that term is defined in the 1940 Act). See "Risks - Investment Companies" and "Risks - Certain Affiliations." Each such transaction must be made on the open market of the primary stock exchange on which the relevant Core Infrastructure Securities are listed and must be approved by the Fund's Board of Trustees (the "Board") or otherwise comply with any policies and procedures adopted by the Board, and must at all times comply with the Investment Company Act of 1940 (the "1940 Act"). The relevant Core Infrastructure Securities must meet the Fund's investment guidelines at the time of the transaction and be consistent with the Fund's investment objective. A MIFA Related Party may earn fees from managing the issuer of such Core Infrastructure Assets. To the extent the Fund invests in such securities, the Fund will be limited in its ability to freely trade the securities to the extent that personnel of MIFA or of Macquarie's ISF Division have or may be deemed to have material, non-public information in regard to such security. For the purposes of the Fund's investment guidelines, Core

Infrastructure Securities issued by non-U.S. funds advised by a MIFA Related Party will be treated as securities of an Infrastructure Issuer.

From time to time, MIFA may determine that it is in the best interests of the Fund to gain exposure to Infrastructure Assets through an investment in unlisted equity securities that is made at the same time that one or more other funds managed by MIFA Related Parties invest in such securities. Prior to making such investments, the Board will develop a process which will take into account the restrictions of the 1940 Act, recommendations of the Adviser and Sub-Advisers, the development of processes and procedures in connection with the investments and other potential conflicts of interest. The subject securities of the transaction must meet the investment objective of the Fund at the time of the transaction.

The Fund has authorized the Sub-Advisers to select the brokers or dealers that will execute the purchases and sales of the Fund's securities and other instruments. To the extent consistent with the investment policies of the Fund and approved by the Board, a Sub-Adviser may select brokers or dealers related to the Sub-Adviser. Such related brokers and dealers may earn commissions or other fees from any such purchase and sale.

Borrowings and Preferred Shares................. Subject to market conditions, within approximately three months after completion of this offering, the Fund currently intends to establish a leverage program through the issuance of Leverage Instruments in an aggregate amount up to 30% of the Fund's Total Assets, immediately after such issuance and/or borrowings. Borrowings and the issuance of Preferred Shares are referred to in this prospectus collectively as "leverage." The Fund may borrow from banks and other financial institutions.

Preferred Shares, if any, will be expected to pay dividends based on short-term rates, which generally reset frequently. Borrowings, if any, may be at a fixed or floating rate but generally will be based upon short-term rates. The Fund intends to invest the proceeds of the borrowings in securities and instruments that will largely match the currency and interest rate characteristics of such borrowings. So long as the rate of return, net of applicable Fund expenses, on the Fund's portfolio investments purchased with leverage exceeds the then current interest rate or dividend rate on the Leverage Instruments, the Fund will generate more return or income than will be needed to pay such dividends or interest payments. In this event, the excess will be available to pay higher dividends to holders of Common Shares. The converse is also true - if the rate of return is less than the then current interest rate or dividend rate, the Fund will generate less return or income than will be needed to pay such dividends or interest payments, and lower amounts will be available to pay dividends. When leverage is employed, the NAV and market prices of the Common Shares and the yield to holders of Common Shares will be more volatile. There is no guarantee that the Fund's leverage strategy will be successful. See "Risks - Leverage Risk."

Distributions.................... Dividends, distributions and interest from investments will be the Fund's main sources of investment income. The Fund's present policy, which may be changed at any time by the Board, is to distribute to Shareholders on a quarterly basis all, or substantially all, of the net investment income (being investment income less Fund expenses accrued during the period) to Shareholders. The first distribution is expected to be paid approximately 90 to 120 days after the completion of this offering, depending on market conditions. Unless you elect to receive cash distributions, your distributions will automatically be reinvested in additional Common Shares pursuant to the Fund's Dividend Reinvestment Plan. See "Dividend Reinvestment Plan."

The Fund may realize capital gains or losses when it sells investments, depending on whether the sales price for an investment is higher or lower than the purchase price. Under normal market conditions, the Fund intends to distribute all, or substantially all, net capital gains to Shareholders as capital gain dividends at least annually. As in the case of dividends of net investment income, capital gain dividends may automatically be reinvested in additional Common Shares pursuant to the Fund's Dividend Reinvestment Plan. See "Distributions" and "Dividend Reinvestment Plan."

Tax Treatment of Common Share Distributions.................... The Fund anticipates that taxable distributions paid on the Common Shares will generally consist of (i) qualified tax-advantaged dividend income (income from U.S. corporations and certain non-U.S. entities) for the purposes of the Code, (ii) long-term capital gains (gains from the sale of a capital asset held longer than 12 months) and (iii) investment company taxable income (other than qualified dividend income), including non-qualified dividends,

	interest income, short-term capital gains and income from certain hedging and interest rate transactions. For individuals, the current maximum federal income tax rate is 15% on qualified dividend income, 15% on long-term capital gains and 35% on investment company taxable income (other than qualified dividend income). These tax rates are scheduled to apply through 2008. The Fund expects that to the extent it incurs any non-U.S. taxes, Shareholders may be eligible to claim such taxes as a foreign tax credit, subject to the limitations imposed under the Code. There can be no assurances as to what percentage of the distributions paid on the Common Shares, if any, will consist of tax-advantaged dividend income, long-term capital gains or what the tax rates on various types of income will be in future years nor the amount, if any, of foreign tax credits that may be claimed. See "Tax Matters."
Listing.........................	The Fund's Common Shares have been approved for listing on the New York Stock Exchange, subject to notice of issuance, under the symbol "MFD." See "Description of Shares - Common Shares."
Custodian, Administrator and Transfer Agent..................	The Fund has retained PFPC Trust Company as custodian, and PFPC Inc. as administrator, fund accountant and transfer agent for the Fund. The Adviser and the Board will be responsible for monitoring the activities of the custodian, administrator, fund accountant and transfer agent. See "Custodian, Administrator and Transfer Agent."
Closed-End Structure............	Closed-end funds differ from open-end management investment companies (commonly referred to as mutual funds) in that closed-end funds generally list their shares for trading on a securities exchange and do not redeem their shares at the option of the shareholder. By comparison, mutual funds issue securities redeemable at NAV at the option of the shareholder and typically engage in a continuous offering of their shares. Mutual funds may be subject to continuous asset in-flows and out-flows that can complicate portfolio management, whereas closed-end funds generally can stay more fully invested in securities and instruments consistent with the closed-end fund's investment objectives and policies. In addition, in comparison to open-end funds, closed-end funds generally have greater

flexibility in their ability to make certain types of investments, including investments in illiquid securities and instruments.

Shares of closed-end investment companies listed for trading on a securities exchange frequently trade at a discount from NAV, but in some cases trade at a premium. The market price may be affected by trading volume of the shares, general market and economic conditions and other factors beyond the control of the closed-end fund. The foregoing factors may result in the market price of the Common Shares being greater than, less than or equal to NAV. The Board has reviewed the structure of the Fund in light of its investment objective and policies and has determined that the closed-end structure is in the best interests of the Shareholders. As described in this prospectus, however, the Board may review periodically the trading range and activity of the Fund's shares with respect to its NAV and the Board may take certain actions to seek to reduce or eliminate any discount of market price to NAV. Such actions may include open market repurchases or tender offers for the Common Shares or the possible conversion of the Fund to an open-end mutual fund. There can be no assurance that the Board will decide to undertake any of these actions or that, if undertaken, such actions would result in the Common Shares trading at a price equal to or close to NAV per Common Share. See "Closed-End Fund Structure."

Special Risk Considerations..................

Industry Concentration and Infrastructure and Utilities Industry Risk. The Fund intends to invest 80%, and may invest up to 100%, of its Total Assets in securities and other instruments of Infrastructure Issuers that are expected to provide dividends, interest and other similar income. Given the concentration in the infrastructure and utilities industry, the Fund will be more susceptible to adverse economic or regulatory occurrences affecting that industry. Infrastructure Issuers, including utilities and companies involved in infrastructure projects, 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 from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors. Infrastructure Issuers may be subject to regulation by various governmental authorities and may also be affected by governmental regulation of rates charged to customers, service interruption due to environmental, operational or other mishaps and the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards. In addition, this industry has some special features that give rise to certain risks and opportunities not found in other industry sectors. See "Risks - Industry Concentration and Infrastructure and Utilities Industry Risk."

Non-U.S. Investments Risk. The Fund may invest up to 100% of the Fund's Total Assets in securities and instruments of non-U.S. Infrastructure Issuers. Investing in securities and instruments of non-U.S. issuers, which are generally denominated in non-U.S. currencies, may involve certain risks and opportunities not typically associated with investing in securities and instruments of U.S. issuers. These risks include: (i) there may be less publicly available information about non-U.S. issuers or markets due to less rigorous disclosure or accounting standards or regulatory practices; (ii) all non-U.S. markets are smaller, may be less liquid and more volatile than the U.S. market; (iii) potential adverse effects of fluctuations in currency exchange rates or controls on the value of the Fund's investments; (iv) the economies of non-U.S. countries may grow at slower rates than expected or may experience a downturn or recession; (v) the impact of economic, political, social or diplomatic events; (vi) certain non-U.S. countries may impose restrictions on the ability of non-U.S. issuers to make payments of principal and interest to investors located in the United States, due to blockage of non-U.S. currency exchanges or otherwise; (vii) withholding and other non-U.S. taxes may decrease the Fund's return; and (viii) it may be more difficult to obtain the necessary data to determine whether dividends paid by non-U.S. issuers qualify as tax-advantaged dividends. See "Risks - Non-U.S. Investments Risk" and "Risks - Currency Risk."

Currency Risk. Currency risk is the risk that the value of a non-U.S. investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. The Fund does not currently intend to reduce or hedge its exposure to non-U.S. currencies other than in connection with the Fund's exposure to dividends received or receivable in non-U.S. currencies and to hedge forward commitments. See "Risks - Currency Risk."

Country Risk. This risk arises as the Fund may have exposure of up to 30% of the Fund's Total Assets to Infrastructure Issuers in any one country outside of the United States, identified in "Investment Objective and Policies." As the Fund does not currently intend to reduce or hedge the currency risk related to investing in securities and instruments of non-U.S. Infrastructure Issuers (other than in connection with the Fund's exposure to dividends received or receivable in non-U.S. currencies and to hedge forward commitments), the Fund may be exposed to currency changes that could have a material and negative impact on the Fund's NAV. Further, the impact on the Fund's NAV of specific risks relating to investing in non-U.S. issuers, such as political, regulatory, interest rate and inflation may be magnified due to the concentration of the Fund's investments in a particular country. See "Risks - Country Risk."

Senior Loan Risk. The Infrastructure Senior Loans in which the Fund may invest may not be rated by a nationally recognized statistical rating organization ("NRSRO") at the time of investment, generally will not be registered with the Securities and Exchange Commission (the "SEC") and generally will not be listed on a securities exchange. In addition, the amount of public information available with respect to the Infrastructure Senior Loans generally will be less extensive than that available for more widely rated, registered and exchange-listed securities. Because the interest rates of the Infrastructure Senior Loans are expected to reset frequently, if market interest rates fall, the loans' interest rates will be reset to lower levels, potentially reducing the Fund's income. The converse is also true. No active trading market currently exists for some of the Infrastructure Senior Loans in which the

Fund may invest and, thus, those loans may be illiquid. As a result, such Infrastructure Senior Loans generally are more difficult to value than more liquid securities for which a trading market exists. Some of the Infrastructure Senior Loans are expected to be subject to restrictions on resale. A secondary market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which may impair the Fund's ability to realize full value and thus cause a decline, potentially of a material nature, in the Fund's NAV. See "Risks - Senior Loan Risk."

It is anticipated that at least 80% of the Senior Loan Component will be invested in non-investment grade debt instruments, although from time to time all of the Senior Loan Component may be invested in such non-investment grade debt instruments. See "Risks - Non-Investment Grade Securities Risk."

Non-Investment Grade Securities Risk. Non-investment grade securities are rated Ba1 or lower by Moody's Investors Service, Inc. ("Moody's"), BB+ or lower by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ("S&P"), or comparably rated by another NRSRO or, if unrated, are of comparable credit quality. Non-investment grade debt instruments are commonly referred to as "high yield" or "junk bonds" and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. They involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher rated debt instruments. Non-investment grade debt instruments may also be more susceptible to real or perceived adverse economic and competitive industry conditions than higher rated debt instruments.

In addition to the Senior Loan Component, up to 100% of the Core Component may comprise equity securities, securities and instruments with equity characteristics, hybrid securities, non-convertible preferred stock, convertible securities or debt securities rated non-investment grade by NRSROs or unrated securities of comparable quality. See "Risks - Non-Investment Grade Securities Risk."

Illiquid and Unlisted Securities Risk. The Fund may invest up to 25% of the Core

Component in unlisted securities and instruments of Infrastructure Issuers. Such securities and instruments are generally not able to be publicly traded. In the United States, such securities and instruments are generally unregistered for securities law purposes and can generally be resold only in privately negotiated transactions with a limited number of purchasers or in a public offering registered under the Securities Act of 1933, as amended (the "Securities Act"). Similar restrictions may apply outside the United States. Considerable delay in resale could be encountered in either event and, unless otherwise contractually provided for, the Fund's proceeds upon sale may be reduced by the costs of registration or underwriting discounts. The difficulties and delays associated with such transactions could result in the Fund's inability to realize a favorable price upon disposition of unlisted securities and instruments, and at times might make disposition of such securities and instruments impossible. To the extent the Fund invests in securities and instruments the terms of which are privately negotiated, the terms of such securities and instruments may contain restrictions regarding resale and transfer. In addition, certain listed securities and instruments, particularly securities and instruments of smaller capitalized or less seasoned issuers, may from time to time lack an active secondary market and may be subject to more abrupt or erratic price movements

than securities of larger, more established companies or stock market averages in general. In the absence of an active secondary market, the Fund's ability to purchase or sell such securities at a fair price may be impaired or delayed.

Unlisted securities and instruments are illiquid by nature and the sale price of such assets may be materially below the value of the interest were it to be held for the long-term. Certain Infrastructure Assets may decline in value over time due to the nature of the assets. Such a decline in the value of the underlying assets should be reflected in the market value of the equity and debt instruments of the issuer, thereby providing a total return to investors that reflects the nature of these assets. As there may be no open market to establish an independent value for certain of the Fund's interests in Infrastructure Assets, the Fund's valuation procedures provide that such investments must be fair valued. There can be no assurance that the Fund's determination of fair value for an Infrastructure Asset will be obtainable in the market or that there will be a market for the Infrastructure Asset. See "Risks - Illiquid and Unlisted Securities Risk."

Leverage Risk. Under normal circumstances, the Fund intends to utilize leverage in an amount up to 30% of the Fund's Total Assets, immediately after taking into account such leverage. The Fund may use leverage for investment purposes, to finance the repurchase of its Common Shares, and to meet cash requirements. Although the use of leverage by the Fund may create an opportunity for increased return for the Common Shares, it also results in additional risks and can magnify the effect of any losses. Leverage Instruments will have seniority over the Common Shares. If the income and gains earned on the securities and instruments purchased with leverage proceeds are greater than the cost of the leverage, the Common Shares' return will be greater than if leverage had not been used. Conversely, if the income or gains from the securities and investments purchased with such proceeds does not cover the cost of leverage, the return to the Common Shares will be less than if leverage had not been used. If the Fund uses Leverage Instruments, associated costs will be borne immediately by the holders of the Common Shares of the Fund (the "Common Shareholders") and result in a reduction of the NAV of the Common Shares. There is no assurance that a leveraging strategy will be successful. Leverage involves risks and special considerations for Common Shareholders including:

o the likelihood of greater volatility of the NAV and market price of the Common Shares than a comparable portfolio without leverage;

o the risk that fluctuations in interest rates on borrowings and short-term debt or in the dividend rates on any Preferred Shares that the Fund may pay will reduce the return to the Common Shareholders or will result in fluctuations in the dividends paid on the Common Shares;

o the effect of leverage in a declining market, which is likely to cause a greater decline in the NAV of the Common Shares than if the Fund were not leveraged, which may result in a greater decline in the market price of the Common Shares; and o when the Fund uses Leverage Instruments, the investment advisory fees payable to the Adviser and Sub-Advisers will be higher than if the Fund did not use leverage.

See "Risks - Leverage Risk."

No Operating History. The Fund is a newly organized, non-diversified, closed-end management investment company with no operating history. See "Risks - No Operating History."

Non-diversified Status. As a non-diversified investment company under the 1940 Act, the Fund is not limited by the 1940 Act in the proportion of its assets that may be invested in securities and instruments of a single issuer, and accordingly, an investment in the Fund may, under certain circumstances, present greater risk to an investor than an investment in a diversified company. See "Risks - Non-Diversified Status."

Page 14

Investment and Market Risk. An investment in the Fund's Common Shares is subject to investment risk, including the possible loss of the entire principal amount invested. An investment in Common Shares of the Fund represents an indirect investment in the

securities and instruments owned by the Fund. The value of these securities and instruments, like other investments, may move up or down, sometimes rapidly and unpredictably. Shares of closed-end funds often trade at a discount to their NAVs and the Fund's shares may trade at such a discount. Common Shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions. See "Risks - Investment and Market Risk."

Income Risk. The Fund's income may be affected adversely when short-term interest rates increase, especially when the Fund is utilizing leverage, although it is the Fund's intention to apply leverage where the Fund has or will acquire assets that largely match the interest rate characteristics of the leverage to reduce this effect. See "Risks - Income Risk."

Market Disruption Risk. The terrorist

attacks in the United States on September 11, 2001 had a disruptive effect on the securities markets. United States military and related action in Iraq is ongoing and events in the Middle East and elsewhere in the world could have significant adverse effects on the global economy and the stock markets. The Fund cannot predict the effects similar events occurring in the future will have on the value of the Common Shares or NAV of the Fund. See "Risks - Market Disruption Risk."

Common Stock Risk. Common stock and other instruments of an issuer in the Fund's portfolio may decline in price if the issuer fails to make anticipated dividend payments or distributions because, among other reasons, the issuer of the security experiences a decline in its financial condition. An adverse event, such as an unfavorable earnings report, may depress the value of common stock or instruments of an issuer held by the Fund. Also, a drop in the stock market could depress the price of the securities held by the Fund. As the issuers fall within a single industry group, any such market change could affect a significant portion of the portfolio that trade on that stock market.
See "Risks - Common Stock Risk."

Interest Rate Risk. Interest rate risk is the risk that fixed-income securities such as preferred, debt and debt-like securities will decline in value because of changes in market interest rates. Securities issued by Infrastructure Issuers may be subject to similar risks. In addition, the income and profits of many of the issuers in which the Fund invests may be sensitive to interest rate fluctuations and therefore changes in the level of interest rates may have a direct bearing on such issuers' ability to pay dividends or make distributions. When market interest rates rise, the market value of such securities generally will fall. Interest rates are at or near historic lows, and as a result, they are likely to rise over time. See "Risks - Interest Rate Risk."

Inflation Risk. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund's shares and distributions thereon can decline. See "Risks - Inflation Risk."

Environmental Risk. Infrastructure Assets can have a substantial environmental impact. Ordinary operation or an accident with respect to such assets could cause major environmental damage which could cause the owner of such assets significant financial distress. Community and environmental groups may protest about the development or operation of Infrastructure Assets, and these protests may induce government action to the detriment of the owner of the Infrastructure Asset. See "Risks - Environmental Risk."

Credit Risk. Credit risk is the risk of nonpayment of scheduled interest and/or principal payments. Credit risk also is the risk that one or more investments in the Fund's portfolio will decline in price, or fail to pay interest or principal when due, because the issuer of the security experiences a decline in its financial status. See "Risks - Credit Risk."

Page 15

Anti-Takeover Provisions. The Fund's Declaration of Trust (the "Declaration") includes provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status. These provisions could have the effect of depriving the

Common Shareholders of opportunities to sell their Common Shares at a premium over the then current market price of the Common Shares. See "Certain Provisions in the Declaration of Trust" and "Risks - Anti-Takeover Provisions."

Certain Other Risks. An investment in the Fund is subject to certain other risks described in the "Risks" section of this prospectus.

Page 16

SUMMARY OF FUND EXPENSES

The following table assumes the issuance of debt in an amount equal to 30% of the Fund's Total Assets (immediately after its issuance) and shows Fund expenses as a percentage of net assets attributable to Common Shares. Footnote 3 to the table also shows Fund expenses as a percentage of net assets attributable to Common Shares, but assumes that no debt is issued or outstanding (such as will be the case prior to the Fund's expected issuance of debt).

Shareholder Transaction Expenses

Sales load paid by Common Shareholders (as a percentage of offering price)	
Offering expenses borne by the Fund (as a percentage of offering price)(1)..............	
Dividend Reinvestment Plan fees..	

	Percentage of to Commo Debt
Annual Expenses	
Management fees(4)	
Other expenses...	
Interest payments on Borrowed Funds..	
Total annual expenses..	

The purpose of the table above is to help each Common Shareholder understand all fees and expenses that Common Shareholders would bear directly or indirectly. The expenses shown in the table under "Other Expenses" and "Total Annual Expenses" are based on estimated amounts for the Fund's first full year of operation and assume that the Fund issues approximately 12,500,000 Common Shares. If the Fund issues fewer Common Shares, all other things being equal, these expenses as a percentage of net assets will increase. See "Management of the Fund" and "Dividend Reinvestment Plan."

The following example illustrates the expenses (including the sales load of $45, estimated offering expenses of this offering of $2.00 and the estimated offering costs of issuing debt assuming the Fund issues debt representing 30% of the Fund's capital (immediately after its issuance) of $1.30) that a Common Shareholder would pay on a $1,000 investment in Common Shares, assuming (1) total net annual expenses of 2.55% of net assets attributable to Common Shares and (2) a 5% annual return:*

	1 Year	3 Years	5 Years	10 Years
Total expenses incurred...........	$73	$123	$176	$319

----

* THE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE ASSUMED. The example assumes that the estimated "Other Expenses" set forth in the Annual Expense table are accurate and that all dividends and distributions are reinvested at NAV. Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the example. In the event that the Fund does not issue any debt, an investor would pay the following expenses based on the assumptions in the example: 1 Year, $61; 3 Years, $90; 5 Years, $121; and 10 Years, $208.

Page 17

THE FUND

The Fund is a newly organized, non-diversified, closed-end management investment company registered under the 1940 Act. The Fund was organized as a Massachusetts business trust on January 21, 2004 pursuant to a Declaration of Trust, as amended and restated (the "Declaration") governed by the laws of the Commonwealth of Massachusetts. As a newly organized entity, the Fund has no operating history. The Fund's principal office is located at 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532, and its telephone number is (630)

241-4141.

USE OF PROCEEDS

The net proceeds of the offering of Common Shares will be approximately $162,010,000 ($186,311,500 if the Underwriters exercise the overallotment option in full) after payment of the estimated organizational expenses and offering costs. The Adviser and MIFA have agreed to pay (i) all organizational expenses and (ii) all offering costs (other than sales load, but including the $.00667 per Common Share reimbursement of underwriter expenses) that exceed $.04 per Common Share. The Fund intends to invest the net proceeds of the offering in accordance with the Fund's investment objective and policies as stated below. The Fund anticipates that it will be able to invest substantially all of the net proceeds in securities and instruments that meet the investment objective and policies within three to six months after the completion of the offering. Pending such investment, it is anticipated that the proceeds will be invested in high quality, short-term fixed income securities, money market securities or cash or cash equivalents.

THE FUND'S INVESTMENTS

Investment Objective and Policies

The Fund's investment objective is to seek a high level of current return consisting of dividends, interest and other similar income while attempting to preserve capital. In pursuit of the objective, the Fund will seek to manage its investments and expenses so that a significant portion of its distributions to the Fund's common shareholders will qualify as tax-advantaged dividends, subject to the continued availability of favorable tax treatment for such qualifying dividends. The Fund will seek to achieve its investment objective by investing in a non-diversified portfolio of equity, debt, preferred or convertible securities and other instruments (for instance, other instruments could include Canadian income trusts and Australian stapled securities) of Infrastructure Issuers in the Permitted Countries.

Under normal market conditions, the Fund's over-riding investment philosophy will be to seek to identify and invest in securities and instruments that, over the long term, are anticipated to produce consistent dividend or distribution income. The Sub-Advisers believe that selected Infrastructure Issuers tend to pay higher dividends and distributions and display lower volatility over the long-term in terms of revenues, income and distributions than issuers in many other industries.

The Fund intends to invest the proceeds of issuance of its Common Shares raised under this offering primarily in Core Infrastructure Securities - primarily equity securities and securities and instruments with equity characteristics issued by Infrastructure Issuers but also other securities and instruments issued by Infrastructure Issuers that may be debt or debt-like. This will comprise the "Core Component" of the Fund's investment portfolio. The Core Component will be managed by MIFA.

The Fund currently intends to utilize leverage through the issuance of Leverage Instruments in an aggregate amount up to 30% of the Fund's Total Assets immediately after such issuance and/or borrowing. The Fund intends to invest the proceeds of the leverage in Infrastructure Senior Loans - U.S.

dollar-denominated senior secured floating-rate loans of Infrastructure Issuers - in an attempt to provide a stable stream of income to the Fund. The Infrastructure Senior Loans in which the Fund invests will be the "Senior Loan Component" of the Fund's investment portfolio. The Senior Loan Component will be managed by Four Corners. The investments in Infrastructure Senior Loans are expected to largely match the currency and interest rate risks characteristics of any associated leverage. The Fund intends that at least 80%, and up to 100%, of the Infrastructure Senior Loans in the Senior Loan Component will be non-investment grade debt instruments.

The Core Component is intended to consist mainly of listed securities and instruments of Infrastructure Issuers. The Fund may, when presented with an opportunity to do so, invest up to 25% of the Core Component in unlisted securities and instruments of Infrastructure Issuers. These investments are not a primary focus of the Fund and MIFA will not actively seek out such opportunities. It should be noted, however, that the Fund intends to pay MIFA advisory fees at a higher rate to the extent the Fund's Core Component is invested in unlisted securities and instruments of Infrastructure Issuers. Accordingly, MIFA will have an incentive to make such investments. Under normal market conditions, the Fund will seek to deliver at least 50% of its income attributable to Core Infrastructure Securities as tax-advantaged dividends under the Code to the extent that preferential treatment for such dividends remains available generally up to and including December 31, 2008. Under federal income tax law enacted on May 28, 2003, tax-advantaged dividends received by individual Shareholders are taxed at long-term capital gain rates, which currently reach a

maximum of 15%. Tax-advantaged dividends generally include dividends from U.S. corporations and dividends and similar distributions from non-U.S. entities that meet certain criteria. The Fund generally can pass the tax treatment of tax-advantaged dividends it receives through to Common Shareholders. In addition to investing in securities and instruments that pay tax-advantaged dividends, the Fund also may invest in securities and other instruments and debt instruments that generate fully taxable ordinary income (i.e., income other than tax-advantaged dividends). Infrastructure Senior Loans, U.S. corporate bonds, notes and debentures, convertible debt securities, and other similar types of corporate instruments, including high yield debt securities, are not eligible to pay tax-advantaged dividends.

Across both the Core Component and the Senior Loan Component, under normal conditions, the Fund intends to invest 80%, and may invest up to 100%, of its Total Assets in securities and instruments of Infrastructure Issuers that are expected to provide dividends, interest and other similar income. The Fund cannot change this investment policy unless the Fund's Shareholders receive at least 60 days prior notice of any such change.

Under normal market conditions, the Fund intends that more than 50% will, and up to 100% of the Fund's Total Assets may, be comprised of securities and instruments of non-U.S. Infrastructure Issuers. Accordingly, the Fund expects to hold securities and instruments denominated in non-U.S. currencies. The Fund does not currently intend to enter into arrangements to reduce its exposure to non-U.S. currencies, other than in connection with the Fund's exposure to dividends received or receivable in non-U.S. currencies and to hedge forward commitments. The Fund intends to restrict its investments to Infrastructure Issuers located in the Permitted Countries.

The Fund intends to apply the following additional guidelines to its investments:

- Across both the Core Component and the Senior Loan Component, no more than 7% of the Fund's Total Assets may be invested in the securities and instruments of any single Infrastructure Issuer at any time.

- Across both the Core Component and the Senior Loan Component, no more than 40% of the Fund's Total Assets may be invested in the securities and instruments of U.S. Infrastructure Issuers at any time.

- Within the Core Component, no more than 20% of the Core Infrastructure Securities may be invested in the securities and instruments of U.S. Infrastructure Issuers at any time.

- Across both the Core Component and the Senior Loan Component, no more than 30% of the Fund's Total Assets may be invested in the securities and instruments of non-U.S. Infrastructure Issuers located in any one country at any time.

The Fund may invest in securities and instruments that are forecast to decline in value due to the nature of the assets of the issuer, where such decline is anticipated to be compensated through enhanced yield.

The Fund intends to follow the guidelines set out above but may deviate from such guidelines from time to time as deemed appropriate under prevailing economic and market conditions to achieve its investment objective over the long-term. If any allocation of assets exceeds the guidelines set out above, the Fund may seek to reduce the allocation as soon as practicable based on the liquidity of its assets and other market factors.

There can be no assurance that the Fund's investment strategy will be successful, that the Fund will achieve its investment objective, or that preferential tax treatment will be achieved with respect to its investments. Further, the Fund may not be appropriate for all investors.

The Fund believes that its investments in Infrastructure Senior Loans and other debt instruments may provide opportunities for the Fund to (i) enhance the Fund's income through greater incremental returns on its senior loan investments over the dividend or interest payments by the Fund on its leverage through borrowings or the issuance of Preferred Shares, respectively, and (ii) largely match the Fund's risk of increases in the interest rate on borrowings and/or the Preferred Share dividend rate as a result of increases in short-term interest rates.

The Adviser, in consultation with the Sub-Advisers, will be responsible for determining the Fund's overall investment strategy and overseeing its implementation. The portion of the Fund's Total Assets invested in Core Infrastructure Securities and Infrastructure Senior Loans and other instruments will vary from time to time consistent with the Fund's investment objective through changes in the use of leverage.

Sub-Advisers' Investment Philosophies and Processes

MIFA is responsible for managing the Core Component and is responsible for selecting and implementing the investment strategy for the Core Component. MIFA intends to analyze Infrastructure Issuers to determine the quality of the assets within the issuer's portfolio. MIFA believes that such analysis of the underlying assets that dominate the business of the Infrastructure Issuer will highlight the long-term quality of the Infrastructure Issuer's revenue and income streams. MIFA believes fundamental analysis of the underlying revenue of the Infrastructure Issuer provides longer term superior returns than a focus on short-term market factors. MIFA believes that a systematic fundamentals-based approach to identifying long-term potential value in Infrastructure Issuers will produce favorable investment performance. MIFA's advisory personnel may include personnel shared with Macquarie's ISF Division, who will assist MIFA's other personnel in critically assessing potential Infrastructure Issuers and their underlying assets and businesses, and the holdings of the Core Component on an on-going basis.

Certain members of the Macquarie Group (other than MIFA) focus on identifying investment opportunities in unlisted securities of Infrastructure Issuers. On occasion, in accordance with a series of protocols developed by Macquarie's ISF Division, MIFA may be presented with the opportunity to invest the assets of the Core Component in such securities and MIFA may, in accordance with the Fund's investment objective, guidelines and policies, cause the Fund to make such investment. MIFA anticipates that the vast majority, if not all, of the Fund's opportunities to invest the assets of the Core Component in unlisted securities of Infrastructure Issuers will be presented to MIFA through such other members of the Macquarie Group. No assurances can be given, however, that any such opportunities will be presented to MIFA or, if presented, will be deemed to be a suitable investment for the Fund. No other member of the Macquarie Group will render investment advice to the Fund.

Four Corners is responsible for managing the Senior Loan Component. Four Corners believes that a rigorous investment process based on in depth credit analysis and market experience, applied consistently and deliberately, results in superior investment performance over time. In addition to the emphasis on "bottom-up" in-depth credit analysis, "top-down" macro-economic analysis is formalized and integrated into the investment process. Four Corners' investment process focuses on risk minimization through an emphasis on diversification, sell discipline, and objectivity and employs systematic and quantitative analysis of default probabilities and collateral evaluation in sizing positions and constructing portfolios.

Characteristics of Infrastructure Assets

Infrastructure Assets are an underlying foundation of basic services, facilities and institutions upon which the growth and development of a community depends. Typically, in the United States, such assets are owned, operated or managed by government-related entities such as municipalities. In non-U.S. countries, these assets are often owned, operated or managed by private entities. The entities owning, operating or managing these assets may provide the necessities of everyday life - such as fresh water, roads, airports, power, district heating and cooling, hospitals, schools and other social services. Such entities thereby provide the reliable transportation corridors and facilities, communications networks, energy distribution systems and pipelines, and institutions that are fundamental to the health of an economy. MIFA believes that select Infrastructure Issuers tend to pay higher dividends and distributions and display lower volatility over the long term in terms of revenues, income and distributions than issuers in many other industries. MIFA also believes that some Infrastructure Issuers generally have a high revenue to operating expense ratio and have revenues that correlate with inflation. As a result, in an inflationary period, inflation-driven increases in revenue could likely result in increased profits for such Infrastructure Issuers.

The businesses of Infrastructure Issuers typically display characteristics with some or all of the following attributes:

Essential services: Many Infrastructure Issuers are the sole providers of an essential product or service (e.g., water/waste-water, power and transportation services) to a segment of the population, at a given time and cost, and often retain this characteristic for an extended period of time.

Monopolistic: Many Infrastructure Assets are monopolistic or near-monopolistic in nature, thereby providing a strategic competitive advantage. These Infrastructure Assets may be difficult to replicate due to: exclusive concession periods provided by legislation and/or regulation; natural barriers, planning or environmental restrictions or availability of land; high costs of new development; long-term sales contracts for a significant proportion of production; and other restrictions. A monopoly asset is attractive from an investor's perspective as the monopoly typically provides protection against competitor-induced pricing competition. This helps in the maintenance of operating and profit margins and provides more stability in the earnings stream.

Fixed and regulated returns: Monopoly-type market positioning may bring with it regulation to prevent the development of "excess" profits and to protect public interests. For example, for roads, toll increases may be agreed in advance with government and specified in concession deeds; for energy utilities, revenues may be set by a regulator, typically with reviews at fixed year intervals; and the aeronautical revenues of airports may also be regulated in a similar manner.

Leverage on a fixed cost base: Many Infrastructure Assets are usually characterized by large levels of capital investment during the development phase of the asset. Once developed, on-going operational-maintenance expenditure may be relatively low and stable. Should this be the case, increases in revenue (for example, due to traffic increases on a road asset) may not necessarily lead to proportionate increases in operating expenditure, leading to relatively high increases in surplus cash flow. Additionally, the economies of scale from leveraging a fixed cost base may provide strategic competitive advantage.

Relatively inelastic demand: Demand for the products or services provided by many Infrastructure Assets may be more stable and less sensitive to changes in the price of the products or services than products or services provided by other assets. Demand growth is often linked to underlying economic or demographic growth. Stable operating cash flows generally result from this attribute and this stability may reduce the overall volatility of investor returns.

Long-life assets: Infrastructure Assets may have long economic useful lives and may operate under long-term concessions/agreements. For example, an airport lease or road easement may be up to 99 years. The underlying revenue of infrastructure assets may be linked to inflation, sometimes directly through a regulatory framework or through concession agreements linking price growth to inflation.

Based on the mix of the above-noted characteristics and risk factors, Infrastructure Assets can be broadly divided into four categories:

Assets that are natural or near-natural monopolies and are regulated in the level of revenue earned, the charges imposed or the rate of returns allowed. Certain power and gas transmission, generation and distribution assets fall into this category, along with certain water/waste-water treatment facilities and incumbent local exchange carriers.

Assets that depend on a form of user payment for their main revenue source. Examples of assets that fall into this category include toll roads, airports, railways, ports and certain parking lots (e.g., airport related).

Assets that provide basic social services to the community, and include schools, hospitals and correction facilities. Depending on the arrangement with government and the regulator, if any, water/waste-water treatment facilities may also be included in this class.

Assets that compete in a market for the sale of a product or service and are therefore exposed to market risks (e.g., volatility of prices or competitive pressures). Certain electricity generation, solid waste disposal facilities, city and local carparks, and certain communication asset classes (e.g., fixed-base wireless transmission towers and broadband television cable) fall into this category, along with certain water/waste-water treatment facilities.

Infrastructure Issuers

"Infrastructure Issuers" are U.S. and non-U.S. issuers that have as their primary focus (in terms of income and/or assets) the management, ownership and/or operation of infrastructure and utilities assets in a select group of countries. Typically, in the United States, Infrastructure Issuers are municipalities and federal or state government and government-related agencies. For example, the New York Port Authority, a government-related entity, operates, among other things, the Port of New York and the John F. Kennedy International and La Guardia Airports. Outside the United States, Infrastructure Issuers are often non-governmental entities, and include both publicly traded and privately held entities. These entities may issue debt or equity securities, including equity securities in which the Fund may invest. In several developed countries outside the United States, including the U.K., Canada and Australia, there has been over many years a trend of increasing privatization as national governments spend less and less on Infrastructure Assets. Unlike the United States, these countries often do not utilize municipal financing to fund these Infrastructure Assets. Furthermore, in many of these non-U.S. countries, some of the larger private sector infrastructure companies can be public companies the shares of which are traded on national exchanges. For example, the fund that owns a majority stake in the Sydney Airport in Australia is listed on the Australian Stock Exchange.

Portfolio Composition

The Fund's portfolio will be composed principally of the following types of investments. A more detailed description of the Fund's investment policies and restrictions are contained in the SAI.

Equity and Hybrid Securities. Under normal market conditions, the Fund intends to invest the majority of the Core Component in equity securities such as common stocks, preferred stocks, convertible securities and hybrid securities. "Hybrid" securities and instruments, such as stapled securities and various income trust units, are debt-like instruments where the issuers' obligations to pay distributions on the securities and instruments may be linked to profits.

Common stock generally represents an equity ownership interest in an issuer. Although common stocks have historically generated higher average returns than fixed income securities over the long term, common stocks also have experienced significantly more volatility in those returns and in recent years have significantly underperformed relative to fixed income securities. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock held by the Fund. A drop in the stock market could depress the price of the securities to which the Fund has exposure. Common stock prices fluctuate for several reasons including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or when political or economic events affecting the issuers occur. In addition, common stocks prices may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase.

Equity securities also include preferred stock (whether or not convertible into common stock) and debt securities convertible into or exchangeable for common or preferred stock. In addition, many issuers have securities, such as trust units and income securities, that are "hybrid" securities in that they have certain debt-like characteristics but their obligation to service the debt may be dependent on the profits of the issuer. Examples of these types of securities include what are commonly known as "income trusts" or "income funds" in the Canadian securities market and "stapled securities" in the Australian securities market.

Canadian income funds are investment vehicles designed to distribute, in a tax-efficient manner, cash flows from an operating company to investors. They are similar to U.S.-style real estate investment trusts, but unlike those vehicles, income funds are not restricted to one industry. An income trust is structured to receive pass through treatment for Canadian tax purposes, and is only permitted to own passive investments such as common stock and debt instruments. The distribution to unitholders may be comprised of income, dividends and return of capital.

Stapled securities have been used by Australian-based Infrastructure Issuers. Typically each stapled security is comprised of two or more securities that are "stapled" together to trade as one unit. Distributions payable by the issuers of stapled securities are not certain and could include the return of capital. The rules to determine the amount of the distribution, if any, that qualifies as dividends under the Code that might be eligible for tax-advantaged treatment are complex.

Income fund units, stapled securities and other "hybrid" securities will be treated as equity securities in this prospectus.

Preferred stock and hybrids may have a preference over common stock in liquidation (and generally dividends as well) but are subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock, hybrids and trust units with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock and hybrids generally also reflects some element of conversion value.

The market value of preferred stock and hybrids will also generally reflect whether (and if so when) the issuer may force holders to sell their preferred stock or hybrids back to the issuer and whether (and if so when) the holders may force the issuer to buy back their preferred stock or hybrids. Generally speaking, the right of the issuer to repurchase the preferred stock or hybrids tends to reduce any premium that the preferred stock or hybrids might otherwise trade at due to interest rate or credit factors, while the right of the holders to require the issuer to repurchase the preferred stock or hybrids tends to reduce any discount that the preferred stock or hybrids might otherwise trade at due to interest rate or credit factors.

Securities that are convertible into or exchangeable for preferred or common stock are liabilities of the issuer but are generally subordinated to more senior elements of the issuer's balance sheet. Although such securities also generally reflect an element of conversion value, their market value also varies with interest rates and perceived credit risk. Many convertible securities are not investment grade, that is, not rated "BBB" or better by S&P or "Baa" or better by Moody's and are not considered by the applicable Sub-Adviser to be of similar quality. There is no minimum credit rating or independent investment limitation for these securities in which the Fund may invest. Preferred stocks and convertible securities may have many of the same characteristics and risks as nonconvertible debt securities. See "Risks - Non-Investment Grade Securities."

Non-U.S. Securities. The Fund may invest up to 100% of the Core Component in securities of Infrastructure Issuers located in countries other than the United States and such securities may be denominated in currencies other than the U.S. dollar. Those non-U.S. Infrastructure Issuers will be located in the Permitted Countries other than the United States. See "Risks - Non-U.S. Investments Risk."

The Fund may also purchase sponsored American Depository Receipts ("ADRs") or U.S. dollar-denominated securities of non-U.S. Infrastructure Issuers. ADRs are receipts issued by United States banks or trust companies in respect of securities of non-U.S. issuers held on deposit for use in the United States securities markets. Issuers of such securities will be considered non-U.S. Infrastructure Issuers for purposes of the Fund's allocation guidelines.

Unlisted Securities. Up to 25% of the Core Component of the Fund can be invested in unlisted securities. Being unlisted, these securities and other instruments often have premium distribution rates; given the long-term nature of their assets, however, revenue streams derived from Infrastructure Assets may have low volatility characteristics. MIFA considers that such securities therefore do not always warrant the yield premium. Unlisted securities and other instruments selected for investment by MIFA may include equity, hybrid, convertible preferred instruments and debt instruments. Any and all instruments held by the Fund may be rated investment grade or may be unrated or non-investment grade. See "Risks - Illiquid and Unlisted Securities Risk" and "Non-Investment Grade Securities."

Senior Loans. The Fund may invest any assets raised through leverage in Infrastructure Senior Loans - senior secured floating-rate U.S. dollar-denominated loans of Infrastructure Issuers. Senior loans generally hold one of the most senior positions in the capital structure of a borrower (the "Borrower"), are typically secured with specific collateral and have a claim on the assets and/or stock of the Borrower that is senior to that held by subordinated debtholders and stockholders of the Borrower. The proceeds of senior loans are primarily used to finance leveraged buyouts, recapitalizations, mergers, acquisitions, stock repurchases, and, to a lesser extent, to finance internal growth and for other corporate purposes. Senior loans typically have rates of interest which are reset either daily, monthly, quarterly or semi annually by reference to a base lending rate, plus a premium. This base lending rate is primarily LIBOR, and secondarily the prime rate offered by one or more major United States banks (the "Prime Rate") and the certificate of deposit ("CD") rate or other base lending rate used by commercial lenders. The Infrastructure Senior Loans in which the Fund intends to invest are primarily lower grade, and may include revolving credit facilities, debtor-in-possession financing, unsecured loans, other floating-rate debt securities, such as notes, bonds, and asset-backed securities (such as special purpose trusts investing in bank loans), investment grade loans and fixed income debt obligations.

When interest rates decline, the value of a portfolio invested in fixed-rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a portfolio invested in fixed-rate obligations can be expected to decline. Although the Fund's NAV will vary, the Fund expects that investing a significant portion of the Fund's Total Assets in Infrastructure Senior Loans will reduce fluctuations in NAV as a result of changes in market interest rates. However, because floating rates on Infrastructure Senior Loans only reset periodically and because of the investments in the Core Component, changes in prevailing interest rates can still be expected to cause significant fluctuation. See "Risks - Senior Loan Risk."

Non-Investment Grade Securities. The Infrastructure Senior Loans in which the Fund will invest and certain other securities in which the Fund may invest, will likely be rated in the lower rating categories of NRSROs or unrated securities of comparable quality. Debt securities that are not rated or rated lower than "BBB" by S&P or lower than "Baa" by Moody's are commonly referred to as "junk bonds." For a description of the ratings categories of certain NRSROs, see Appendix A to the SAI.

Generally, such non-investment grade securities and unrated securities of comparable quality offer a higher current yield than is offered by higher rated securities, but also (i) will likely have some quality and protective characteristics that, in the judgment of the rating organizations, are outweighed by large uncertainties or major risk exposures to adverse conditions and (ii) are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation. The market values of certain of these securities also tend to be more sensitive to individual corporate developments and changes in economic conditions than higher quality bonds. In addition, such comparable un-rated securities generally present a higher degree of credit risk. The risk of loss due to default by these issuers is significantly greater because such non-investment grade securities and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In light of these risks, the applicable Sub-Adviser, in evaluating the creditworthiness of an issue, whether rated or un-rated, will take various factors into consideration, which may include, as applicable, the issuer's operating history, financial resources and its sensitivity to economic conditions and trends, the market support for the facility financed by the issue (if applicable), the perceived ability and integrity of the issuer's management and regulatory matters.

In addition, the market value of securities in lower rating categories is more volatile than that of higher quality securities, and the markets in which such non-investment rated or unrated securities are traded are more limited than those in which higher rated securities are traded. The existence of limited markets may make it more difficult for the Fund to obtain accurate market quotations for purposes of valuing its portfolio and calculating its NAV. Moreover, the lack of a liquid trading market may restrict the availability of securities for the Fund to purchase and may also have the effect of limiting the ability of the Fund to sell securities at their fair value to respond to changes in the economy or the financial markets.

Non-investment grade securities also present risks based on payment expectations. If an issuer calls the obligation for redemption (often a feature of fixed income securities), the Fund may have to replace the security with a lower yielding security, resulting in a decreased return for investors. Also, as the principal value of nonconvertible bonds and preferred stocks moves inversely with movements in interest rates, in the event of rising interest rates the value of the securities held by the Fund may decline proportionately more than a portfolio consisting of higher rated securities. Investments in zero coupon bonds may be more speculative and subject to greater fluctuations in value due to changes in interest rates than bonds that pay interest currently. Interest rates are at or near historical lows and, therefore, it is likely that they will rise in the future.

In addition to using recognized rating agencies and other sources, the applicable Sub-Adviser will also perform its own analysis of issuers in seeking investments that it believes to be underrated (and thus higher-yielding) in light of the financial condition of the issuer. Its analysis of issuers may include, among other things, current and anticipated cash flow and borrowing requirements, value of assets in relation to historical cost, strength of management, responsiveness to business conditions, credit standing and current anticipated results of operations. In selecting investments for the Fund, the applicable Sub-Adviser may also consider general business conditions, anticipated changes in interest rates and the outlook for specific industries.

Corporate Bonds. The Fund may invest in corporate bonds of Infrastructure Issuers. Corporate bonds generally are used by corporations to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and normally must repay the amount borrowed on or before maturity. Certain bonds are "perpetual" in that they have no maturity date. Certain corporate bonds are zero coupon bonds. A zero coupon bond is a bond that does not pay interest either for the entire life of the obligation or for an initial period after the issuance of the obligation.

Unlisted, Restricted and Illiquid Securities and Instruments. The Fund may invest up to 25% of the Core Component in unlisted, restricted and illiquid securities and instruments of Infrastructure Issuers. Illiquid securities include U.S. securities legally restricted as to resale, such as commercial paper issued pursuant to Section 4(2) of the Securities Act and securities eligible for resale pursuant to Rule 144A thereunder. Section 4(2) and Rule 144A securities may, however, be treated as liquid by the Fund pursuant to procedures adopted by the Board, which require consideration of factors such as trading activity, availability of market quotations and number of dealers willing to purchase the security. There may or may not be similar regulatory or statutory restrictions on unlisted, restricted or illiquid securities or instruments issued by non-U.S. issuers.

Industry Concentration. The Fund intends, under normal market conditions, to invest most if not all of its Total Assets in Infrastructure Issuers. See "Risks - Industry Concentration and Infrastructure and Utilities Industry Risk."

Short-Term Debt Securities; Temporary Defensive Position; Invest Up Period. During the period during which the net proceeds of the offering of Common Shares are being invested, or during periods in which the applicable Sub-Adviser determines that it is temporarily unable to follow the Fund's investment strategy or that it is impractical to do so, the Fund may deviate from its investment strategy and invest all or any portion of its net assets in cash or cash equivalents. A Sub-Adviser's determination that it is temporarily unable to follow the Fund's investment strategy or that it is impractical to do so will generally occur only in situations in which a market disruption event has occurred and where trading in the securities selected through application of the Fund's investment strategy is extremely limited or absent. In such a case, the value of shares of the Fund may be adversely affected and the Fund may not pursue or achieve its investment objective.

Other Investment Companies. The Fund may invest up to 25% of the Core Component in securities and instruments of other open- or closed-end U.S. or non-U.S. investment companies that invest primarily in securities of the types in which the Fund may invest directly. In addition, the Fund may invest a portion of its Total Assets in U.S. or non-U.S. pooled investment vehicles (other than investment companies) that invest primarily in securities of the types in which the Fund may invest directly. The Fund generally expects that it may invest in other investment companies and/or pooled investment vehicles either during periods when it has large amount of uninvested cash, such as the period shortly after the Fund receives the proceeds of the offering of its Common Shares or borrowings and/or Preferred Shares, or during periods when there is a shortage of attractive securities of the types in which the Fund may invest directly available in the market. As an investor in an investment company or pooled investment vehicle, the Fund will bear its ratable share of that investment company's or vehicle's expenses, and would remain subject to payment of the Fund's advisory and administrative fees with respect to assets so invested. Common Shareholders would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies or vehicles. The Sub-Advisers will take expenses into account when evaluating the investment merits of an investment in the investment company or pooled investment vehicle relative to available securities of the types in which the Fund may invest directly. In addition, the securities of other investment companies or vehicles also may be leveraged and therefore will be subject to the same leverage risks described herein. As described in the section entitled "Risks - Leverage Risk," the NAV and market value of leveraged shares will be more volatile and the yield to shareholders will tend to fluctuate more than the yield generated by unleveraged shares.

From time to time, MIFA may determine that it is in the best interests of the Fund to gain exposure to Infrastructure Assets through the purchase of Core Infrastructure Securities the issuer of which is a listed entity that primarily invests in the securities of Infrastructure Issuers and is advised by a MIFA Related Party. Such listed entity may be a non-U.S. investment company as discussed above. To the extent that a "MIFA Related Party" is under common control with MIFA, it may be a second-tier affiliate of the Fund (in other words, an "affiliated person" of an "affiliated person" of the Fund, as that term is defined in the 1940 Act). See "Risks - Investment Companies" and "Risks - Certain Affiliations." Each such transaction must be made on the open market of the primary stock exchange on which the relevant Core Infrastructure Securities are listed. A MIFA Related Party may earn fees from managing the issuer of such securities. To the extent the Fund invests in such securities, the Fund will be limited in its ability to freely trade the security to the extent that personnel of MIFA or of Macquarie's ISF Division have or may be deemed to have material, non-public information in regard to such security.

Page 24

Prior to making such investments, the Board will develop a process which will take into account the restrictions of the 1940 Act, recommendations of the Adviser and Sub-Advisers, the development of processes and procedures in connection with the investments and other potential conflicts of interest.

Investment Practices

Hedging Transactions. It is the current intention of the Fund not to enter into hedging transactions other than in connection with the Fund's exposure to dividends received or receivable in non-U.S. currencies. However, the Fund may use derivatives or other transactions for the purpose of hedging the Fund's exposure to an increase in the price of a security prior to its anticipated purchase or a decrease in the price of a security prior to its anticipated sale. Such hedging transactions are commonly referred to as "anticipatory hedges." These anticipatory hedges are expected to be entered into only in limited circumstances and are not a principal strategy of the Fund. The specific derivative instruments to be used, or other transactions to be entered into, for such hedging purposes may include options on common stock, stock-related future contracts, non-U.S. currency forward contracts, swap agreements and related instruments. Some, but not all, of the derivative instruments may be traded on an exchange. The positions in derivatives will be marked-to-market daily at the closing price established on the exchange or at a fair value. If market quotes are unavailable, the Board will value these securities by using such method as the Board shall determine in good faith to reflect their fair market value, as described in "Net Asset Value." The Fund will use derivatives or other transactions described in this paragraph solely for non-speculative purposes. See "Risks - Hedging Risk" in this prospectus and "Other Investment Policies and Techniques" in the Fund's SAI for further information on hedging transactions.

As an anticipatory hedge shifts, the Fund may purchase put and call options on stock or other securities. A put option embodies the right of its purchaser to compel the writer of the option to purchase from the option holder an underlying security or its equivalent at a specified price at any time during the option period. In contrast, a call option gives the purchaser the right to buy the underlying security covered by the option or its equivalent from the writer of the option at the stated exercise price. As a holder of a put option, the Fund will have the right to sell the securities underlying the option and as the holder of a call option, the Fund will have the right to purchase the securities underlying the option, in each case at their exercise price at any time prior to the option's expiration date. The Fund may seek to terminate its option positions prior to their expiration by entering into closing transactions. The ability of the Fund to enter into a closing sale transaction depends on the existence of a liquid secondary market. There can be no assurance that a closing purchase or sale transaction can be effected when the Fund so desires.

The Fund may use interest rate swaps for risk management purposes and not as a speculative investment and would typically use interest rate swaps to shorten the average interest rate reset time of the Fund's holdings. Interest rate swaps involve the exchange by the Fund with another party of their respective commitments to pay or receive interest, e.g., an exchange of fixed-rate payments for floating rate payments. The use of interest rate swaps is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions.

Lending of Portfolio Securities. The Fund may lend its portfolio securities to broker-dealers and banks. Any such loan must be continuously secured by collateral in cash or cash equivalents maintained on a current basis in an amount at least equal to the market value of the securities loaned by the Fund. The Fund would continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned, and would also receive an additional return that may be in the form of a fixed fee or a percentage of the collateral. The Fund may pay reasonable fees to persons unaffiliated with the Fund for services in arranging these loans. The Fund would have the right to call the loan and obtain the securities loaned at any time on notice of not more than five business days. The Fund would not have the right to vote the securities during the existence of the loan but would call the loan to permit voting of the securities, if, in the Adviser's judgment, a material event requiring a shareholder vote would otherwise occur before the loan was repaid. In the event of bankruptcy or other default of the borrower, the Fund could experience both delays in liquidating the loan collateral or recovering the loaned securities and losses, including: (a) possible decline in the value of the collateral or in the value of the securities loaned during the period while the Fund seeks to enforce its rights thereto; (b) possible subnormal levels of income and lack of access to income during this period; and (c) expenses of enforcing its rights. Loans of securities may also reduce the qualified dividend portion of the distributions to Shareholders.

Portfolio Turnover. The Fund may engage in portfolio trading to accomplish its investment objective. The investment policies of the Fund may lead to frequent changes in investments, particularly in periods of rapidly fluctuating interest or currency exchange rates.

There are no limits on the rate of portfolio turnover and investments may be sold without regard to length of time held when the Fund's investment strategy so dictates. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. High portfolio turnover may result in the realization of net short-term capital gains by the Fund which, when distributed to Shareholders, will be taxable as ordinary income. See "Tax Matters."

Page 25

BORROWINGS AND PREFERRED SHARES

The Fund anticipates that under current market conditions it will issue Leverage Instruments representing up to 30% of its Total Assets immediately after the issuance of the Leverage Instruments. The Leverage Instruments would have complete priority upon distribution of assets over Common Shares. Although the timing and other terms of the offering of Leverage Instruments and the terms of the Leverage Instruments would be determined by the Board, in consultation with the Adviser and Sub-Advisers, the Fund expects to invest the proceeds derived from any Leverage Instrument offering in Infrastructure Senior Loans or other debt securities consistent with the Fund's investment objective and policies. Such Infrastructure Senior Loans or other debt securities are anticipated to largely match the interest rate of the Fund's then outstanding leverage. If Preferred Shares are issued they generally would pay adjustable rate dividends based on shorter-term interest rates, which would be reset periodically by an auction process. The adjustment period for Preferred Shares dividends could be as short as one day or as long as a year or more.

Leverage creates risk for holders of the Common Shares, including the likelihood of greater volatility of NAV and market price of the Common Shares, and the risk that fluctuations in interest rates on borrowings and debt or in the dividend rates on any Preferred Shares may affect the return to the holders of the Common Shares or will result in fluctuations in the dividends paid to the Common Shares. To the extent total return on the Senior Loan Component exceeds the cost of leverage, the Fund's return will be greater than if leverage had not been used. Conversely, if the total return on the Senior Loan Component is less than the cost of leverage, the Fund's return will be less than if leverage had not been used, and therefore the amount available for distribution to Common Shareholders as dividends and other distributions will be reduced. In the latter case, the Fund nevertheless may determine to maintain the Fund's leveraged position if it expects that the benefits over the long term to the Fund's Common Shareholders of maintaining the leveraged position will outweigh the current reduced return. Under normal market conditions, the Fund anticipates that it will be able to invest the proceeds from leverage at a higher rate than the costs of leverage, which would enhance returns to Common Shareholders. The fees paid to the Adviser and Sub-Advisers will be calculated on the basis of the Total Assets of the Fund including proceeds from borrowings for leverage and the issuance of Preferred Shares. During periods in which the Fund is utilizing leverage, the investment advisory fee payable to the Adviser and Sub-Advisers will be higher than if the Fund did not utilize a leveraged capital structure. The use of leverage creates risks and involves special considerations. See "Risks - Leverage Risk."

The Fund's Declaration authorizes the Fund, without prior approval of the Common Shareholders, to borrow money. In this connection, the Fund may issue notes or other evidence of indebtedness (including bank borrowings or commercial paper) and may secure any such borrowings by mortgaging, pledging or otherwise subjecting as security the Fund's assets. In connection with such borrowing, the Fund may be required to maintain minimum average balances with the lender or to pay a commitment or other fee to maintain a line of credit. Any such requirements will increase the cost of borrowing over the stated interest rate. Under the requirements of the 1940 Act, the Fund, immediately after any such borrowings, must have an "asset coverage" of at least 300% (33-1/3% of the Fund's Total Assets after borrowings). With respect to such borrowing, asset coverage means the ratio which the value of the Total Assets of the Fund, less all liabilities and indebtedness not represented by senior securities (as defined in the 1940 Act), bears to the aggregate amount of such borrowing represented by senior securities issued by the Fund.

The rights of lenders to the Fund to receive interest on and repayment of principal of any such borrowings will be senior to those of the Common Shareholders, and the terms of any such borrowings may contain provisions which limit certain activities of the Fund, including the payment of dividends to Common Shareholders in certain circumstances. Further, the 1940 Act grants to the lenders to the Fund, in certain circumstances, certain voting rights in the event of default in the payment of interest on or repayment of principal. In the event that such provisions would impair the Fund's status as a regulated investment company under the Code, the Fund, subject to its ability to liquidate its relatively illiquid portfolio, intends to repay the borrowings.

Certain types of borrowings may result in the Fund being subject to covenants in credit agreements relating to asset coverage and portfolio composition requirements. The Fund may be subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which may issue ratings for the short-term corporate debt securities or Preferred Shares issued by the Fund. These guidelines may impose asset coverage or portfolio composition requirements that are more stringent than those imposed by the 1940 Act. It is not anticipated that these covenants or guidelines will impede the Sub-Advisers from managing the Fund's portfolio in accordance with the Fund's investment objective and policies.

Under the 1940 Act, the Fund is not permitted to issue Preferred Shares unless immediately after such issuance the value of the Fund's Total Assets is at least 200% of the liquidation value of the outstanding Preferred Shares (i.e., the liquidation value may not exceed 50% of the Fund's Total Assets after such issuance). In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Common Shares unless, at the time of such declaration, the value of the Fund's Total Assets is at least 200% of such liquidation value. If Preferred Shares are issued, the Fund intends, to the extent possible, to purchase or redeem Preferred Shares from time to time to the extent necessary in order to maintain asset coverage of any Preferred Shares of at least 200%. In addition, as a condition to obtaining ratings on the Preferred Shares, the terms of any Preferred Shares issued are expected to include asset coverage maintenance provisions which will require the redemption of the Preferred Shares in the event of non-compliance by the Fund and may also

prohibit dividends and other distributions on the Common Shares in such circumstances. In order to meet redemption requirements, the Fund may have to liquidate portfolio securities. Such liquidations and redemptions would cause the Fund to incur related transaction costs and could result in capital losses to the Fund. Prohibitions on dividends and other distributions on the Common Shares could impair the Fund's ability to qualify as a regulated investment company under the Code. If the Fund has Preferred Shares outstanding, two of the Fund's trustees will be elected by the holders of Preferred Shares as a class. The remaining trustees of the Fund will be elected by holders of Common Shares and Preferred Shares voting together as a single class. In the event the Fund failed to pay dividends on Preferred Shares for two years, holders of Preferred Shares would be entitled to elect a majority of the trustees of the Fund.

The Fund may also borrow money as a temporary measure for extraordinary or emergency purposes, including the payment of dividends and the settlement of securities transactions which otherwise might require untimely dispositions of Fund securities.

Effects of Leverage

Assuming that the Leverage Instruments will represent approximately 30% of the Fund's Total Assets and pay dividends or interest at an annual combined average rate of 1.10%, the income generated by the Fund's portfolio (net of estimated expenses) must exceed .43% in order to cover the dividend or interest payments specifically related to the Leverage Instruments. Of course, these numbers are merely estimates used for illustration. Actual dividend or interest rates on the Leverage Instruments will vary frequently and may be significantly higher or lower than the rate estimated above.

The following table is furnished in response to requirements of the Securities and Exchange Commission. It is designed to illustrate the effect of leverage on Common Share total return, assuming investment portfolio total returns (comprised of income and changes in the value of securities held in the Fund's portfolio) of -10%, -5%, 0%, 5% and 10%. These assumed investment portfolio returns are hypothetical figures and are not necessarily indicative of the investment portfolio returns experienced or expected to be experienced by the Fund. See "Risks."

The table further reflects the issuance of Leverage Instruments representing 30% of the Fund's capital, net of expenses, and the Fund's currently projected annual Leverage Instrument expense of 1.10%.

Assumed Portfolio Total Return (Net of Expenses)	(10)%	(5)%	0%
Common Share Total Return	(14.76)%	(7.61)%	(0.47)

Common Share total return is composed of two elements: the Common Share dividends paid by the Fund (the amount of which is largely determined by the net investment income of the Fund after paying dividends or interest on its Leverage Instruments) and gains or losses on the value of the securities the Fund owns. As required by Securities and Exchange Commission rules, the table above assumes that the Fund is more likely to suffer capital losses than to enjoy capital appreciation. For example, to assume a total return of 0% the Fund must assume that the income it receives on its portfolio securities is entirely offset by losses in the value of those portfolio securities. Until the Fund borrows or issues Preferred Shares, the Fund's assets will not be leveraged, and the risks related to leverage described in this prospectus will not apply. The benefits of leveraging the Common Shares can not be achieved until the proceeds resulting from the use of leverage have been invested in accordance with the Fund's investment objective and policies.

RISKS

Risk is inherent in all investing. The following discussion summarizes some of the risks that a Common Shareholder should consider before deciding whether to invest in the Fund. For additional information about the risks associated with investing in the Fund, see "Additional Information About the Fund's Investments and Investment Risks" in the SAI.

Industry Concentration and Infrastructure and Utilities Industry Risk

The Fund intends to invest up to 100% of its Total Assets in the securities and instruments of Infrastructure Issuers. Given this industry concentration, the Fund will be more susceptible to adverse economic or regulatory occurrences affecting that industry than an investment company that is not concentrated in a single industry. Infrastructure Issuers, including utilities and companies involved in infrastructure projects, may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage, costs associated with environmental and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors. Infrastructure Issuers may also be affected by or subject to:

- regulation by various government authorities;

- government regulation of rates charged to customers;
- service interruption due to environmental, operational or other mishaps;
- the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards; and
- general changes in market sentiment towards infrastructure and utilities assets.

This industry also has some special features that cause certain risks and opportunities to be more prevalent than in other industry sectors. Below is a summary of these risks:

Technology Risk. This risk arises where a change could occur in the way a service or product is delivered rendering the existing technology obsolete. While the risk could be considered low in the infrastructure sector given the massive fixed costs involved in constructing assets and the fact that many infrastructure technologies are well established, any technology change that occurs over the medium term could threaten the profitability of an Infrastructure Issuer. If such a change were to occur, these assets have very few alternative uses should they become obsolete.

Regional or Geographic Risk. This risk arises where an Infrastructure Issuer's assets are not moveable. Should an event that somehow impairs the performance of an Infrastructure Issuer's assets occur in the geographic location where the issuer operates those assets, the performance of the issuer may be adversely affected.

Through-put Risk. The revenue of many Infrastructure Issuers may be impacted by the number of users who use the products or services produced by the Infrastructure Issuers' assets. Any change in the number of users may positively or negatively impact the profitability of the issuer.

Other Risks. See " - Strategic Asset Risk," " - Interest Rate Risk," " - Documentation Risk," " - Environmental Risk," " - Operation Risk," " - Counterparty Risk," " - Political Risk and Expropriation Risk," and " - Regulatory Risk."

Non-U.S. Investments Risk

The Fund may invest up to 100% of the Core Component in the securities and instruments of non-U.S. issuers. Investments in the securities and instruments of non-U.S. issuers involve certain considerations and risks not ordinarily associated with investments in securities and instruments of U.S. issuers.

Non-U.S. companies are not generally subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. Non-U.S. securities exchanges, brokers and listed companies may be subject to less government supervision and regulation than exists in the United States. Dividend and interest income may be subject to withholding and other non-U.S. taxes, which may adversely affect the net return on such investments. There may be difficulty in obtaining or enforcing a court judgment abroad. In addition, it may be difficult to effect repatriation of capital invested in certain countries. In addition, with respect to certain countries, there are risks of expropriation, confiscatory taxation, political or social instability or diplomatic developments that could affect assets of the Fund held in non-U.S. countries.

There may be less publicly available information about a non-U.S. company than a U.S. company. Non-U.S. securities markets may have substantially less volume than U.S. securities markets and some non-U.S. company securities are less liquid than securities of otherwise comparable U.S. companies. A portfolio of non-U.S. securities may also be adversely affected by fluctuations in the rates of exchange between the currencies of different nations and by exchange control regulations. Non-U.S. markets also have different clearance and settlement procedures that could cause the Fund to encounter difficulties in purchasing and selling securities on such markets and may result in the Fund missing attractive investment opportunities or experiencing a loss. In addition, a portfolio that includes non-U.S. securities can expect to have a higher expense ratio because of the increased transaction costs on non-U.S. securities markets and the increased costs of maintaining the custody of non-U.S. securities.

The Fund also may purchase ADRs or U.S. dollar-denominated securities of non-U.S. issuers. While ADRs may not necessarily be denominated in the same currency as the securities into which they may be converted, many of the risks associated with non-U.S. securities may also apply to ADRs. In addition, the underlying issuers of certain depositary receipts, particularly unsponsored or unregistered depositary receipts, are under no obligation to distribute shareholder communications to the holders of such receipts, or to pass through to them any voting rights with respect to the deposited securities.

Page 28

Currency Risk

Currency risk is the risk that the value of a non-U.S. investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. The Fund does not currently intend to reduce or hedge its exposure to non-U.S. currencies, other than in connection with the Fund's exposure to dividends received or receivable in non-U.S. currencies and to hedge forward commitments. Up to 100% of the Fund's Total Assets may be in investments denominated in non-U.S. currencies. Fluctuations in the currencies of Core Infrastructure Securities will impact the NAV of the Fund and may lead to greater volatility. Such a decrease in the NAV of the Fund when leverage is outstanding may result in the Fund having to reduce the amount of leverage if its statutory or other "asset coverage" ratios fall below required amounts. Such reduction of leverage may not come at an optimum time such that the Fund may recognize a loss on transactions undertaken to de-lever the Fund resulting in a further loss and/or decrease in the Fund's NAV.

Country Risk

This risk arises as the Fund may have exposure of up to 30% of the Core Component to any one country, outside the U.S., identified in "Investment Objective and Policies." The impact on the Fund's NAV of specific risks identified in this prospectus such as political, regulatory, interest rate and inflation may be magnified due to concentration of the Fund's investments in a particular country. In addition, as the Fund does not currently intend to reduce or hedge currency risk (other than in connection with the Fund's exposure to dividends received or receivable in non-U.S. currencies and to hedge forward commitments), concentration of the Fund's investments in a particular country may expose the Fund to greater risk with respect to currency changes in that country.

Senior Loan Risk

In the event a Borrower fails to pay scheduled interest or principal payments on an Infrastructure Senior Loan held by the Fund, the Fund will experience a reduction in its income and a decline in the market value of the Infrastructure Senior Loan, which will likely reduce dividends and lead to a decline in the NAV of the Fund's Common Shares. If the Fund acquires an Infrastructure Senior Loan from another lender, for example, by acquiring a participation, the Fund may also be subject to credit risks with respect to that lender.

The Fund intends to generally invest in Infrastructure Senior Loans that are secured with specific collateral. However, the value of the collateral may not equal the Fund's investment when the Infrastructure Senior Loan is acquired or may decline below the principal amount of the Infrastructure Senior Loan subsequent to the Fund's investment. Also, to the extent that collateral consists of stock of the Borrower or its subsidiaries or affiliates, the Fund bears the risk that the stock may decline in value, be relatively illiquid, and/or may lose all or substantially all of its value, causing the Infrastructure Senior Loan to be undercollateralized. Therefore, the liquidation of the collateral underlying an Infrastructure Senior Loan may not satisfy the issuer's obligation to the Fund in the event of non-payment of scheduled interest or principal, and the collateral may not be readily liquidated.

In the event of the bankruptcy of a Borrower, the Fund could experience delays and limitations on its ability to realize the benefits of the collateral securing the Infrastructure Senior Loan. Among the credit risks involved in a bankruptcy are assertions that the pledge of collateral to secure an Infrastructure Senior Loan constitutes a fraudulent conveyance or preferential transfer that could have the effect of nullifying or subordinating the Fund's rights to the collateral or causing interest previously paid to be refunded to the Borrower. If interest were required to be refunded, it could negatively affect the Fund's performance.

Investment decisions concerning Infrastructure Senior Loans will be based largely on the credit analysis performed by Four Corners, and not on rating agency evaluation. This analysis may be difficult to perform. Information about an Infrastructure Senior Loan and its issuer generally is not in the public domain. Moreover, Infrastructure Senior Loans may not be rated by any NRSRO. Many issuers have not issued securities to the public and are not subject to reporting requirements under federal securities laws. Generally, however, issuers are required to provide financial information to lenders and information may be available from other Infrastructure Senior Loan participants, agents or others that invest in, trade in, originate or administer Infrastructure Senior Loans. Other economic factors (such as a large downward movement in stock prices, a disparity in supply and demand of certain securities or market conditions that can reduce liquidity) can also adversely impact the markets for debt obligations. Ratings downgrades of holdings or their issuers will generally reduce the value of such holdings. Although the Fund intends to invest in Infrastructure Senior Loans, there is no guarantee that it will, and the Fund's holdings of Infrastructure Senior Loans may range from 0% to 30% of the Fund's Total Assets.

The secondary market for Infrastructure Senior Loans is currently limited. There is no organized exchange or board of trade on which Infrastructure Senior Loans are traded. Instead, the secondary market for Infrastructure Senior Loans is an unregulated inter-dealer or inter-bank resale market. The secondary market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which may impair the Fund's ability to realize full value.

Infrastructure Senior Loans usually trade in large denominations (typically $1 million and higher) and trades can be infrequent. The market has limited transparency so that information about actual trades may be difficult to obtain. Accordingly, some or many of the Infrastructure Senior Loans in which the Fund invests will be relatively illiquid.

In addition, Infrastructure Senior Loans in which the Fund invests are expected to require the consent of the Borrower and/or agent prior to sale or assignment. These consent requirements can delay or impede the Fund's ability to sell Infrastructure Senior Loans and can adversely affect the price that can be obtained. The Fund may have difficulty disposing of Infrastructure Senior Loans if it needs cash to repay debt, to pay dividends, to pay expenses or to take advantage of new investment opportunities.

The Fund will value its Infrastructure Senior Loans daily. However, because the secondary market for Infrastructure Senior Loans is limited, it may be difficult to value some loans. Market quotations may not be readily available for some Infrastructure Senior Loans and valuation may require more research than for liquid securities. In addition, elements of judgment may play a greater role in valuation of Infrastructure Senior Loans than for securities with a secondary market, because there is less reliable objective data available. In addition, if the Fund purchases a relatively large assignment of an Infrastructure Senior Loan to generate extra income sometimes paid to large lenders, the limitations of the secondary market may inhibit the Fund from selling a portion of the Infrastructure Senior Loan and reducing its exposure to the Borrower when Four Corners deems it advisable to do so. For more detailed information about Senior Loans, including a discussion of assignments of and participations in Senior Loans, see "Additional Information about the Fund's Investments and Investment Risks" in the SAI.

Non-Investment Grade Securities Risk

It is anticipated that at least 80% of Senior Loan Component will be invested in non-investment grade debt instruments, although from time to time the entire Senior Loan Component may be invested in such non-investment grade debt instruments. In addition to the Senior Loan Component, the Fund may invest up to 100% of the Core Component in equity securities, securities and instruments with equity characteristics, hybrid securities, nonconvertible preferred stock, convertible securities or debt securities or instruments rated non-investment grade by NRSROs or unrated securities of comparable quality.

Non-investment grade securities are rated Ba1 or lower by Moody's, BB+ or lower by S&P, or comparably rated by another NRSRO or, if unrated, are of comparable credit quality. Non-investment grade securities, also sometimes referred to as "junk bonds," generally pay a premium above the yields of U.S. government securities or debt securities of investment grade issuers because they are subject to greater risks than these securities. These risks, which reflect their speculative character, include the following:

- greater volatility;
- greater credit risk and risk of default;
- potentially greater sensitivity to general economic or industry conditions;
- potential lack of attractive resale opportunities (illiquidity); and
- additional expenses to seek recovery from issuers who default.

In addition, the prices of these non-investment grade securities are more sensitive to negative developments, such as a decline in the issuer's revenues or a general economic downturn, than are the prices of higher grade securities. Non-investment grade securities tend to be less liquid than investment grade securities. The market value of non-investment grade securities may be more volatile than the market value of investment grade securities and generally tends to reflect the market's perception of the creditworthiness of the issuer and short-term market developments to a greater extent than investment grade securities, which primarily reflect fluctuations in general levels of interest rates.

Ratings are relative and subjective and not absolute standards of quality. Securities ratings are based largely on an issuer's historical financial condition and the rating agencies' analyses at the time of rating. Consequently, the rating assigned to any particular security or instrument is not necessarily a reflection of an issuer's current financial condition. Subsequent to its purchase by the Fund, the security or instrument may cease to be rated or its rating may be reduced. In addition, it is possible that NRSROs might not change their ratings of a particular security or instrument to reflect subsequent events on a timely basis. Moreover, such ratings do not assess the risk of a decline in market value. None of these events will require the sale of such securities or instruments by the Fund, although the applicable Sub-Adviser will consider these events in determining whether the Fund should continue to hold the securities.

As a part of its investments in non-investment grade securities, the Fund may invest in securities of issuers in default. The Fund will invest in securities of issuers in default only when the Adviser believes that such issuers will honor their obligations, emerge from bankruptcy protection and the value of these securities will appreciate. By investing in the securities of issuers in default, the Fund bears the risk that these issuers will not continue to honor their obligations or emerge from bankruptcy protection or that the value of these securities will not appreciate.

The market for non-investment grade and comparable unrated securities has experienced periods of significantly adverse price and liquidity several times, particularly at or around times of economic recession. Past market recessions have adversely affected the value of such securities as well as the ability of certain issuers of such securities to repay principal and pay interest thereon or to refinance such securities. The market for these securities may react in a similar fashion in the future.

For a further description of non-investment grade securities and the risks associated therewith, see "Other Investment Policies and Techniques" in the SAI. For a description of the ratings categories of certain NRSROs, see Appendix A to the SAI.

Illiquid and Unlisted Securities Risk

The Fund may invest up to 25% of the Core Component in unlisted securities and other instruments of Infrastructure Issuers. Such securities and instruments are generally not able to be publicly traded. In the United States, such securities and instruments are generally unregistered for securities law purposes and can generally be resold only in privately negotiated transactions with a limited number of purchasers or in a public offering registered under the Securities Act. Outside the United States, similar restrictions may apply. Considerable delay in resale could be encountered in either event and, unless otherwise contractually provided for, the Fund's proceeds upon sale may be reduced by the costs of registration or underwriting discounts. The difficulties and delays associated with such transactions could result in the Fund's inability to realize a favorable price upon disposition of unlisted securities and instruments, and at times might make disposition of such securities and instruments impossible. To the extent the Fund invests in securities and instruments the terms of which are privately negotiated, the terms of such securities and instruments may contain restrictions regarding resale and transfer.

In addition, certain listed securities and instruments, particularly securities and instruments of smaller capitalized or less seasoned issuers, may from time to time lack an active secondary market and may be subject to more abrupt or erratic price movements than securities of larger, more established companies or stock market averages in general. In the absence of an active secondary market, the Fund's ability to purchase or sell such securities at a fair price may be impaired or delayed.

Valuation of Unlisted Securities and Instruments

As there may be no open market to establish an independent value for the Fund's interest in unlisted securities and instruments, the Fund's valuation procedures provide that such investments must be fair valued. The fair value computation will be subject to policies and procedures established by the Board. The Fund expects in most instances that the Sub-Advisers will determine a fair value of the investment pursuant to these policies and procedures, which determination will be subject to Board approval. There can be no assurance that the Fund will be able to sell an unlisted security or instrument for an amount equal to the fair value determined by the Fund for that security or instrument or that there will be a market for such security or instrument. Unlisted securities and instruments are illiquid by nature and the sale price of such assets may be materially below the value of the interest were it to be held for the long term. Certain of such securities and instruments may decline in value over time due to the nature of the assets. This will occur, for example, with a solid waste disposal site with a regulated capacity limit and with an entity that has a finite life concession agreement with a government agency to provide a service (e.g., toll roads and airports). Such a decline in the value of the underlying assets should be reflected in the market value of the equity and debt instruments of the issuer, thereby providing a total return to investors that reflects the nature of these assets. The Board will establish policies and procedures to establish the fair value for investments, if any, in

Infrastructure Issuers with interests in these types of assets where there is no independent market valuation available. See "Net Asset Value."

See "Senior Loan Risk" for a discussion of the risk associated with investing in Infrastructure Senior Loans.

Leverage Risk

Under the 1940 Act, the Fund may borrow an amount up to 33-1/3% of its Total Assets (including the amount borrowed) less all liabilities other than borrowings. The Fund may also issue Preferred Shares in an amount up to 50% of the Fund's Total Assets (including the proceeds of the Preferred Shares and any borrowings). The Fund intends, however, under normal circumstances, to utilize leverage in an amount up to 30% of the Fund's Total Assets immediately after taking into account such leverage. Although the use of leverage by the Fund may create an opportunity for increased return for the Common Shares, it also results in additional risks and can magnify the effect of any losses. If the income and gains earned on the securities and instruments purchased with leverage proceeds are greater than the cost of the leverage, the Common Shares' return will be greater than if leverage had not been used. Conversely, if the income or gains from the securities and investments purchased with such proceeds does not cover the cost of leverage, the return to the Common Shares will be less than if leverage had not been used. The Fund nevertheless may determine to

Page 31

continue to use leverage if the benefits to the Fund's Shareholders of maintaining the leveraged position are expected to outweigh the current reduced return. There is no assurance that a leveraging strategy will be successful. Leverage involves risks and special considerations for Common Shareholders including:

o the likelihood of greater volatility of NAV and market price of the Common Shares than a comparable portfolio without leverage;

o the risk that fluctuations in interest rates on borrowings and short-term debt or in the dividend rates on any Preferred Shares that the Fund may pay will reduce the return to the Common Shareholders or will result in fluctuations in the dividends paid on the Common Shares;

o the effect of leverage in a declining market, which is likely to cause a greater decline in the NAV of the Common Shares than if the Fund were not leveraged, which may result in a greater decline in the market price of the Common Shares; and

o when the Fund uses Leverage Instruments, the investment advisory fees payable to the Adviser and the Sub-Advisers' fees will be higher than if the Fund did not use leverage.

The funds borrowed pursuant to a leverage borrowing program (such as a credit line or commercial paper program), or obtained through the issuance of Preferred Shares, constitute a substantial lien and burden by reason of their prior claim against the income of the Fund and against the net assets of the Fund in liquidation. The rights of lenders to receive payments of interest on and repayments of principal on any borrowings made by the Fund under a leverage borrowing program are senior to the rights of holders of Common Shares and the holders of Preferred Shares, with respect to the payment of dividends or upon liquidation. The Fund may not be permitted to declare dividends or other distributions, including dividends and distributions with respect to Common Shares or Preferred Shares or purchase Common Shares or Preferred Shares unless at the time thereof, the Fund meets certain asset coverage requirements and no event of default exists under any leverage borrowing program. In addition, the Fund may not be permitted to pay dividends on Common Shares unless all dividends on the Preferred Shares and/or accrued interest on borrowings have been paid, or set aside for payment. In an event of default under a leverage borrowing program, the lenders have the right to cause a liquidation of collateral (i.e., sell Infrastructure Senior Loans and other assets of the Fund) and, if any such default is not cured, the lenders may be able to control the liquidation as well. Certain types of leverage may result in the Fund being subject to covenants relating to asset coverage and Fund composition requirements. The Fund may be subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which may issue ratings for the Preferred Shares or other leverage securities issued by the Fund. These guidelines may impose asset coverage or Fund composition requirements that are more stringent than those imposed by the 1940 Act. The Fund does not believe that these covenants or guidelines will impede the Sub-Advisers from managing the Fund's portfolio in accordance with the Fund's investment objective and policies.

While the Fund may from time to time consider reducing or increasing leverage in response to actual or anticipated changes in interest rates in an effort to mitigate the increased volatility of current income and NAV associated with leverage, there can be no assurance that the Fund will actually reduce leverage in the future or that any reduction, if undertaken, will benefit the Common Shareholders. Changes in the future direction of interest rates are very difficult to predict accurately. If the Fund were to reduce leverage based on a prediction about future changes to interest rates, and that prediction turned out to be incorrect, the reduction in leverage would likely operate to reduce the income and/or total returns to Common Shareholders relative to the circumstance if the Fund had not reduced leverage. The converse would be true if the Fund had increased leverage. The Fund may decide that this risk outweighs the likelihood of achieving the desired reduction to volatility in income and Common Share price if the prediction were to turn out to be correct, and determine not to reduce leverage as described above.

Restrictive Covenants and 1940 Act Restrictions

With respect to a leverage borrowing program instituted by the Fund, the credit agreements governing such a program (the "Credit Agreements") will likely include usual and customary covenants for their respective type of transaction, including, but not limited to, limits on the Fund's ability to: (i) issue Preferred Shares; (ii) incur liens or pledge portfolio securities or investments; (iii) change its investment objective or fundamental investment restrictions without the approval of lenders; (iv) make changes in any of its business objectives, purposes or operations that could result in a material adverse effect; (v) make any changes in its capital structure; (vi) amend the Fund documents in a manner which could adversely affect the rights, interests or obligations of any of the lenders; (vii) engage in any business other than the business currently engaged in; and (viii) create, incur, assume or permit to exist certain debt except for certain specific types of debt. In addition, the Credit Agreements may not permit the Fund's asset coverage ratio (as defined in the Credit Agreements) to fall below 300% (or such greater percentage as may be set forth in the Credit Agreement) at any time. The Credit Agreement will limit the Fund's ability to pay dividends or make other distributions on the Fund's Common Shares unless the Fund complies with the Credit Agreement's asset coverage test. In addition, the Credit Agreement may not permit the Fund to declare dividends or other distributions or purchase or redeem Common Shares or

Page 32

Preferred Shares: (i) at any time that any event of default under the Credit Agreement has occurred and is continuing; (ii) if, after giving effect to such declaration, the Fund would not meet the Credit Agreement's asset coverage test set forth in the Credit Agreement; or (iii) if certain other conditions are not met.

Under the requirements of the 1940 Act, the Fund must have asset coverage of at least 300% immediately after any borrowing, including borrowing under any leverage borrowing program the Fund implements. For this purpose, asset coverage means the ratio which the value of the Total Assets of the Fund, less liabilities and indebtedness not represented by senior securities, bears to the aggregate amount of borrowings represented by senior securities issued by the Fund.

No Operating History

The Fund is a newly organized, non-diversified, closed-end management investment company with no operating history.

Non-Diversified Status

The Fund is classified as a "non-diversified" investment company under the 1940 Act, which means the Fund is not limited by the 1940 Act in the proportion of its assets that may be invested in the securities and instruments of a single issuer. As a non-diversified investment company, the Fund may invest in the securities and instruments of individual issuers to a greater degree than a diversified investment company. As a result, the Fund may be more vulnerable to events affecting a single issuer and, therefore, subject to greater volatility than a fund that is more broadly diversified. Accordingly, an investment in the Fund may present greater risk to an investor than an investment in a diversified company. The Fund intends, however, to limit its investments such that no more than 7% of the Fund's Total Assets are invested in the securities and instruments of any single issuer at any time.

Long-Term Objective; Not a Complete Investment Program

The Fund is intended for long-term investors seeking a high level of current return while attempting to preserve capital. The Fund is not meant to provide a vehicle for those who wish to play short-term swings in the stock market. An investment in shares of the Fund should not be considered a complete investment program. Each Shareholder should take into account the Fund's investment objective as well as the Shareholder's other investments when considering an investment in the Fund.

Management Risk

The Fund is subject to management risk because it is an actively managed portfolio. The Adviser and the Sub-Advisers will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

MIFA Risk

MIFA is a newly organized investment adviser, with no investment history or track record. MIFA, through its sole member MIMU, is part of Macquarie's ISF Division. Macquarie's ISF Division has experience in the assessment and valuation of Infrastructure Assets and experience with the operational risks and regulatory risks faced by Infrastructure Issuers. This experience is available to MIFA in servicing the Fund. If MIFA were to lose access to the resources provided by Macquarie's ISF Division, its ability to service the Fund could be adversely affected. There can be no assurance that a suitable replacement could be found for Macquarie's ISF Division in the event that its resources become unavailable to MIFA.

The Fund intends to pay MIFA advisory fees at a higher rate to the extent the Fund's Core Component is invested in unlisted securities and instruments of Infrastructure Issuers. Accordingly, MIFA will have an incentive to make such investments.

Regulatory Risk

Infrastructure Issuers are often subject to regulatory risk. This risk arises as a significant portion of the revenues of Infrastructure Issuers may be set through agreement with an industry regulator. While each infrastructure sector may have its own regulator and differing procedures and rules, it is typical that the regulator can have a significant impact on the profitability of an issuer. A regulator often has, among other powers, the power to change or modify the prices an Infrastructure Issuer can charge for its products or services. The returns on regulated assets are usually stable during the regulated period, but may be volatile during any period that rates are reset by the regulator.

Investment and Market Risk

An investment in the Fund's Common Shares is subject to investment risk, including the possible loss of the entire principal amount invested. An investment in Common Shares of the Fund represents an indirect investment in the securities and instruments owned by the Fund, of which a large proportion will be traded on national securities exchanges or in the over-the-counter markets. The value of these securities and instruments, like other market investments, may move up or down, sometimes rapidly and unpredictably.

Whether investors will realize gains or losses upon the sale of Common Shares of the Fund will depend upon the market price of the Common Shares at the time of sale, which may be less or more than the Fund's NAV per Common Share. Since the market price of the Common Shares will be affected by such factors as the relative demand for and supply of the Common Shares in the market, general market and economic conditions and other factors beyond the control of the Fund, the Fund cannot predict whether the Common Shares will trade at, below or above NAV or at, below or above the initial public offering price. Shares of closed-end funds often trade at a discount to their NAVs and the Fund's Common Shares may trade at such a discount. This risk may be greater for investors expecting to sell their Common Shares of the Fund soon after completion of the public offering. The Common Shares of the Fund were designed primarily for long-term investors, and investors in the Common Shares should not view the Fund as a vehicle for trading purposes.

Common Shares owned by a shareholder at any point in time may be worth less than the Shareholder's original investment, even after taking into account the reinvestment of dividends and distributions on the Common Shares.

Income Risk

The income Shareholders receive from the Fund is based primarily on the dividends, interest and other distributions the Fund earns from its investments, which can vary widely over the short and long term. The Fund's income may be affected adversely when prevailing short-term interest rates increase and the Fund is utilizing leverage, although it is the Fund's intention to apply leverage when the Fund has or will acquire assets that largely match the interest rate structure of the leverage.

Tax Risk

No assurance can be given as to what percentage of the distributions paid on the Common Shares, if any, will consist of tax-advantaged qualified dividend income or long-term capital gains or what the tax rates on various types of income will be in future years. Under current law, qualified dividend income and long-term capital gains are taxed to non-corporate investors at a maximum federal income tax rate of 15%. This tax treatment may be adversely affected, changed or repealed by future changes in tax laws at any time, and is currently scheduled to expire for tax years beginning after December 31, 2008. Further, additional risk exists as it will be more difficult to obtain information regarding whether distributions by non-U.S. entities should be regarded as qualifying dividends. In addition, the Fund must meet holding period and other requirements with respect to the dividend paying stocks in its portfolio and the Shareholder must meet holding period and other requirements with respect to the Fund's shares for lower rates to apply. See "Tax Matters."

Ability to Source Investments Risk

The Fund will seek to invest a portion or all of the Fund's Total Assets in a finite universe of securities and instruments of Infrastructure Issuers. To the extent that there is a limited supply of suitable investments available that meet the Fund's investment objective, the Fund's ability to acquire such investments without impacting market prices may be limited.

The 1940 Act and the rules and regulations under the 1940 Act impose certain restrictions with respect to transactions involving the Fund and any affiliated person of the Fund (as defined in the 1940 Act). Even if an attractive investment opportunity is identified by the Fund, these restrictions may limit the ability of the Fund to participate in a proposed transaction to the fullest extent desired to the extent an affiliated person of the Fund is involved in the transaction. In addition, investments in Canadian income funds are subject to the risk that identifiable non-Canadian owners of units could be forced to sell their units in the event that non-Canadian ownership of all units rises above 50%.

Strategic Asset Risk

Infrastructure Issuers may control significant strategic assets. Strategic assets are assets that have a national or regional profile, and may have monopolistic characteristics. The very nature of these assets could generate additional risk not common in other industry sectors. Given the national or regional profile and/or their irreplaceable nature, strategic assets may constitute a higher risk target for terrorist acts or political actions. Given the essential nature of the products or services provided by Infrastructure Issuers, there is also a higher probability that the services provided by such issuers will be in constant demand. Should an Infrastructure Issuer fail to make such services available, users of such services may incur significant damage and may, due to the characteristics of the strategic assets, be unable to replace the supply or mitigate any such damage, thereby heightening any potential loss.

Market Disruption Risk

The terrorist attacks in the United States on September 11, 2001 had a disruptive effect on the securities markets. United States military and related action in Iraq is ongoing and events in the Middle East and elsewhere in the world could have significant adverse effects on the global economy and the stock markets. In addition, illnesses such as Severe Acute Respiratory Syndrome and the Asian Bird Flu spread rapidly and have the potential to significantly affect the global economy and stock markets. The Fund cannot predict the effects similar events occurring in the future will have on the value of the Common Shares or NAV of the Fund.

Fund Distribution Risk

Pursuant to its distribution policy, and under normal market conditions, the Fund intends to make regular quarterly distributions on its Common Shares. To the extent the total quarterly distributions for a year exceed the Fund's investment company taxable income and net capital gain for that year, the excess will generally constitute a return of capital. Return of capital distributions are generally tax-free up to the amount of a Shareholder's tax basis in the shares. See "Tax Matters." In addition, such excess distributions may have the effect of decreasing the Fund's Total Assets and may increase the Fund's expense ratio as the Fund's fixed expenses may become a larger percentage of the Fund's average net assets. In order to make such distributions, the Fund might have to sell a portion of its investment portfolio at a time when independent investment judgment may not dictate such action.

Investment Companies

The Fund may invest in the securities and instruments of other investment companies to the extent permitted by law. To the extent the Fund invests in the common equity of investment companies, the Fund will bear its ratable share of any such investment company's expenses, including management fees. The Fund will also remain obligated to pay management fees to the Adviser and Sub-Advisers with respect to the assets invested in the securities and instruments of other investment companies. In these circumstances holders of the Fund's common shares will be subject to duplicative investment expenses and certain of these fees may be payable to affiliated entities of a Sub-Adviser.

Common Stock Risk

Common stock and other instruments of an issuer in the Fund's portfolio may decline for a number of reasons beyond the control of the Fund or the issuer, including:

- if the issuer fails to make anticipated dividend payments or distributions because, among other reasons, the issuer of the security experiences a decline in its financial condition;

- in the event that the market considers that its dividend outlook is below alternatives sources of income;

- in the event that the market changes its risk assessment of the industry or assets the company operates; and/or

- in the event that the market changes it assessment of the relative performance of the issuer in its sector, the regulatory outlook for the sector or the performance of management.

Common stock and other instruments in which the Fund will invest through the Core Component will typically be structurally subordinated to preferred stock, bonds and other debt instruments in a company's capital structure, in terms of priority to corporate income, and therefore will be subject to greater dividend risk than preferred stock or debt instruments of such issuers. In addition, while such instruments have historically generated higher average returns than fixed income securities, common stock has also experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report or regulatory event may depress the value of common stock and other instruments of an issuer held by the Fund. Also, the price of common stock of an issuer is sensitive to general movements in the stock market or the sector of the stock market in which the issuer of the common stock operates. A drop in the respective stock market may depress the price of most or all of the common stocks held by the Fund and invested in that same stock market.

Special Risks Related to Preferred and Hybrid Securities

There are special risks associated with investing in preferred and hybrid securities (preferred securities), including:

Deferral. Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If the Fund owns a preferred security that is deferring its distributions, the Fund may be required to report income for tax purposes even though it has not yet received such income.

Non-Cumulative Dividends. Some preferred securities are non-cumulative, meaning that the dividends do not accumulate and need not ever be paid. A portion of the portfolio may include investments in non-cumulative preferred securities, whereby the issuer does not have an obligation to make up any arrears to its Shareholders. Should an issuer of non-cumulative preferred securities held by the Fund determine not to pay dividends on such stock, the amount of dividends the Fund pays may be adversely affected. There is no assurance that dividends or distributions on non-cumulative preferred stocks in which the Fund invests will be declared or otherwise made payable or paid.

Subordination. Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than more senior debt instruments. Because preferred stock and hybrids are generally junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of such instruments than senior debt securities with similarly stated yield characteristics.

Liquidity. Preferred securities may be substantially less liquid than many other securities, such as common stocks or U.S. government securities.

Limited Voting Rights. Generally, preferred security holders (such as the Fund) have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may elect a number of directors to the issuer's board. Generally, once all the arrears have been paid, the preferred security holders no longer have voting rights.

Special Redemption Rights. In certain varying circumstances, an issuer of preferred securities may redeem the securities prior to a specified date. For instance, for certain types of preferred securities, a redemption may be triggered by a change in federal income tax or securities laws. As with call provisions, a redemption by the issuer may negatively impact the return of the security held by the Fund.

Special Risks of Derivative Transactions

Although it is not the Fund's current intention, the Fund may in the future participate in certain derivative transactions. Such transactions entail certain execution, market, liquidity, hedging and tax risks. Participation in the options or futures markets and in currency exchange transactions involves investment risks and transaction costs to which the Fund would not be subject absent the use of these strategies. If the applicable Sub-Adviser's prediction of movements in the direction of the securities, non-U.S. currency and interest rate markets is inaccurate, the consequences to the Fund may leave the Fund in a worse position than if it had not used such strategies.

Loans of Portfolio Securities

Although it is not the Fund's current intention, consistent with applicable regulatory requirements and the Fund's investment restrictions, the Fund may lend its portfolio securities to securities broker-dealers or financial institutions, provided that such loans are callable at any time by the Fund (subject to notice provisions described in the SAI), and are at all times secured by cash or cash equivalents, which are maintained in a segregated account pursuant to applicable regulations and which are at least equal to the market value, determined daily, of the loaned securities. The Fund will continue to receive the income on the loaned securities while at the same time earning interest on the cash amounts deposited as collateral, which will be invested in short-term obligations. As with other extensions of credit, there are risks of delay in recovery or even loss of rights in the securities loaned if the borrower of the securities fails financially. Loans of securities may also reduce the qualified dividend portion of the distributions to Shareholders. The Fund's loans of portfolio securities will be collateralized in accordance with applicable regulatory requirements.

For a further description of such loans of portfolio securities, see "Other Investment Policies and Techniques" in the SAI.

Interest Rate Risk

Preferred, Hybrid and Debt Securities. Interest rate risk is the risk that fixed income securities such as preferred, hybrid and debt securities will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. Interest rates are at or near historic lows, and, as a result, they are likely to rise over time. The Fund's investment in such securities means that the NAV and market price of Common Shares may decline if market interest rates rise. During periods of declining interest rates, the issuer of a fixed income security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding securities. This is known as call or prepayment risk. Preferred and debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem such a security if the issuer can refinance it at a lower cost due to declining interest rates or an improvement in the credit standing of

the issuer. During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security's duration and reduce the value of the security. This is known as extension risk.

Equity Securities. The income and profits of many of the issuers in which the Fund might invest may be sensitive to interest rate fluctuations and therefore changes in the level of interest rates may have a direct bearing on the issuers' ability to pay dividends or make distributions. When market interest rates rise, the market value of such investments may fall in anticipation of a decline in the issuers' revenue and profitability because the issuer is unable to pay out higher dividends at times of higher interest rates. Therefore, the NAV and market price of Common Shares may decline if market interest rates rise. Interest rates are at or near historic lows, and, as a result, they are likely to rise over time. It is important to consider the international aspects of the Fund's portfolio. Interest rates in the country of the issuer of a security may generally have a greater impact than U.S. interest rates on the Fund's portfolio. Due to the nature of Infrastructure Assets, the impact of interest rate fluctuations may be greater for Infrastructure Issuers than for the economy as a whole in the country in which the interest rate fluctuation occurs.

Infrastructure Assets. Infrastructure Assets can be highly leveraged. As such, movements in the level of interest rates may affect the returns from these assets. The structure and nature of the debt is therefore an important element to consider in assessing the interest risk of Infrastructure Assets. In particular, the type of facilities, maturity profile, rates being paid, fixed versus variable components and covenants in place (including how they impact on returns to equity holders) are crucial factors in assessing any interest rate risk.

Spread Risk - Infrastructure Senior Loans

The Fund anticipates that the Senior Loan Component will contain primarily floating rate securities with less risk that they will change in value with changes in the overall level of interest rates than fixed-rate securities. However, Infrastructure Senior Loans are subject to the risk that the margin between short-term rates and borrowing rates for such loans increases or decreases. As the margin decreases, there is less difference between borrowing rates and lending rates. Any such spread compression will generally result in lower profitability to the Fund with respect to investing in Infrastructure Senior Loans.

Inflation Risk

Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund's shares and distributions thereon can decline. In addition, during any periods of rising inflation, interest rates on any borrowings and dividend rates of any Preferred Shares the Fund may have issued would likely increase, which would tend to further reduce returns to Common Shareholders to the extent any such increase in the exposure to Leverage Instruments is not fully hedged by the Infrastructure Senior Loans held by the Fund.

Many of the companies in which the Fund may invest will have long-term rights to income that can be adjusted to certain extents when inflation changes. Typically, as inflation rises the issuer will earn more revenue and when inflation declines, it will not be able to earn a similar increase.

If the issuer is unable to increase its revenue and profits at times of higher inflation, it will be unable to pay out higher dividends to compensate for decreases in the value of money. The equity value of such issuers may fall. Many issuers in the infrastructure and utilities industries may have fixed income streams and, therefore, be unable to pay higher dividends. The market value of Infrastructure Issuers may decline in value in times of higher inflation rates.

The prices that an Infrastructure Issuer is able to charge users of its assets may be linked to inflation, whether by government regulation, contractual arrangement or some other factor. In this case, changes in the rate of inflation may effect the forecast profitability of the Infrastructure Issuer.

Documentation Risk

Infrastructure Assets are often governed by a complex series of legal documents and contracts. As a result, the risk of a dispute over interpretation or enforceability of the documentation may be higher than for other issuers.

Environmental Risk

Infrastructure Assets can have a substantial environmental impact. Ordinary operation or an accident with respect to such assets could cause major environmental damage which could cause the owner of such assets significant financial distress. Community and environmental groups may protest the development or operation of Infrastructure Assets, and these protests may induce government action to the detriment of the owner of the Infrastructure Asset.

Operation Risk

The long-term profitability of an Infrastructure Issuer is partly dependent on the efficient operation and maintenance of the Infrastructure Assets. Should an Infrastructure Issuer fail to efficiently maintain and operate the assets, the Infrastructure Issuer's ability to maintain payments of dividends or interest to investors may be impaired. The destruction or loss of an Infrastructure Asset may have a major impact on the Infrastructure Issuer. Failure by the Infrastructure Issuer to carry appropriate, enforceable insurance or to operate the asset appropriately could lead to significant losses and damages. See "Risks - Environmental Risk" and "Risks - Strategic Asset Risk."

Political Risk and Expropriation Risk

This risk arises when for political reasons governments attempt to influence the operations, revenue, profitability or contractual relationships of Infrastructure Issuers or expropriate the Infrastructure Assets. The public interest aspect of the goods and services that Infrastructure Assets provide means political oversight of the sector will remain pervasive. Given that many Infrastructure Issuers will control key strategic assets used by the political constituents attempting to influence the operations, revenue, profitability or contractual relationships of such issuers, it is possible that such governments could seek to benefit those political constituents and thereby damage such issuers.

Credit Risk

The Fund's NAV and ability to pay dividends is dependent upon the performance of the Fund's investments. That performance, in turn, is subject to a number of risks, including the credit risk of the Fund's underlying assets invested in debt securities and Infrastructure Issuers' credit exposures to their major customers. See "Risks - Counterparty Risk." Credit risk is the risk of nonpayment of scheduled contractual repayments whether interest and/or principal payments or payments for services. Credit risk also is the risk that one or more investments in the Fund's portfolio will decline in price, or fail to pay interest or principal when due, because the issuer of the security or contractual counterparty experiences a decline in its financial status.

Anti-Takeover Provisions

The Fund's Declaration includes provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status. These provisions could have the effect of depriving the Common Shareholders of opportunities to sell their Common Shares at a premium over the then current market price of the Common Shares. See "Certain Provisions in the Declaration of Trust."

Forward Currency Exchange Contracts

There is no independent limit on the Fund's ability to invest in non-U.S. currency exchange contracts. The use of forward currency contracts may involve certain risks, including the failure of the counter party to perform its obligations under the contract and that the use of forward contracts may not serve as a complete hedge because of an imperfect correlation between movements in the prices of the contracts and the prices of the currencies hedged or used for cover. For a further description of such investments, see "Other Investment Policies and Techniques" in the SAI.

Counterparty Risk

Infrastructure Issuers can have a narrow customer base. Should these customers or counterparties fail to pay their contractual obligations, significant revenues could cease and not be replaceable. This would affect the profitability of the Infrastructure Issuer and the value of any securities or other instruments it has issued.

The Fund will be subject to credit risk with respect to the counterparties to the derivative contracts purchased by the Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

Distribution Risk for Equity Income Portfolio Securities

In selecting equity securities in which the Fund will invest, MIFA will consider the issuer's history of making regular periodic distributions (i.e., dividends) to its equity holders. An issuer's history of paying dividends, however, does not guarantee that the issuer will continue to pay dividends in the future. The dividend income stream associated with equity income securities generally is not guaranteed and will be subordinate to payment obligations of the issuer on its debt and other liabilities. Accordingly, in the event the issuer does not realize sufficient income in a particular period both to service its liabilities and to pay dividends on its equity securities, it may forgo paying dividends on its equity securities. In addition, because in most instances issuers are not obligated to make periodic distributions to the holders of their equity securities, such distributions or dividends generally may be discontinued at the issuer's discretion.

Portfolio Turnover Risk

The Fund may engage in portfolio trading to accomplish its investment strategy. The investment policies of the Fund may lead to frequent changes in investments, particularly in periods of rapidly fluctuating interest or currency exchange rates.

The Fund cannot accurately predict its annual portfolio turnover rate. There are no limits on the rate of portfolio turnover, and investments may be sold without regard to length of time held when the Fund's investment strategy so dictates. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. High portfolio turnover may result in the realization of net short-term capital gains by the Fund which, when distributed to Shareholders, will be taxable as ordinary income. However, MIFA intends to focus on those Infrastructure Issuers that have the potential to provide long-term stable income, thus allowing for a greater percentage of the Fund's capital gains or losses to be treated as long-term gains or losses for tax purposes.

Hedging Risk

The Fund may use derivatives or other transactions for the purpose of hedging the Fund's exposure to an increase in the price of a security prior to its anticipated purchase or a decrease in the price of a security prior to its anticipated sale. There may be an imperfect correlation between the Fund's portfolio holdings and such derivatives, which may prevent the Fund from achieving the intended consequences of the applicable transaction or expose the Fund to risk of loss. In addition, the Fund's success in using hedging instruments is subject to the applicable Sub-Adviser's ability to predict correctly changes in the relationships of such hedge instruments to the Fund's portfolio holdings, and there can be no assurance that the Sub-Adviser's judgment in this respect will be accurate. Further, the Fund's use of derivatives or other transactions to reduce risk involves costs. In addition, no assurance can be given that the Fund will enter into hedging transactions at times or under circumstances in which it would be advisable to do so. The Fund may be subject to credit risk with respect to the counterparties to certain derivative agreements entered into by the Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. Consequently, the use of hedging transactions might result in a poorer overall performance for the Fund, whether or not adjusted for risk, than if the Fund had not hedged its portfolio holdings. The Fund will use derivatives or other transactions described above solely for purposes of hedging. See "The Fund's Investments - Investment Practices - Hedging Transactions" in this prospectus and "Other Investment Policies and Techniques - Hedging Strategies" in the Fund's SAI.

Certain Affiliations

Certain broker-dealers may be considered to be affiliated persons of the Fund, First Trust or the Sub-Advisers. Absent an exemption from the Securities and Exchange Commission or other regulatory relief, the Fund is generally precluded from effecting certain principal transactions with affiliated brokers, and its ability to utilize affiliated brokers for agency transactions is subject to restrictions. This could limit the Fund's ability to engage in securities transactions and take advantage of market opportunities. In addition, unless and until the underwriting syndicate is broken in connection with the initial public offering of the Common Shares, the Fund will be precluded from effecting principal transactions with brokers who are members of the syndicate.

The Fund has authorized the Sub-Advisers to select the brokers or dealers that will execute the purchases and sales of the Fund's securities and other instruments. To the extent consistent with the investment policies of the Fund and approved by the Board, a Sub-Adviser may select brokers or dealers related to the Sub-Adviser. Such related brokers and dealers may earn commissions or other fees from any such purchase and sale.

From time to time, MIFA may determine that it is in the best interests of the Fund to gain exposure to Infrastructure Assets through the purchase of Core Infrastructure Securities of which the issuer is a listed entity advised by a MIFA Related Party. Such listed entity may be a non-U.S. investment company. See "Portfolio Composition - Other Investment Companies." To the extent that a "MIFA Related Party" is under common control with MIFA, it may be a second-tier affiliate of the Fund (in other words, an "affiliated person" of an "affiliated person" of the Fund, as that term is defined in the 1940 Act). See "Risks - Investment Companies." Each such transaction must be made on the open market of the primary stock exchange on which the relevant Core Infrastructure Securities are listed, must be approved by the Board or otherwise comply with any policies and procedures adopted by the Board, and must be made in accordance with the 1940 Act. A MIFA Related Entity may earn fees from managing the issuer of such Core Infrastructure Securities. To the extent the Fund invests in such securities, the Fund will be limited in its ability to freely trade the security to the extent that personnel of MIFA or of Macquarie's ISF Division have or may be deemed to have material, non-public information in regard to such security. For purposes of the Fund's investment guidelines, Core Infrastructure Securities the issuer of which is a listed entity advised by a MIFA Related Party will be treated as securities of Infrastructure Issuers.

From time to time, MIFA may determine that it is in the best interests of the Fund to gain exposure to Infrastructure Assets through an investment in unlisted equity securities that is made at the same time that other funds advised by a MIFA Related Party invest in such securities. Generally, in the absence of an SEC order or SEC staff relief, and subject to certain exceptions,

Page 39

the Fund will be prohibited under Section 17(d) and Rule 17d-1 of the 1940 Act from engaging in any "joint transaction" in which an affiliated person of the Fund (or affiliated person of such affiliated person) participates. Under certain circumstances, participation by the Fund and such affiliate in a concurrent investment in the same unlisted securities may be impermissible under Section 17(d) and Rule 17d-1 of the 1940 Act. As a result, each investment by the Fund in unlisted equity securities that is proposed to be made at the same time that other funds advised by a MIFA Related Party invest in such securities may be made only if the investment is (i) approved in each instance by the Board, including a majority of the independent directors, or otherwise made in compliance with all policies and procedures adopted by the Board, and (ii) made in accordance with the 1940 Act and any other applicable law. The subject securities of the transaction must meet the investment objective of the Fund at the time of the transaction.

The Fund may seek to invest in Infrastructure Issuers that own

Infrastructure Assets managed by members of the Macquarie Group that are "affiliated persons" of the Fund (or affiliated persons of such affiliated persons) as that term is defined in the 1940 Act. Such members may earn commissions or other fees in connection with managing such Infrastructure Assets. The Fund may not invest in such Infrastructure Issuers until such time as the Fund has received no-action, exemptive, or other regulatory or interpretive relief from the SEC or SEC staff with respect to such investment.

MANAGEMENT OF THE FUND

Trustees and Officers

The Board is responsible for the management of the Fund, including supervision of the duties performed by the Adviser. The names and business addresses of the trustees and officers of the Fund and their principal occupations and other affiliations during the past five years are set forth under "Management of the Fund" in the SAI.

Investment Adviser

First Trust Advisors L.P., 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532, is the investment adviser to the Fund and is responsible for supervising the Sub-Advisers. The Adviser, in consultation with the Sub-Advisers, is also responsible for determining the Fund's overall investment strategy and overseeing its implementation. First Trust serves as investment adviser or portfolio supervisor to investment portfolios with approximately $9.9 billion in assets which it managed or supervised as of December 31, 2003.

First Trust will also be responsible for managing the Fund's business affairs and providing certain clerical, bookkeeping and other administrative services.

First Trust, a registered investment adviser, is an Illinois limited partnership formed in 1991 and an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. First Trust is a limited partnership with one limited partner, Grace Partners of DuPage L.P. ("Grace Partners"), and one general partner, The Charger Corporation. Grace Partners is a limited partnership with one general partner, The Charger Corporation, and a number of limited partners. Grace Partners' and The Charger Corporation's primary business is investment advisory and broker/dealer services through their interests. The Charger Corporation is an Illinois corporation controlled by the Robert Donald Van Kampen family. First Trust is controlled by Grace Partners and The Charger Corporation.

For additional information concerning First Trust, including a description of the services provided, see the SAI.

Sub-Advisers

The Adviser and the Fund have selected Macquarie Infrastructure Fund Adviser, LLC, to manage the Core Component and Four Corners Capital Management, LLC, to manage the Senior Loan Component of the Fund.

Macquarie Infrastructure Fund Adviser, LLC, 600 5th Avenue, 21st Floor, New York, New York 10020, serves as the Fund's investment sub-adviser with respect to the Fund's investments in Core Infrastructure Securities. In this capacity, MIFA is responsible for the selection and on going monitoring of the Core

Infrastructure Securities in the Fund's investment portfolio. MIFA will also assist Four Corners by providing individual asset class overviews and analysis.

MIFA is a Delaware limited liability company founded in January 2004 and is registered under the Investment Advisers Act of 1940. Macquarie Infrastructure Management (USA) Inc. is the sole member of MIFA. MIMU is wholly-owned by Macquarie Bank Limited through a subsidiary. MIFA has not previously served as an investment adviser or sub-adviser.

MBL together with its associated entities worldwide is a diversified international provider of financial and investment banking services, with over 5,700 staff in 21 countries. As of September 30, 2003, the Macquarie Group had over $38 billion in assets under management. Twelve investment vehicles managed by the Macquarie Group are listed on the Australian Stock Exchange, and had a total capitalization of approximately $12.2 billion as of December 31, 2003.

Historically, a significant portion of the Macquarie Group's international income has been derived from infrastructure funds management and the provision of financial advisory services to the infrastructure industry. Project Finance International magazine (January 2003, Thompson Financial) recognized the Macquarie Group as the top ranked Project Finance Advisor in the Americas by mandates awarded in 2002 (first in 2001 and second in 2000), and second ranked Project Finance Advisor globally in 2002 (third in 2001 and second in 2000).

Macquarie's ISF Division manages, directly or indirectly, approximately $11 billion of Infrastructure Assets (based on the most recent audited gross assets of each fund managed by Macquarie's ISF Division as reflected in MBL's September 30, 2003 semi-annual public filings).

Day-to-day execution of the Fund's investment strategy with respect to the Core Component will be the responsibility of MIFA. Mr. Jon Fitch will be the lead analyst and portfolio manager for the Core Component and will be responsible for reviewing and approving all trades for the Core Component made by the Fund. Analysts (including the lead analyst) will largely be based in New York, but may be based in other locations as required.

Mr. Fitch has been an equity analyst with Macquarie Equities Limited, a wholly owned subsidiary of MBL, since 1995. Macquarie Equities Limited is the equities research arm of MBL.

Mr. Fitch has been active in the analysis of infrastructure and utilities stocks since 1997 and has over fifteen years' business experience encompassing business management, equity analysis, strategic consulting and banking. From 1997 to 2000, Mr. Fitch led the equity research coverage of the infrastructure and utilities sector in Australia for Macquarie Equities Limited and was responsible for coverage of 12 companies across the sector, including tollroads, gas companies, electric utilities, airports and diversified funds. During that period, he was rated the leading analyst in that sector by the Australian Greenwich Survey. Specifically he was rated first in 1997, second in 1998, first for infrastructure and third for utilities in 1999 and second for both infrastructure and utilities in 2000 by the Australian Greenwich Survey. He was also rated first for infrastructure and utilities research in the first Reuters Survey (Australia and New Zealand) in 1999.

From 2001 to 2003, Mr. Fitch was located in Hong Kong, where he was responsible for establishing a Hong Kong based research team of five analysts. While in Hong Kong, Mr. Fitch personally initiated coverage on nine infrastructure and utilities companies with a combined market capitalization of approximately $50 billion. Stocks covered included the Hong Kong utilities, the

Chinese power producers, airport, rail and multi-asset infrastructure investment companies.

Mr. Fitch returned to Australia in mid 2003 where he has been responsible for coverage of Australian utilities and energy stocks for Macquarie Equities Limited.

Mr. Fitch has a Graduate Diploma in Applied Finance and Investment (1992-1994) from the Securities Institute of Australia and a Masters of Business in Accounting and Finance (1990-1992) from the University of Technology, Sydney. He is an Associate Member of the Securities Institute of Australia.

Four Corners Capital Management, LLC, 515 South Flower Street, Suite 4310, Los Angeles, California 90071, serves as the sub-adviser to the Fund with respect to the Senior Loan Component of the Fund. In this capacity, Four Corners is responsible for the selection and ongoing monitoring of such assets in the Fund's investment portfolio. Four Corners specializes in managing portfolios of senior loans and structured finance assets. Four Corners is a Delaware limited liability company founded in September 2001 by Macquarie Holdings (USA), Inc., an affiliate of the Macquarie Group, and an experienced group of senior loan investment professionals.

Four Corners is owned 66.67% by MBL through a subsidiary and 33.33% by the senior management of Four Corners. Day-to-day operations and execution of specific investment strategies relating to the Senior Loan Component held by the Fund are the responsibility of Four Corners. Michael P. McAdams is the President and Chief Investment Officer of Four Corners and will be co-Portfolio Manager of the Senior Loan Component. Robert I. Bernstein is the Managing Director and Chief Credit Officer of Four Corners and will be co-Portfolio Manager of the Senior Loan Component.

Mr. McAdams has been involved with the management of portfolios of senior loans since 1982. In 1988 he established, and from 1988 until 1995, he was the founding portfolio manager for, Pilgrim Prime Rate Trust, the first U.S. investment company that invested primarily in senior loans. Immediately prior to establishing Four Corners, Mr. McAdams was Chief Executive Officer of ING

Page 41

Capital Advisors, LLC, an institutional asset manager then having approximately $7 billion in senior loan and high yield bond portfolios under management. In 1995, Mr. McAdams was a founding board member of the Loan Syndication and Trading Association ("LSTA"), the senior loan industry's trade group. Mr. McAdams has served as Chairman (2001) and Vice Chairman (2002) of the LSTA and was the first person from the investment side of the industry to serve in any of those capacities. Today, he remains a Director and is a member of the LSTA's Mark-to-Market Policy Committee.

Mr. Bernstein's involvement with senior loans began in 1986, and he has been actively involved in the senior loan market for over 12 years. Prior to joining Four Corners in November 2001, Mr. Bernstein was most recently a General Partner of The Yucaipa Companies, a Los Angeles-based private equity investment firm. While at Yucaipa, Mr. Bernstein completed more than $4 billion of senior loan and high yield bond financings and private equity investments, and he served on the boards of three companies. He was previously with Bankers Trust's Leverage Finance Group, where he arranged senior loan and high yield bond financing for financial sponsors and corporate issuers. Mr. Bernstein also served as an infantry officer in the U.S. Marine Corps.

Investment Management Agreement and Other Agreements with the Adviser and Sub-Advisers

Pursuant to an investment management agreement (the "Investment Management Agreement") between First Trust and the Fund, the Fund has agreed to pay for the services and facilities provided by First Trust an annual management fee, payable on a quarterly basis, equal to the annual rate of .40% of the Fund's Total Assets for Total Assets of the Fund up to and including $250 million and ..35% of the Fund's Total Assets for Total Assets of the Fund over $250 million. For purposes of calculation of the management fee, the Fund's "Total Assets" means the average daily gross asset value of the Fund (which includes assets attributable to the Fund's Preferred Shares, if any, and the principal amount of borrowings or indebtedness), minus the sum of the Fund's accrued and unpaid dividends on any outstanding Preferred Shares and accrued liabilities (other than the principal amount of any borrowings incurred, commercial paper or notes issued by the Fund and the liquidation preference of any outstanding Preferred Shares).

In addition to the management fee, the Fund pays all other costs and expenses of its operations, including compensation of its trustees (other than those affiliated with First Trust), custodian, transfer agency, administrative, accounting and dividend disbursing expenses, legal fees, expenses of independent auditors, expenses of repurchasing shares, expenses of preparing, printing and distributing shareholder reports, notices, proxy statements and reports to governmental agencies, and taxes, if any.

Pursuant to an agreement between MIFA, First Trust and the Fund, MIFA receives an annual portfolio management fee of .60% for that portion of the Fund's Total Assets allocated to MIFA. Pursuant to an agreement between Four Corners, First Trust and the Fund, Four Corners receives an annual portfolio management fee of .60% of that portion of the Fund's Total Assets allocated to Four Corners. However, if the Fund's Total Assets are greater than $250 million, MIFA will receive an annual portfolio management fee of .65% for that portion of the Fund's Total Assets over $250 million. In addition, to the extent that MIFA invests a portion of the Core Component in unlisted securities ("Core Unlisted Instruments"), MIFA is entitled to receive a supplemental fee of .60% of that portion of the Fund's Total Assets invested in Core Unlisted Instruments; provided, however, that in no event will the Core Unlisted Instruments portion be deemed to exceed, for purposes of calculating this supplemental fee, 25% of the Core Component. This supplemental fee paid to MIFA is in addition to the annual portfolio management fee. The Sub-Advisers' portfolio management fees are payable by the Fund.

Each Sub-Advisory Agreement may be terminated without the payment of any penalty by First Trust, the Board, or a majority of the Fund's outstanding voting securities, upon 60 days' written notice to the Sub-Adviser. Pursuant to a separate agreement between the Sub-Advisers and First Trust, First Trust has agreed that if First Trust or the Fund terminates or fails to renew the Sub-Advisory Agreement with a Sub-Adviser other than for cause, First Trust will resign and will not agree to be reinstated as investment adviser to the Fund, which resignation shall be effective no later than 60 days following the effective date of the Sub-Adviser's termination.

The Adviser and MIFA have agreed to pay (i) all organizational expenses and (ii) all offering costs of the Fund (other than sales load, but including the $.00667 per Common Share reimbursement of underwriter expenses) that exceed $.04 per Common Share. Because the fee paid to the Adviser and Sub-Advisers will be calculated on the basis of the Fund's Total Assets, which include the proceeds of leverage, the dollar amount of the Adviser's and Sub-Advisers' fees from the Fund will be higher (and the Adviser and Sub-Advisers will benefit to that extent) when leverage is utilized. In this regard, if the Fund issues debt in an amount equal to 30% of the Fund's Total Assets (after issuance of such leverage), the Fund's management fee would be 1.579% of net assets attributable to Common Shares. See "Summary of Fund Expenses."

Pursuant to a name agreement by and among the Fund, MIFA and First Trust, First Trust and MIFA have the right to preclude the Fund from using references to First Trust and Macquarie, respectively, and to impose conditions on the use of such references. In addition, if First Trust or an affiliate of First Trust no longer serves as Adviser, the right of the Fund to use the reference to First

Trust in its name shall terminate. Similarly, if MIFA or an affiliate of MIFA (other than Four Corners) no longer serves as a Sub-Adviser, the right of the Fund to use the reference to Macquarie in its name shall terminate. In such cases, the Fund must take appropriate steps to change its name and to terminate the applicable reference to First Trust or Macquarie in connection with its business.

NET ASSET VALUE

The NAV of the Common Shares of the Fund will be computed based upon the value of the Fund's portfolio securities and other assets. The NAV will be determined as of the close of regular trading on the New York Stock Exchange (normally 4:00 p.m. eastern time) on each day the New York Stock Exchange is open for trading. U.S. debt securities and non-U.S. securities will normally be priced using data reflecting the earlier closing of the principal markets for those securities. The Fund calculates NAV per Common Share by subtracting the Fund's liabilities (including accrued expenses, dividends payable and any borrowings of the Fund) and the liquidation value of any outstanding Preferred Shares from the Fund's Total Assets (the value of the securities and other investments the Fund holds plus cash or other assets, including interest accrued but not yet received) and dividing the result by the total number of Common Shares outstanding.

The assets in the Fund's portfolio will be valued daily in accordance with Valuation Procedures adopted by the Board. The Adviser anticipates that a majority of the Fund's assets will be valued using market information supplied by third parties. In the event that market quotations are not readily available, the pricing service does not provide a valuation for a particular asset (as is the case for Unlisted Investments), or the valuations are deemed unreliable, or if events occurring after the close of the principal markets for particular securities (e.g., U.S. debt and non-U.S. securities), but before the Fund values its assets, would call into doubt whether the earlier market quotation represents fair value, the Fund may use a fair value method in good faith to value the Fund's securities and investments. The use of fair value pricing by the Fund will be governed by Valuation Procedures established by the Board, and in accordance with the provisions of the 1940 Act.

For purposes of determining the NAV of the Fund, readily marketable portfolio securities listed on any U.S. exchange other than the NASDAQ National Market are valued, except as indicated below, at the last sale price on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the most recent bid and asked prices on such day. Securities admitted to trade on the NASDAQ National Market are valued at the NASDAQ Official Closing Price as determined by NASDAQ. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities.

U.S. equity securities traded in the over-the-counter market, but excluding securities admitted to trading on the NASDAQ National Market, are valued at the closing bid prices. Fixed income securities with a remaining maturity of 60 days or more will be valued by the Fund using a pricing service. When price quotes are not available, fair market value is based on prices of comparable securities. Fixed income securities maturing within 60 days are valued by the Fund on an amortized cost basis. Non-U.S. securities, currencies and other assets denominated in non-U.S. currencies are translated into U.S. dollars at the exchange rate of such currencies against the U.S. dollar as provided by a pricing service.

Any derivative transaction that the Fund enters into may, depending on the applicable market environment, have a positive or negative value for purposes of calculating NAV. Forward non-U.S. currency exchange contracts which are traded in the United States on regulated exchanges are valued by calculating the mean between the last bid and asked quotation supplied to a pricing service by certain independent dealers in such contracts. Any option transaction that the Fund enters into may, depending on the applicable market environment, have no value or a positive value. Exchange traded options and futures contracts are valued at the closing price in the market where such contracts are principally traded.

Senior Loans. The Infrastructure Senior Loans in which the Fund may invest are not listed on any securities exchange or board of trade. Senior loans such as the Infrastructure Senior Loans are typically bought and sold by institutional investors in individually negotiated private transactions that function in many respects like an over-the-counter secondary market, although typically no formal market-makers exist. This market, while having grown substantially in the past several years, generally has fewer trades and less liquidity than the secondary market for other types of securities. Some senior loans have few or no trades, or trade infrequently, and information regarding a specific senior loan may not be widely available or may be incomplete. Accordingly, determinations of the market value of senior loans may be based on infrequent and dated information. Because there is less reliable, objective data available, elements of judgment may play a greater role in valuation of Senior Loans than for other types of securities. See "Risks - Illiquid and Unlisted Securities Risk."

Typically senior loans are valued using information provided by an independent third party pricing service. If the pricing service cannot or does not provide a valuation for a particular senior loan or such valuation is deemed unreliable, the Fund may value such senior loan at a fair value as determined in good faith under procedures established by the Board, and in accordance with the provisions of the 1940 Act.

Non-U.S. Listed Securities. Non-U.S. exchange-listed securities will generally be valued using information provided by an independent third party pricing service. If the pricing service cannot or does not provide a valuation for a particular non-U.S. listed security or such valuation is deemed unreliable, the Board or its designee may value such security at a fair value as determined in good faith under procedures established by the Board and in accordance with the provisions of the 1940 Act.

Fair Value. When applicable, especially with unlisted securities, fair value is determined by the Board or a committee of the Board or a designee of the Board. In fair valuing the Fund's investments, consideration is given to several factors, which may include, among others, the following:

o the projected cash flows for the issuer or borrower;

- the fundamental business data relating to the issuer or borrower;
- an evaluation of the forces that influence the market in which these securities are purchased and sold;
- the type, size and cost of