Lonsec

Recommended

Product Review
Argo Global Listed Infrastructure Limited

ISSUE DATE 21-09-2023

About this Review

ASSET CLASS REVIEWED	PROPERTY AND INFRASTRUCTURE
SECTOR REVIEWED	GLOBAL LISTED INFRASTRUCTURE
SUB SECTOR REVIEWED	LIC
TOTAL COMPANIES RATED	1

About this Company

LIC REVIEWED	ARGO GLOBAL LISTED INFRASTRUCTURE LIMITED
TICKER	ALI
LISTING DATE	3 JULY 2015
COMPANY OBJECTIVE	TO PROVIDE A TOTAL RETURN FOR LONG-TERM INVESTORS, CONSISTING OF CAPITAL GROWTH AND DIVIDEND INCOME, FROM A GLOBAL LISTED INFRASTRUCTURE PORTFOLIO WHICH CAN PROVIDE DIVERSIFICATION BENEFITS
ANNUAL FEES AND COSTS (ESTIMATE)	1.2% P.A.

Market data

MARKET CAPITALISATION	$367M
SHARES ON ISSUE	177M
SHARE PRICE (20-9-2023)	$2.07
52 WEEK HIGH/LOW SHARE PRICE	$2.48 / $2.07
NTA (15-9-2023)	$2.33
52 WEEK HIGH/LOW NTA	$2.47 / $2.30
SHARE PRICE PREM/(DISC) TO NTA	-11.16%

Board of Directors

NO. OF DIRECTORS	5
MAJORITY INDEPENDENT DIRECTORS	NO
CHAIRPERSON	RUSSELL HIGGINS

About the Investment Manager

INVESTMENT MANAGER	COHEN & STEERS
OWNERSHIP	LISTED ON THE NYSE (INTERESTS ASSOCIATED WITH MARTIN COHEN & ROBERT STEERS 44.97%; STAFF 4.01%)
ASSETS MANAGED IN THIS SECTOR	A$12.8BN (MARCH 2023)
YEARS MANAGING THIS ASSET CLASS	21

Investment Team

PORTFOLIO MANAGER	COHEN & STEERS CAPITAL MANAGEMENT INC
INVESTMENT TEAM SIZE	11
INVESTMENT TEAM TURNOVER	LOW
STRUCTURE / LOCATION	DECENTRALISED

Investment process

INVESTMENT STYLE	CORE
BENCHMARK	FTSE GLOBAL CORE INFRASTRUCTURE 50/50 NR INDEX (UNHEDGED A$)
MARKET CAPITALISATION BIAS	LARGE

Company rating history

SEPTEMBER 2023	RECOMMENDED
AUGUST 2022	RECOMMENDED
JULY 2021	RECOMMENDED

What this Rating means

The **'Recommended'** rating indicates that Lonsec has strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered an appropriate entry point to this asset class or strategy.

Scope of this rating

- Lonsec has used a holistic approach in forming an opinion on this Listed Investment Vehicle's (LIV) ability to meet its stated investment objectives. The rating model includes an assessment of the underlying investment capability in addition to the vehicle's effectiveness. When assessing the underlying investment capability Lonsec has relied upon its Managed Funds research process. Vehicle effectiveness considers a range of characteristics in combination with empirical observations.
- The rating should not be considered, or in any way interpreted, as Lonsec's forward-looking opinion or otherwise on the 'intrinsic value' of the LIV and whether Lonsec believes this to be 'overvalued' or 'undervalued' relative to the prevailing traded price.

Strengths

- Argo has extensive experience in the management of LICs and investors have benefited from a steady increase in dividends and a narrowing of the discount to Net Asset Value.
- Investment manager, Cohen & Steers, has an investment team with a strong understanding of global infrastructure investing and a long working relationship using a consistent and slightly more top-down approach than other Managers.
- Cohen & Steers has delivered positive excess returns on the ALI portfolio on average since inception, albeit with negative excess returns over the shorter term.
- Strong alignment of interests between investors and the Manager.

Weaknesses

- Although the ALI Board of Directors has a minority of external directors and a non-external Chairman (not best practice), investors have not been disadvantaged.
- The Company's management fee is high relative to other infrastructure peers.
- Cohen & Steers is one of the larger managers in terms of FUM within Lonsec's infrastructure peer group.

ANALYST: HEWAD SAFI | APPROVED BY: PETER GREEN

Argo Global Listed Infrastructure Limited

Company Risk Characteristics

	LOW	MODERATE	HIGH
CORPORATE RISK		●	
CAPITAL VOLATILITY			●
SECURITY CONCENTRATION RISK		●	
FOREIGN CURRENCY EXPOSURE			●
LIQUIDITY RISK	●		

Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the financial product's asset class and the risks relative to other financial products in the relevant Lonsec sector universe.

BIOmetrics

Aggregated risks

	1	2	3	4	5	6	7
STD RISK MEASURE						●	

A Standard Risk Measure score of 6 equates to a Risk Label of 'High' and an estimated number of negative annual returns over any 20 year period of 4 to less than 6. This is a measure of expected frequency (not magnitude) of capital losses, calculated in accordance with ASFA/FSC guidelines.

	LOW	MODERATE	HIGH
RISK TO INCOME	●		

Features and benefits

	LOW	MODERATE	HIGH
COMPLEXITY		●	
ESG		●	

Fee profile

	LOW	MODERATE	HIGH
FEES VS. UNIVERSE			●
FEES VS. ASSET CLASS		●	
FEES VS. SUB-SECTOR		●	

Fee BIOmetrics are a function of expected total fee as a percentage of expected total return.

What is this Company?

- Argo Global Listed Infrastructure Limited (ASX: 'ALI' or 'the Company') is an Australian listed investment company ('LIC') that invests in an actively managed, 'bottom-up' and 'top-down' portfolio of 50-100 listed global infrastructure securities that are managed in a benchmark-aware manner. The top-down component defines the sector positioning, with the bottom-up analysis targeting the most undervalued securities based on fair value estimates. The Company aims to generate a total return in excess of the FTSE Global Core Infrastructure 50/50 NR Index (Unhedged A$) ('the Benchmark'). The portfolio is managed to an ex-ante Tracking Error of 1.5%-3.0% p.a.

The Structure

- ALI is managed by Argo Service Company Pty Limited (ASCO), a wholly owned subsidiary of Argo Investments Limited (ASX Code: ARG or 'Argo'). ARG itself is also a LIC with a long history in the Australian market (first listed in 1948) and has a current market capitalisation of approximately $6.7bn (30 June 2023).
- ASCO has appointed Cohen & Steers Capital Management, Inc. ('Cohen & Steers' or 'the Manager') as the investment manager of the Company.

The Investment Strategy

- Cohen & Steers is a global investment manager specialising in real assets, which includes infrastructure, real estate, commodities and natural resource equities. It was established in 1986 and listed on the New York Stock Exchange in 2004. As at March 2023, Cohen & Steers had over A$119.3bn in funds under management ('FUM'), including A $12.8bn in global listed infrastructure assets and Master Limited Partnerships (MLPs). It has been managing global listed infrastructure since 2004.
- Cohen & Steers has an investment approach characterised as 'core'; this involves narrowing the investment universe to approximately 350 securities that meet the Manager's definition of 'core infrastructure'. These characteristics include stable cash flows, largely regulated and monopolistic businesses, and high barriers to entry.
- The sector positioning is determined through the Manager's 'top-down' assessment across the range of infrastructure sub-sectors. The Manager then utilises 'bottom-up' fundamental analysis to target those companies assessed as trading below their intrinsic values. Lonsec believes the combination of 'top-down' and 'bottom-up' research differentiates the investment approach from most other global infrastructure peers.
- Cohen & Steers' investment approach leads to a well-diversified portfolio of 50-100 securities (typically 50-70). ALI has wide stock constraints and no constraints on sector or country positioning. However, Lonsec expects the portfolio to be managed in a 'benchmark aware' manner, with a moderate level of 'Active Risk' and a Tracking Error that is typically expected to range between 2% and 3% p.a.
- The ALI portfolio currency exposure back to A$ is currently unhedged. However, this may be hedged where the Board of Directors ('the Board') sees a significant risk of currency weakness. Currency hedging will never be actively employed in an attempt to add value above the Benchmark.
- Although derivative instruments are permitted, including the opportunistic sale of call options on up to 20% of the portfolio and put options on up to 10% of the portfolio, Lonsec does not expect this to be a significant part of the investment strategy.
- The Company's 2022 Annual Report disclosed management fees totalling 1.20% p.a. The LIC does not charge a Performance Fee.
- The annual management fees and costs are a three-tiered structure that is dependent upon the NTA as follows:
  - — 1.2% p.a. of NTA up to and including $500m;
  - — 1.1% p.a. of NTA above $500m and including $1bn; and
  - — 1.0% p.a. of NTA above $1bn.

Using this Company

This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.

Argo Global Listed Infrastructure Limited

- The Company is a global listed infrastructure securities product and as such will generally sit within the 'growth' component of a balanced portfolio. It is suitable for moderate to high-risk profile investors with an investment time horizon greater than five years.
- While the Company seeks to invest in companies that deliver reliable long-term cash flows, the Company is also subject to equity market risk. This means movements (both positive and negative) in the share prices of the underlying securities in the portfolio will affect Fund returns. Investors should, therefore, be aware that the Company may experience periods of negative returns and that there is a risk of potential capital loss being incurred on their investment.
- The Company does not have the ability to claim Capital Gains Tax ('CGT') concessions due to the revenue account election.

Suggested Lonsec risk profile suitability

SECURE	DEFENSIVE	CONSERVATIVE	BALANCED	GROWTH	HIGH GROWTH
	●	●	●	●	●

For guidance on appropriate asset allocations and risk profiles, refer to the latest Lonsec Strategic Asset Allocation Review and Risk Profile Definitions on our website.

Changes Since Previous Lonsec Review

Argo

- ALI completed a share purchase plan on 14 October 2022, raising $21m at $2.35 per share; ~1,800 shareholders participated in the raise.
- The interim dividend in September 2022 was 4.5c per share and the final dividend in March 2023 was 4.0c per share.

Cohen & Steers

- Stefano Bezzato joined the investment team as an Analyst in October 2022.
- Saagar Parikh departed the firm in March 2023 to pursue a career outside of the investment industry.

Lonsec Opinion of this Company

Board of directors

- The Company's Board of Directors consists of five members. Two of these are external (Mark Hall and Fiona Hele), while three are existing board members of Argo. Lonsec notes that Russell Higgins, Chairman and Non-Executive Director of the Company, is also Chairman of Argo Investments Ltd. In terms of potential conflicts between Argo Investments Ltd as fund manager and ALI, Lonsec believes it would be best practice for the majority of Board members including the Chairperson to be external. Nevertheless, ALI investors have not been disadvantaged.
- Lonsec believes the Board has strong relevant experience in overseeing LICs, and considers it to be comprised of a mix of individuals with the requisite experience and skills to allow the Company to meet its investment objectives. Lonsec notes that external director Mark Hall has extensive experience in telecommunications infrastructure and finance.
- The governance function of the Board of Directors is enhanced by an Audit & Risk Committee (A&RC). The Company has shown its commitment to 'best practice' in governance by ensuring that the sub-committee is chaired by individuals other than Higgins. Non-executive external director Mark Hall chairs the A&RC, while non-executive external director Fiona Hele and non-executive non-external director Joycelyn Morton also sit on the sub-committee.

People and resources - Investment manager

Argo Investment Team

- ASCO, the manager of ALI, is led by Managing Director, Jason Beddow, who is also the Managing Director of Argo Investments Ltd. Beddow has considerable investment experience, having joined Argo in 2001 with previous roles at Hartley Poynton and Deutsche Bank. Lonsec considers Beddow to be well-qualified to oversee the operations of the Company.
- Overall, Lonsec has a positive view of ASCO staff experience in terms of the management and administration of LICs. Over a eight-year period, Argo has built a good working relationship with international investment manager, Cohen & Steers.

Cohen & Steers Investment Team

- The Cohen & Steers investment team is led by Ben Morton, Head of Global Infrastructure and Senior Portfolio Manager. Lonsec considers Morton to be well-qualified to fulfil his role as Senior Portfolio Manager. At the next level are Portfolio Managers Tyler Rosenlicht, who is also the Head of Natural Resource Equities; and Thuy Quynh Dang. Lonsec highlights that Rosenlicht and Dang both possess solid industry experience with over a decade of experience at Cohen and Steers.
- Furthermore, Lonsec highlights that Dang serves as the team's ESG champion, in addition to maintaining research responsibilities. Lonsec believes that Dang's workload is stretched, although is pleased with efforts taken by the Manager to alleviate this, with her coverage being progressively assigned across the team.
- The leadership group is supported by a team of eight research analysts with personnel located in New York (six), Hong Kong (two) and London (three). The total investment team size of eleven is above the average across the Lonsec global infrastructure peer group.
- Cohen & Steers' global reach has the advantage of facilitating greater insight into localised infrastructure markets. Lonsec also considers the investment team to be well-integrated given their de-centralised positioning. Communication and collaboration between the respective regions occur formally via weekly video conferencing in addition to constant group discussion through e-mail. As expected, the New York team meets daily. When possible, the portfolio managers travel extensively to meet with infrastructure company management and other industry contacts. Usually, the entire team also comes together for an internal Infrastructure summit.
- Lonsec considers that Morton poses some 'key person risk'. Mitigating factors include the significant equity 'tie-in' of the investment team, Rosenlicht and Dang as portfolio managers, and relatively low team turnover. The Manager has succession planning which is reviewed yearly and has a policy of building

up the skills and expertise of analysts so as to create a high-quality candidate pool to draw from.
- After base salaries, the portfolio managers are rewarded by reaching out-performance targets over one and three years in addition to relative performance versus peers. Each analyst is compensated with reference to individual stock attribution. This structure aligns the interests of the investment team with those of the end investors.

Research and portfolio construction

- Overall, Lonsec considers the Manager's approach to be a logical and disciplined integration of the firm's 'top-down' assessment of the universe with the team's 'bottom-up' fundamental company research.
- Lonsec notes that the Manager's definition of 'core' infrastructure is less conservative than some global infrastructure peers, who may exclude certain sub-sectors that potentially have greater sensitivity to the macroeconomic cycle or competition. Lonsec believes the Manager's investable universe is appropriate given the 'top-down' elements of the investment approach and the diversified nature of the portfolio across sub-sectors. That said, Lonsec believes this has the potential to lead to a more volatile performance pattern.
- Lonsec considers the Manager's 'top-down' framework to be a simple but effective way to assess prospects across different infrastructure sub-sectors. The portfolio managers have had extensive experience utilising this framework with success, and their ability to leverage the resources of the wider firm represents an advantage.
- The portfolio construction process is largely intuitive, based on both 'top-down' and 'bottom-up' assessments, within the scope of the Manager's risk controls and mandated guidelines. Lonsec believes the portfolio is a solid reflection of the Managers' best investment ideas. While all portfolio construction decisions are driven by the three portfolio managers, there is a collaborative link to the qualitative views of the various analysts.

ESG integration

Cohen & Steers

- Lonsec's ESG integration assessment considers how rigorous, robust and structured the ESG process for the Company is as well as how well it integrates into the overall investment process and the Manager's overall policy and reporting framework. The assessment is not intended to assess the underlying holdings of the Company's portfolio or the Manager's adherence to any form of impact, green / sustainable or ethical standards.
- At the corporate level Lonsec views the Manager's overall ESG policy framework and disclosure in-line with peers. The Manager has an articulated commitment to the integration of ESG within their investment process with evidence of clear public positioning and policy framework. The ESG policy, together with proxy voting policy and engagement policy, are freely available on the firm's website. The level of disclosure with respect to the Manager's proxy voting policy and outcomes is slightly better than peers supported by a robust policy framework and improved reporting on voting outcomes. While the engagement policy provides a clear engagement framework, no reporting on engagement outcomes is publicly available.
- The Manager has indicated that their Responsible Investment style is ESG Integration and as such they take Environmental, Social and Governance factors into consideration when assessing investment opportunities. With a primary ESG style of Risk or Value Managers will determine inclusion based on the balance of overall risk (including ESG risk) and potential return. As a result this approach may mean that lower quality ESG companies may be included if the return potential is sufficient and this may conflict with some clients perception of what a strong ESG process would deliver.

Within the management of this specific Fund Lonsec notes:

- The Manager has an appropriately structured approach to the collection and use of ESG specific data. While the Manager accesses a smaller range of data providers than other managers of their size the underlying data does feed into research models. Data collection and data storage is robust and supports strong compliance checking.
- There is no internal ESG research carried out by the Manager for this Fund.
- The Manager has indicated a link from the Manager's research to the stock selection process through the Manager's incorporation of ESG factors in the discount rates used in their models. This adjustment is applied on a case by case basis.
- While there is some high level monitoring of ESG characteristics of the portfolio this plays a no structured role in overall portfolio construction. There are no ESG based limits or targets in place for the Company.
- There are no signs that company engagement on ESG issues is a component of the Manager's current investment approach.
- ESG does not form a component of the Managers broader compliance framework and overall transparency provided to investors is lagging.

Risk management

- The Company's Board of Director's role is defined by Argo's Board Charter which stipulates that it is primarily entrusted with stewardship of all strategic, delegation and supervision, risk, governance, nomination and remuneration matters. The Board has established an Audit and Risk Committee, chaired by external non-executive Director Mark Hall. The Company is also required to meet the stringent ASX listing rules.
- Lonsec believes the Manager's risk management processes to be in-line with industry best practices, monitoring all relevant factors, performance attribution, sub-sector and stock exposures using proprietary and BARRA risk analysis software.
- Risk management is embedded into the Manager's investment approach. The primary limitation is that no single security can exceed 10% of the portfolio's NTA. Although hard sub-sector and country limits are not employed, this positioning is expected to be deliberately diverse to minimise the risk of unintended exposures. The co-portfolio managers can

also undertake scenario testing on the portfolio for different economic outcomes.

Capacity management

- As at 31 March 2023, Cohen & Steers had A$12.8bn in global listed infrastructure assets and master limited partnerships ('MLPs'). At these levels, Cohen & Steers is one of the larger managers in terms of FUM within Lonsec's infrastructure peer group. Given the Manager's estimated capacity of US$15bn, Lonsec does not currently observe FUM to be a major impediment to Cohen & Steers' ability to consistently generate returns above the Benchmark.
- Total capacity differs from manager to manager due to variances in investment styles, biases and trading strategies. Lonsec's general view is that greater FUM makes it more difficult to trade in and out of stock positions without material market impact, particularly in smaller stocks. However, there are some inherent advantages to having a large fund including; greater access to management; priority access to deal flow; and bigger dedicated team sizes. Thus, Lonsec carefully weighs up a fund's investment style and objectives when considering the issue of capacity.

Fees

- Lonsec considers the total fee load for the Company (management fee of 1.20% p.a.) to be relatively high compared to the broader global listed infrastructure space, particularly given the benchmark-aware nature of the strategy.

Product

- The Company is a relatively straightforward listed infrastructure strategy that does not pose any meaningful operational challenges to implement. However, it may invest down the market capitalisation spectrum, which may pose some operational and liquidity challenges at times of market dislocation given the daily liquid nature of the Company.
- ASX listed investment companies have the potential for the traded share price to differ from the underlying NTA per share. The Company's 12-month average discount to NTA has reduced from 4.5% in March 2022 to 2.1% as of March 2023. Lonsec considers this discount to be narrow however, notes that premiums/discounts can be highly variable over time.
- The current size of the LIC is $400m (March 2023) and Lonsec considers it to be well supported by the market with low wind-up risk. This is particularly so as the Company is 'closed-end' in nature.

Performance

- ALI has in excess of a five-year track record, with the shares having first traded on 3 July 2015 and the portfolio fully invested by 1 August 2015.

Underlying portfolio

- The underlying portfolio returns best reflect the performance of the Manager. The underlying portfolio aims to outperform the FTSE Global Core Infrastructure 50/50 Index (Unhedged US $) ('the Benchmark') by 2% p.a. over three to five-year periods (before fees). The Manager has disclosed to Lonsec that the underlying portfolio has outperformed the Benchmark (In US$ terms) across both time periods (before fees) by +0.7% p.a. and +1.7%, albeit, slightly missing the Manager's internal performance objective.
- For the one-year period to 31 March 2023, the portfolio outperformed the Benchmark with a total return of -6.7% (before fees) against the Benchmark return of -7.8%.
- Since inception to 31 March 2023, the underlying portfolio has outperformed the Benchmark by +2.3% p.a. (before fees).

ALI total return

- The performance data on page 8 of this report reflects the return based on the ALI share price plus dividends (net of fees). Over the one-year period to 31 July 2023, the total return was -8.2%, representing an excess return of -8.6% below the Benchmark. Over three years, the total return was 4.9% p.a. underperforming the Benchmark by -3.7% p.a. Similarly, the Company delivered a total return of 6.6% p.a. over the five-year period which was -0.6% lower than the Benchmark.
- In the year to 31 July 2023 the discount to NTA has fluctuated between 0% and 10%, albeit, it has primarily been in the 0% to 5% discount range. This can be mainly attributed to the steady increments in ALI dividends.

Overall

- Lonsec has maintained the **'Recommended'** rating at this review. The Manager has an experienced investment team that has delivered decent returns since inception. Further, the investment team has the benefit of leveraging insights generated by the Manager's various resources across geographies and asset classes. Together with Argo's sound management of distributions, ALI's investors have seen improved total returns as the discount to NTA has narrowed over time.
- ALI compares reasonably well to other LICs on historic financial criteria. In addition, the minority of external representatives on the Board of Directors is not considered detrimental to ALI investors. That said, ALI has a relatively high management fee compared to other global infrastructure funds.

People and Resources

Corporate overview

Cohen & Steers is a global investment manager specialising in liquid real assets which include infrastructure, real estate, commodities and natural resource equities. Based in New York, the firm was established in 1986 and listed on the New York Stock Exchange in 2004. As at March 2023, Cohen & Steers had over A$119.3bn in FUM, including A$12.8bn in global listed infrastructure assets and MLPs.

Argo Service Company Pty Ltd is a wholly-owned subsidiary of Argo Investments Limited which is listed on the Australian Stock Exchange (ASX code: ARG). Argo has a current market capitalisation of approximately $6.7bn invested in a diversified portfolio of Australian investments as at 30 June 2023.

Cohen & Steers Capital Management, Inc. has been appointed by Argo as the specialist Investment Manager for an initial five-year term. The agreement will automatically extend for a further five-year term upon expiry unless terminated in accordance with a number of set criteria specified in the Prospectus.

ALI Board of Directors

ALI has established its own Board of Directors separate from that of Argo. The Board is Chaired by Russell Higgins who is a related party as Argo's Chairman. The Board is comprised of five individuals, with the minority being external members.

The Board has the responsibility for ensuring that the Company is properly managed so as to protect shareholder interests in a manner that is consistent with the Company's obligation to all stakeholders.

The Company considers the following Directors to be external as defined by the corporate governance policies and practices of the ASX:

Mark Hall was appointed a Non-executive Director in December 2019 and is currently Chair of the Audit & Risk Committee. Hall's extensive executive career included over 20 years with Telstra Corporation Ltd in senior finance positions including Deputy Chief Financial Officer and Acting Chief Financial Officer. These roles incorporated the planning, prioritisation and evaluation of Telstra's infrastructure programme as well as Head of NBN Telstra Retail. He was also a Board member and Audit Committee Chair for a number of Telstra subsidiaries as well as for Telstra Super. More recently, Hall was Chief Financial Officer of Catapult Group International Ltd from 2017 to 2019.

Fiona Hele was appointed Non-executive Director in June 2022 following the retirement of Andrea Slattery. Hele has over 26 years' experience including advising public and private companies in strategy, growth, M&A, risk management and people and culture, across a range of industries. Hele also holds current directorships with Kelsian Group, Adelaide Venue Management Corporation, SA Water Corporation and Celsus Securitisation.

The ALI Board also has two Non-executive Directors and one Managing Director who are regarded by Lonsec as not external:

Russell Higgins is the Chairman and a Non-executive Director. Appointed Chairman of the Argo Board in July 2018, Higgins has been an external Non-executive Director of Argo since 2011. In addition, he is also the Chairman of Argo's wholly-owned subsidiary, Argo Service Company Pty Ltd (ASCO), which acts as ALI's Manager. Higgins has an extensive background in the energy and infrastructure sectors, economic and fiscal policy, and private and government, both locally and internationally. Previous directorships include APA Group, Telstra Corporation Ltd, Ricegrowers Ltd and Leighton Holdings Ltd.

Joycelyn Morton has been a Non-executive Director of ALI since 2015 and a Non-executive Director of ARG since 2012. Morton is a qualified accountant and has held senior management roles within Woolworths Ltd in addition to global leadership roles within the Shell Group of companies, including Vice President, Accounting Services. Morton has extensive experience on various boards including the Business School Divisional Board at the University of Sydney, Thorn Group Ltd and Snowy Hydro Ltd. Morton is currently a member of the ALI Audit & Risk Committee.

Jason Beddow is the Managing Director of Argo and was appointed in 2014, after serving four years as CEO. Beddow has extensive experience in the investment industry, including 18 years with Argo. He is also a member of the investment committee of Charles Sturt University.

Size and experience - Board of directors

NAME	POSITION	YEAR JOINED
RUSSELL HIGGINS	CHAIRMAN & NON-EXEC. DIRECTOR	2019/2011
JOCELYN MORTON	NON-EXEC. DIRECTOR	2015/2012
MARK HALL	NON-EXEC. DIRECTOR	2019
FIONA HELE	NON-EXEC. DIRECTOR	2022
JASON BEDDOW	MANAGING DIRECTOR	2015/2001

Year joined ALI board / Year joined Argo Investments Ltd

Board remuneration

ALI's Constitution allows for a maximum aggregate director's fee pool of $400,000. Jason Beddow is already remunerated by Argo and does not receive any additional remuneration from the Company.

Investment manager

Cohen & Steers

Size and experience - Investment team

NAME	POSITION	EXPERIENCE INDUSTRY / FIRM
BEN MORTON	HEAD OF GLOBAL INFRASTRUCTURE AND SENIOR PORTFOLIO MANAGER	25 / 20
TYLER ROSENLICHT	PORTFOLIO MANAGER & HEAD OF NATURAL RESOURCE EQUITIES	14 / 11
THUY QUYNH DANG	PORTFOLIO MANAGER (LONDON)	23 / 12
HUMBERTO MEDINA	SENIOR ANALYST	23 / 13
GRACE DING	SENIOR ANALYST (HONG KONG)	17 / 13
ANDREW BURD	SENIOR ANALYST	13 / 5
CHRISTOPHER DENUNZIO	SENIOR ANALYST	8 / 6
JOAO MONTECLARO CESAR	SENIOR ANALYST (HONG KONG)	14 / 4
STEFANO BEZZATO	ANALYST (LONDON)	23 / 1
TRENT MANGOLD	ANALYST	5 / 3
ANGELO MAGLI	SENIOR ASSOCIATE (LONDON)	6 / 2
AVERAGE	-	16 / 8

Based in New York unless otherwise stated.

Argo Global Listed Infrastructure Limited

Ben Morton is the Head of Global Infrastructure and a Senior Portfolio Manager of the Company. Morton has 25 years of infrastructure-related investment experience, 20 of which have been with Cohen & Steers. Morton was appointed to the current role in 2018 and was previously co-portfolio manager of this Fund. Prior to joining Cohen & Steers in 2003, Morton worked at Salomon Smith Barney as a research associate covering the utility and pipeline sectors. He also worked at New York Mercantile Exchange as a research analyst.

Tyler Rosenlicht is a Portfolio Manager for Global Listed Infrastructure and the Head of Natural Resource Equities. Rosenlicht has 14 years of infrastructure-related investment experience, 11 of which have been with Cohen & Steers. Before being appointed to his current role in 2018, Rosenlicht served as the lead analyst of this strategy for a number of years. Prior to joining the firm in 2012, Rosenlicht was an investment banking associate with Keefe, Bruyette & Woods and an investment banking analyst with Wachovia Securities.

Thuy Quynh Dang has been a Portfolio Manager, Global Listed Infrastructure since 2020 and is based in London. Dang maintains analyst coverage responsibilities for Europe. She is also a member of the firm's ESG Committee and the ESG Captain for the listed infrastructure team. Prior to joining Cohen & Steers in 2011, Dang was an analyst with Barclays Wealth covering utilities, energy and materials sectors across Europe and in a similar role with Merrill Lynch's investment banking group.

Remuneration / Alignment of interests

The Investment Manager has a strong focus on rewarding the investment team based on overall outperformance measures and individual stock attribution. Bonuses can be considerable and are an important tool in aligning the interests of the investment team with those of investors. In addition, there is an equity participation structure in place. Around 5-35% of total compensation is in the form of restricted stock units that vest over four years, and the portfolio managers have a significant portion of their personal wealth invested in these strategies.

Research Approach

Overview

INVESTMENT STYLE	CORE
RESEARCH PHILOSOPHY	FUNDAMENTAL BASED ON INTRINSIC VALUE AND GROWTH POTENTIAL
NUMBER OF STOCKS IN INVESTMENT UNIVERSE	360
NUMBER OF STOCKS FULLY MODELED / RESEARCH	250
RESEARCH INPUTS	PROPRIETARY MACRO 'TOP-DOWN', COMPANY VISITATION PROGRAM, FUNDAMENTAL 'BOTTOM-UP' ANALYST RESEARCH.
VALUATION OVERVIEW	DISCOUNTED CASH FLOW, PRICE/EARNINGS MULTIPLE VERSUS GROWTH.

The Manager's initial investable universe comprises approximately 350 companies across 17 developed and emerging market countries that exhibit the following key infrastructure characteristics:

- Stable, predictable and often inflation-linked cash flows;
- Regulated and monopolistic businesses; and
- High barriers to entry.

These key characteristics are likely to be displayed in certain infrastructure sub-sectors:

- Transport – Airports, Toll Roads, Marine Ports, Railways;
- Utilities – Electric, Water, Gas, Renewables;
- Energy – Midstream; and
- Communications – Towers, Satellites.

The Manager focuses on owners and operators of such infrastructure assets and generally avoids cyclical subsectors such as engineering and construction, and oil and gas production. This focus differentiates Cohen & Steers' strategy from peers, several of whom broaden their infrastructure mandates to include more peripheral sectors, including materials, construction, engineering, and shipping.

The analysts conduct research on all companies within the universe described above, formulating standalone views on fundamentals, regulatory trends and company financials. In support of this, a meaningful amount of time is dedicated to meetings in local markets with company management teams, visiting assets, and spending time with regulators.

The analysts also develop proprietary projections for each company's earnings, cash flow and dividend growth potential. In the Manager's valuation models, several metrics are used including, price/earnings ratios, price/earnings ratio versus long-term growth rates, discounted cash flow, EV/EBITDA, EV/EBITDA versus long-term growth rates, and price-to-net asset value. Analysts select the most effective metrics for the respective sub-sector.

Portfolio Construction

Overview

FUND BENCHMARK	FTSE GLOBAL CORE INFRASTRUCTURE 50/50 INDEX (A $)
RETURN OBJECTIVE (INTERNAL)	TOTAL RETURN CONSISTING OF TOTAL RETURN AND INCOME GENERATION IN EXCESS OF THE BENCHMARK OVER TIME.
RISK OBJECTIVE (INTERNAL)	NO OBJECTIVE (TRACKING ERROR EXPECTED TO RANGE BETWEEN 1.5% AND 3.0% P.A.)
PORTFOLIO DECISION MAKING	CO-PM, BEN MORTON IS ULTIMATELY RESPONSIBLE FOR THE STRATEGY
TOP-DOWN INFLUENCE	30%
BOTTOM-UP INFLUENCE	70%
TYPICAL NUMBER OF HOLDINGS	50-100 (TYPICALLY 50-70 SECURITIES)
MARKET CAPITALISATION BIAS	LARGE
EXPECTED PORTFOLIO TURNOVER	40%-80%
OBSERVED ACTIVE SHARE	50%-70%
% OF PORTFOLIO IN TOP 10 HOLDINGS	35%-45% (36% AS AT MARCH 2023)

Buy / sell drivers

Metrics for the primary inputs for the Manager's proprietary valuation models rank the relative attractiveness of the infrastructure sub-sectors based on several key drivers:

- Regulatory Cycle (25%);
- Economic Cycle (25%);
- Credit Cycle (25%); and
- Industry Fundamentals (25%).

Once sub-sector positioning has been determined, the portfolio managers use the outputs from the security-level valuation models generated by the analysts to quantify fair value within each sub-sector, using the most appropriate valuation metrics for the respective sub-sector. Analysts then calculate multiple-to-growth metrics, and when combined with fair value rankings, produce a multi-factor ranking that determines each stock's weighting (under/over/neutral).

Typically, the portfolio's largest overweight positions are securities that are the most undervalued according to the models. Companies that are the most overvalued typically form significant underweight positions or are not owned at all in the portfolio. As valuations change, capital is reallocated among individual securities. The portfolio managers' judgement with respect to risk control, diversification, liquidity and other factors are also key considerations.

Risk Management

Risk limits

SEPARATE RISK MONITORING	YES
GLOBAL LISTED INFRASTRUCTURE SECURITIES	95-100%
CASH LIMIT	5%
STOCK LIMIT	10% OF NTA
COUNTRY LIMIT	NIL
SECTOR LIMIT	NIL
CURRENCY HEDGING	PERMITTED (ALBEIT RARELY UTILISED)
DERIVATIVES	PERMITTED

The portfolio is typically managed to an ex-ante Tracking Error of 1.5%-3.0% p.a.

Risk monitoring

In conjunction with its corporate governance policies, ALI has adopted a Risk Management Policy, which is designed to identify, evaluate, monitor and manage risks affecting the Company. The Board has established an Audit and Risk Committee to implement, supervise and review the effectiveness of ALI's risk management framework. The Custodian (State Street Australia Limited) also assists ALI in monitoring the portfolio's risk.

At a portfolio level, Cohen & Steers maintains stock positions within a structured and controlled framework. In line with industry practices, individual stock and sub-sector exposures are monitored daily. Biases and contributors to Tracking Error are managed using both BARRA and CNS Risk (proprietary software). The investment team has the ability to perform pre and post-trade risk analysis before entering any position. Scenario analysis is used to analyse how the current portfolio would react relative to Benchmark and on an absolute basis to 75 different factors including interest rates, energy prices and credit spreads.

Risks

An investment in ALI carries a number of standard investment risks associated with domestic and international investment markets. These include economic, political, legal, tax and regulatory risks. These and other risks are outlined in the Prospectus and should be read in full and understood by investors. Lonsec considers major risks to be:

Market risk

Investments in equity markets are subject to numerous factors which may have an impact on the performance of an investment, both positive and negative. Unexpected changes in economic, technological, structural, regulatory or political conditions can have an impact on the returns of all investments within a particular market.

Investment risk

Being a Listed Investment Company, ALI's securities may trade on the ASX at a discount to its NTA for extended periods of time.

Derivatives risk

The Company has scope, to implement various derivative strategies. Derivative market values can fluctuate significantly and, as a result, potential gains and losses can be magnified. However, derivatives cannot be used to leverage the returns of ALI.

Currency risk

There is the potential for adverse movements in exchange rates to reduce the Australian dollar value of ALI's non-A$-denominated assets, which may reduce the value of the ALI's portfolio.

Argo Global Listed Infrastructure Limited

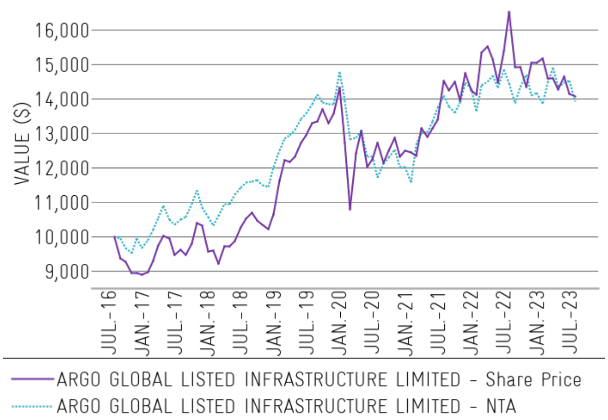
Quantitative Performance Analysis - annualised after-fee % returns (at 31-8-2023)

Performance metrics

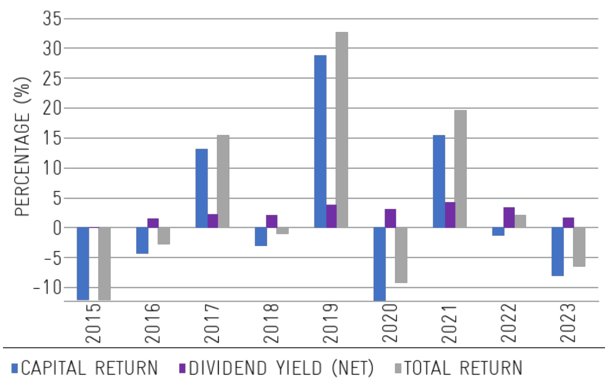
	1 YR	3 YR	5 YR	7 YR
TOTAL RETURN (% PA)	-14.84	3.44	6.00	5.01
STANDARD DEVIATION (% PA)	12.97	14.47	17.41	16.06
EXCESS RETURN (% PA)	-13.32	-5.53	-0.55	-2.28
WORST DRAWDOWN (%)	-14.84	-14.84	-24.58	-24.58
TIME TO RECOVERY (MTHS)	NR	NR	17	17
TRACKING ERROR (% PA)	15.81	14.46	14.29	13.14

PRODUCT: ARGO GLOBAL LISTED INFRASTRUCTURE LIMITED
PRODUCT BENCHMARK: FTSE GLOBAL CORE INFRASTRUCTURE 50/50 NR INDEX AUD
TIME TO RECOVERY: NR - NOT RECOVERED, DASH - NO DRAWDOWN DURING PERIOD

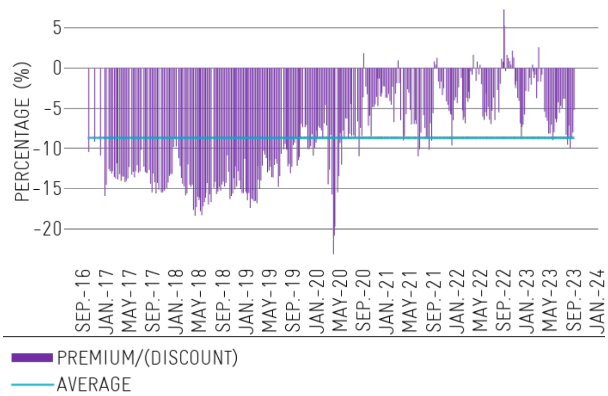
Growth of $10,000 over seven years



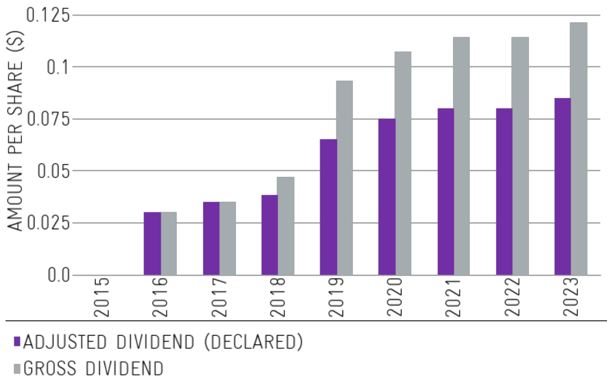
Calendar Year Returns over nine years



Share Price Premium/Discount to NTA over seven years



Dividend Record over nine years



Argo Global Listed Infrastructure Limited

Glossary

Click here for the glossary of terms.

About Lonsec

Lonsec Research Pty Ltd (Lonsec) is an investment research house with specialist areas of expertise, that was originally established in 1994 and the current entity was registered on 23 June 2011. From 1 July 2011, Lonsec became a fully owned subsidiary of Lonsec Fiscal Holdings Pty Ltd, a privately owned entity with a multi-brand strategy of providing leading financial services research and investment execution. Lonsec believes that professional financial advisers need informed opinions on the best investment strategies and financial products to provide real value for their clients. To meet this need, Lonsec has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of managed fund products.

Analyst Disclosure and Certification

Analyst remuneration is not linked to the research or rating outcome. Where financial products are mentioned, the Analyst(s) may hold the financial product(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the matters and financial product(s) to which this document refers.