

Quarterly Investment Update

AT 30 JUNE 2021

MARKET OVERVIEW

Risk appetite generally remained strong in global markets over the June quarter, interspersed with periods of volatility amid inflationary fears and growing expectations that accommodative monetary policy settings would be wound back earlier than previously expected. However, these concerns faded as investors focused on the likelihood of improving global growth this calendar year.

This sentiment saw listed infrastructure subsectors exposed to accelerating economic growth and the “reopening trade” largely outperform. Midstream energy stocks rose +10.7%, supported by the resurgence in energy commodity prices and increased volumes for energy infrastructure assets.

Communications infrastructure stocks rose strongly (+12.9%), particularly growth-oriented tower companies which are set to benefit from network growth and forecast capital deployment by US wireless companies. In contrast, the more defensive infrastructure subsectors, such as electric utilities (-0.6%) and gas distribution (+0.9%) were generally out of favour with investors.

The A\$22.3 billion bid for Sydney Airport again highlights the appetite of large pension and superannuation funds for quality long-life infrastructure assets. See page three for an overview of recent M&A activity in the global listed infrastructure space and the increasing demand for infrastructure assets.

PORTFOLIO PERFORMANCE

In the June quarter, Argo Infrastructure’s portfolio delivered a positive return, up + 6.0% in A\$ terms to outperform the benchmark return of +4.4%.

Exposure to the resurgent midstream energy subsector contributed to the portfolio’s outperformance. Midstream energy accounts for 10.9% of the portfolio and includes a position in US energy giant and Fortune 500 company Targa Resources.

Among global midstream energy stocks, Targa has the greatest indirect exposure to the soaring oil price which has provided the company with a strong tailwind in recent months.

ARGO INFRASTRUCTURE

ASX code	ALI
Listed	July 2015
Portfolio Manager	Cohen & Steers
Shareholders	9,400
Market cap.	\$334m
Management fee	1.2%
Performance fee	Nil
Hedging	Unhedged
Dividend yield [^]	3.7%

[^]Historical yield of 5.2% (including franking) based on dividends paid to shareholders over the last 12 months.

WEEKLY NTA ANNOUNCEMENT

For the latest weekly NTA estimate, please see argoinfrastructure.com.au.

COMPANY OVERVIEW

Provides exposure to an actively managed portfolio of global listed infrastructure companies. Argo Infrastructure has no debt.

COMPANY OBJECTIVE

Provide a total return for long-term investors consisting of capital growth and dividend income, from a global listed infrastructure portfolio which provides diversification benefits for Australian investors.

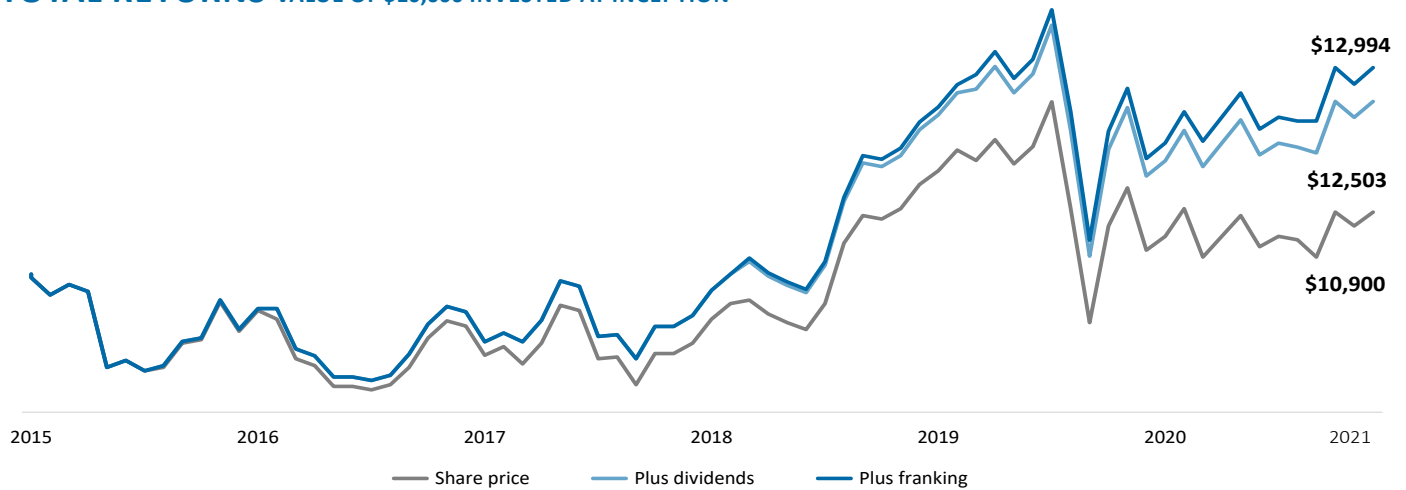
ABOUT THE PORTFOLIO MANAGER

A leading specialist global real assets fund manager listed on the NYSE, Cohen & Steers manages funds of more than A\$100 billion from offices worldwide on behalf of institutional clients and sovereign wealth funds.

KEY PERSONNEL

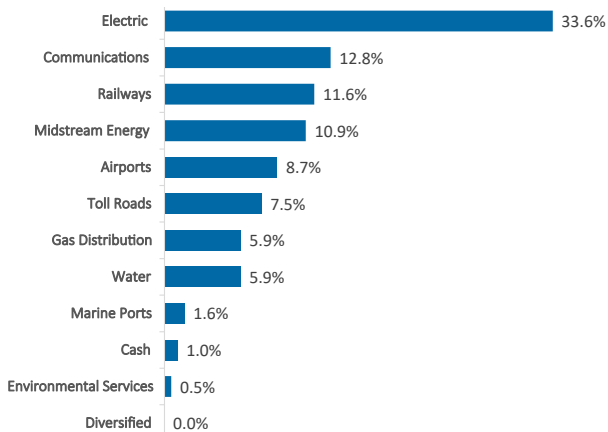
Jason Beddow	Managing Director
Benjamin Morton	Senior Portfolio Manager
Robert Becker	Portfolio Manager
Tyler Rosenlicht	Portfolio Manager

TOTAL RETURNS VALUE OF \$10,000 INVESTED AT INCEPTION

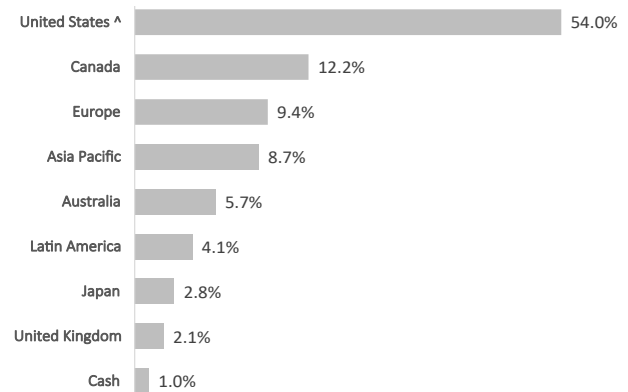


PORTFOLIO OVERVIEW AT 30 JUNE 2021

Sector diversification*



Geographic diversification*



*As a percentage of the investment portfolio.

^Many large infrastructure companies are listed in the United States, although their operations and earnings are global.

TOP 10 PORTFOLIO HOLDINGS AT 30 JUNE 2021

Security name	Country of listing	Subsector	Portfolio (%)	Index (%)
NextEra Energy	US	Integrated Electric	5.6	4.8
American Tower	US	Communication Tower	4.8	4.5
Transurban Group	AUS	Toll Roads	4.8	4.4
Norfolk Southern	US	Freight Rails	3.8	1.0
Enbridge	CAN	Midstream Energy	3.7	3.0
SBA Communications	US	Communication Tower	3.1	1.3
Public Service Enterprise Group	US	Regulated Electric	2.7	1.2
AENA	SPAIN	Airports	2.7	1.7
American Electric Power Company	US	Regulated Electric	2.7	1.8
FirstEnergy Corporation	US	Regulated Electric	2.5	0.8
			36.4	24.5

GROWING DEMAND FOR INFRASTRUCTURE ASSETS

For Australian investors, the recent takeover bids for Sydney Airport and Spark Infrastructure have brought into sharp focus the global demand for quality infrastructure assets, including those owned by listed companies.

The bids also demonstrated that buyers are willing to pay hefty premiums for listed businesses in an effort to acquire the underlying infrastructure assets.

PRIVATE INFRASTRUCTURE ‘DRY POWDER’



Source: Cohen & Steers. At 30 June 2021.

This reflects a global trend which is being driven by the limited availability of suitable infrastructure assets, coupled with the increasing capital allocated to investing in these assets. Research indicates that there is currently more than US\$290 billion on the sidelines waiting to be deployed into infrastructure assets.

This record ‘dry powder’ is leading private investors to pursue a limited number of deals. This increases competition which is seeing private funds acquiring listed infrastructure companies at significant premiums to the value of the underlying assets. In turn, this demand is providing valuation support for infrastructure assets, both privately held and those owned by listed infrastructure companies.

LONSEC RATING UPGRADE

Independent investment ratings firm Lonsec has published its latest research report on Argo Infrastructure, upgrading the Company from an ‘Investment Grade’ to ‘Recommended’ rating – the second highest rating offered by Lonsec. You can download Lonsec’s full report on our website [here](#).



The rating issued July 2021 is published by [Lonsec Research Pty Ltd](#) ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit [lonsec.com.au](#) for ratings information and to access the full report. © 2021 Lonsec. All rights reserved.

UPCOMING EVENTS

Announcement of results for year ended 30 June 2021	Monday	30 August 2021
Ex-dividend date	Friday	10 September 2021
Dividend record date	Monday	13 September 2021
Last election date for Dividend Reinvestment Plan participation	Tuesday	14 September 2021
Dividend payment date (subject to board approval)	Friday	1 October 2021
Annual General Meeting*	Monday	25 October 2021

* Due to ongoing COVID-19 concerns, it is possible that this year’s AGM will again be held virtually online. Arrangements for the AGM will be finalised in September when the Notice of Annual General Meeting is distributed to all shareholders.

OUTLOOK

The global economic outlook remains broadly positive as COVID-19 vaccines are distributed worldwide and economies re-open. We anticipate a return to more normal economic activity as the 2021 calendar year progresses. However, the road to recovery will be bumpy amid expectations of further new coronavirus strains, ongoing travel restrictions and varying reopening policies.

Against this backdrop, Argo Infrastructure's Portfolio Manager, Cohen & Steers, is positioning the portfolio to be overweight communications infrastructure stocks (wireless network towers and data centres) with many of these businesses likely to be continued beneficiaries of structural trends, such as the digitisation of economies.

The portfolio is underweight utilities companies which, among the various infrastructure subsectors, are least likely to benefit from economic expansion. However, Cohen & Steers has maintained exposure to renewable energy-focused and value-oriented utilities as they believe the market is mispricing these companies.

Exposure to airport stocks has been tactically pared back while the portfolio's overweight exposure to freight railways is maintained in anticipation of continued strong freight volumes and earnings momentum.

ARGO INFRASTRUCTURE SHAREHOLDER BENEFITS



Global diversification

Exposure across various geographies and both emerging and developed economies



Proven investment approach

Experienced and senior investment team with a long and successful track record



Specialist global fund manager

Access to a world-leading, specialist infrastructure fund manager



Enhance risk-adjusted returns

Less volatile than broader equities providing some relative downside protection



Access infrastructure opportunities

New opportunities offshore through government privatisations



Administratively simple global investing

Exposure to a large and complex asset class through one simple ASX trade

HOW TO INVEST

Argo Infrastructure is listed on the Australian Securities Exchange (ASX) under the ASX code 'ALI'. To become a shareholder, simply buy shares through your stockbroker, online broker, financial adviser or platform.

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