



2021 Annual General Meeting Chairman's address

Delivered by Mr Russell Higgins AO at the 6th Annual General Meeting of Argo Global Listed Infrastructure Limited (Argo Infrastructure or Company) held online on Monday 25 October 2021 at 12.30pm (Adelaide time).

Introduction

Although the COVID-19 pandemic is still impacting our everyday lives, it is somewhat comforting that since last year's AGM, there are now effective vaccines and more than 70% of Australians aged 16 and over are now vaccinated. It was in the second half of 2020 that successful vaccines were first approved in the USA and mass manufacturing commenced. Global share markets reacted extremely positively to this development as investors chased growth and other stocks which would benefit from re-opening economies, while shying away from the infrastructure sector's more defensive qualities.

However, the path to reopening has not been as smooth as markets exuberantly priced in initially, with the delta variant of the coronavirus leading to further lockdowns in many countries. Throughout this period, global listed infrastructure has provided steady gains and importantly been 'true to label' whilst broader equity markets have raced ahead, albeit with some volatility.

Argo Infrastructure's investment approach, business model and operations have remained unchanged throughout the pandemic and our people have been able to work remotely as required.

Financial results

For financial year 2021, Argo Infrastructure reported a profit of \$18.8 million. While the dividend payouts from broader global equities fell sharply due to the pandemic, the income generated by our portfolio was only slightly down on the previous year, illustrating the resilience of infrastructure returns.

Argo Infrastructure remains in a strong financial position with more than \$350 million in assets at 30 June and no debt.

Record fully franked dividend

The Company was again able to raise dividends, increasing full year dividends by 6.7% to 8 cents per share fully franked, representing another record high payment to our shareholders.

Argo Infrastructure continues its track record of generating sustainable total returns to shareholders, with dividends paid since inception now totaling 32.25 cents per share. Furthermore, this year's final dividend was the seventh successive fully franked dividend.

A key benefit of investing in international assets through our Australian listed investment company (LIC) structure is our ability to generate franking credits for Australian investors when we pay company tax in Australia on income received and on realised gains.

Argo Infrastructure's dividends are derived from realised gains on sales from the portfolio and from dividends received from the companies in our portfolio. Dividends are not paid from unrealised gains. This helps safeguard the sustainability of future dividends as well as the capital position of the Company.

Investment performance

The global listed infrastructure sector returned a solid increase of 8.7% for the financial year, while Argo Infrastructure's investment portfolio rose by 9.2%, providing another year of index outperformance by our Portfolio Manager, Cohen & Steers.

The Australian dollar appreciated from US\$0.69 to US\$0.75 over the financial year providing a headwind to our returns. Nevertheless, every one of the 10 infrastructure subsectors generated positive returns in Australian dollar terms. The more economically sensitive subsectors were the strongest performers during the year, with marine ports jumping 53.0%, midstream energy up 27.5% and railways 16.1%. In contrast, the performance of the more defensive subsectors such as utilities were subdued, with water up 2.1%, gas 3.6% and electric 4.0%.

Reducing the share price discount to NTA backing

The share prices of many listed investment companies (LICs) which invest in global equities tend to trade at substantial discounts to NTA due to a number of factors.

In mid-2018, Argo Infrastructure shares were trading on the ASX at a discount of around 15-20%. At that time the company was in its early stage and was just starting to establish its reputation. Since then, our track record of increasing, reliable fully franked dividends and continued portfolio outperformance have contributed to substantial progress in reducing the difference between the Company's share price and its net tangible asset (NTA) backing per share. By August 2019, the discount was under 10% and now it is around 2-3% and often trades at parity with NTA.

Independent research ratings

Argo Infrastructure's demonstrated track record of performance has occasioned a lift in our research ratings. Independent investment ratings firm Lonsec recently 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. In addition, Independent Investment Research initiated coverage of Argo Infrastructure in August, assigning a 'Recommended' rating.

Share Purchase Plan

Earlier this month we offered our second Share Purchase Plan (SPP) to shareholders. These offers are very popular as a way of increasing your holding by up to \$30,000 without the need to pay brokerage fees. The SPP was well supported, with 2,460 or 26.4% of our shareholders participating to raise \$31 million. The additional funds were able to be invested almost immediately given the large and liquid nature of the global listed infrastructure sector.

Outlook

Over the past 20 months we have seen a period of massive fiscal stimulus, at or near zero interest rates and large quantitative easing or bond buying programs by Central Banks. We may see some volatility in markets as these policy settings are unwound. It is during periods of volatility that the relatively stable and defensive characteristics of infrastructure tend to be noticed most.

Although the threat of inflation and higher interest rates will impact some infrastructure subsectors, President Biden's US infrastructure package and tax changes will be a clear positive. Longer term, we see secular trends such as the digital transformation of economies and the transition to renewable energy will be significant drivers for the sector.

As a closed-end listed investment company with no debt, Argo Infrastructure is well placed to benefit from the long-term growth and income potential of the global listed infrastructure sector.

Thank you

In conclusion, I would like to thank Jason Beddow and his team for their ongoing efforts. I also thank our Portfolio Manager, Cohen & Steers and the firm's team of investment professionals based in offices around the world.

I would like to thank my fellow Board members for their valuable contributions to the Company through what has been another challenging year.

Most importantly, I sincerely thank our loyal shareholders and to our new shareholders, welcome to Argo Infrastructure.