



Product Review

Argo Global Listed Infrastructure Limited

ISSUE DATE 21-07-2021

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
ASX CODE	ALI
ASX 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 FOR AUSTRALIAN INVESTORS.
MANAGEMENT COSTS	1.2% P.A. (UP TO \$500M NTA)

Market data

MARKET CAPITALISATION	\$318M
SHARES ON ISSUE	142M
SHARE PRICE (20-7-2021)	\$2.19
52 WEEK HIGH/LOW SHARE PRICE	\$2.27 / \$2.00
NTA (9-7-2021)	\$2.38
52 WEEK HIGH/LOW NTA	\$2.38 / \$2.08
SHARE PRICE PREM/(DISC) TO NTA	-7.98%

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	US\$7.6B
YEARS MANAGING THIS ASSET CLASS	19

Investment Team

PORTFOLIO MANAGER	COHEN & STEERS CAPITAL MANAGEMENT INC.
INVESTMENT TEAM SIZE	11
INVESTMENT TEAM TURNOVER	LOW
STRUCTURE / LOCATION	DECENTRALISED (NY; LONDON; HONG KONG)

Investment process

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

Company rating history

JULY 2021	RECOMMENDED
AUGUST 2020	INVESTMENT GRADE
APRIL 2019	INVESTMENT GRADE

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 have 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.
- There is a strong investor-manager alignment of interest.

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.
- Management costs are high compared to infrastructure fund peers.
- A slight discount of share price to NAV persists.

ANALYST: KEVIN PROSSER | APPROVED BY: BALRAJ SOKHI

P. 1-10

We strongly recommend that potential investors read the product disclosure statement Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer, and disclosure at the end of this document. This report supersedes all prior reports.

Argo Global Listed Infrastructure Limited

ISSUE DATE 21-07-2021

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 code: ALI, or 'the Company') is an Australian listed investment company (LIC) that provides investors with the opportunity to invest in an actively managed portfolio of listed global infrastructure securities.
- More specifically, the investment objective of the Company is to generate a total return in excess of the Company's Benchmark – the FTSE Global Core Infrastructure 50/50 NR Index (Unhedged 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 a LIC with a long history in the Australian market (first listed in 1948) and has a current market capitalisation of around \$6.4b.
- ASCO has appointed **Cohen & Steers Capital Management, Inc.** ('Cohen & Steers' or 'the Investment 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 2021, Cohen & Steers had over US\$87b in FUM, including US\$7.6b 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 around 350 securities that meet its definition of 'core infrastructure'. These characteristics include stable cash flows, largely regulated and monopolistic businesses, and high barriers to entry.
- From this investable universe, relative sector positioning is determined through making a 'top-down' assessment across the range of infrastructure sub-sectors. The Investment Manager then uses 'bottom-up' fundamental analysis to target those companies assessed as trading under their intrinsic values. Lonsec believes this combination of 'top-down' and 'bottom-up' research differentiates the investment approach from other global infrastructure peers.
- Cohen & Steers' investment approach leads to a well-diversified portfolio of 50-100 securities (typically 70-100). 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' (deviation of the portfolio weightings from the benchmark) and Tracking Error is expected to range between 1.5% and 3.0% 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 return.
- 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 annual **management cost** is a three-tiered structure dependent upon the NTA (currently \$338m) of the portfolio:
 - 1.2% p.a. of NTA up to and including \$500m;
 - 1.1% p.a. of NTA above \$500m and including \$1.0bn; and
 - 1.0% p.a. of NTA above \$1.0bn.
- The base management cost is above the average of the Lonsec unlisted wholesale managed fund global infrastructure peer group. However, there is **no performance fee**, unlike some managed fund peers. Lonsec notes Argo is also responsible for paying 50% of this management fee to Cohen & Steers.

Using this Company

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

ANALYST: KEVIN PROSSER | APPROVED BY: BALRAJ SOKHI

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 mid to high risk profile investors with a five year plus investment time horizon.
- The Company is subject to equity market risks and movements (both positive and negative) in the prices of the underlying securities in the portfolio. Potential investors should therefore be aware of, and comfortable with, the potential for the Company to experience periods of negative absolute returns which may result in capital losses being incurred on their investment.
- Lonsec recommends advisors consult the Lonsec Risk Profile Review and/or the Lonsec Risk Profile Definitions document/(s) for guidance on appropriate asset allocations for a diversified investment portfolio. Lonsec recommends that equity investments are suitable for investors with an investment time horizon of at least five years.
- 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

- No changes to the Board or management team at Argo Infrastructure.
- Final dividend Sept 2020 raised to 4.5c (p.c.p 4.0c) and interim dividend March 2021 increased to 3.5c (p.c.p 3.0c) per share.

Cohen & Steers

- Thuy Quynh Dang was promoted to Portfolio Manager, but retains sector research responsibilities.
- Andrew Burd was promoted to Senior Analyst and Trent Mangold promoted to Senior Associate.
- Formed the Cohen & Steers Private Real Estate Group to be led by James Corl (former CIO Listed Real Estate).

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 Andrea Slattery), 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 Andrea Slattery 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 five 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. At the next level are Portfolio Managers **Robert Becker** (Global Listed Infrastructure) and **Tyler Rosenlicht** (Midstream Energy and MLPs) and newly promoted **Thuy Quynh Dang** (Global Listed Infrastructure).
- Morton and Becker have worked together since being recruited in 2003 to establish the Investment Manager's global listed infrastructure strategy. Lonsec believes both have strong experience and are well-qualified to fulfil their roles. The Manager has a collegiate culture and collaborative research process.
- The leadership group is supported by a team of seven research analysts with personnel located in New York (8), Hong Kong (2) and London (1). 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 occurs 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 and Becker pose some 'key person risk'. Mitigating factors include the

Argo Global Listed Infrastructure Limited

significant equity 'tie-in' of the investment team, promotion of Rosenlicht and Dang, plus 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 Investment Manager's approach to be logical and disciplined in integrating the firm's 'top-down' assessment of the universe with the 'bottom-up' fundamental company research.
- Lonsec believes the Investment 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 Investment Manager's investable universe is appropriate given the 'top-down' elements of the investment approach and diversified nature of the portfolio across sub-sectors. That said, it believes this has some potential to lead to a more volatile performance pattern.
- Lonsec considers the Investment Manager's 'top-down' framework to be a simple but effective way to assess the 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 in nature, based on 'top-down' and 'bottom-up' assessments, within the scope of the Investment Manager's risk controls and mandated guidelines. Lonsec believes the portfolio is a good reflection of the Investment Managers' best investment ideas. While all portfolio construction decisions are driven by the four Portfolio Managers, there is a collaborative link to the qualitative views of the various analysts.

ESG Integration

Cohen & Steers

- The Manager has articulated a commitment to the integration of ESG within their investment process with a strong policy framework and clear public positioning. The ESG policy is freely available on the firm's website. Overall Lonsec views the strength of this commitment to be above peers.
- The level of disclosure with respect to the Manager's proxy voting policy and voting outcomes is in-line with peers supported by an industry leading policy framework. No reporting on voting decisions is made publicly available.
- The level of disclosure with respect to the Manager's engagement policies and engagement outcomes is assessed as being in-line with peers with an industry leading engagement policy framework. No engagement reporting is made publicly available.

- Evidence of ESG integration within the Investment Manager's process for the Fund was significant relative to peers in this sector. Cohen & Steers have been incorporating environmental factors into financial forecasts and valuations. Recently they have been doing more quantitative assessments of social and governance factors based off MSCI data and adjusting from their own knowledge. Lonsec observes that the Investment Manager uses ESG data within their investment process in a structured and thorough manner.
- The Portfolio Managers demonstrated a strong engagement on a broad range of ESG issues and could demonstrate clear ESG based engagement outcomes.
- Overall, on a peer relative basis, Lonsec considers the level of ESG integration within this Fund to be 'Moderate'.

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 Investment Manager's risk management processes to be in-line with industry best practices, monitoring all relevant factor, performance attribution, sub-sector and stock exposures using proprietary and BARRA risk analysis software.
- Risk management is embedded into the Investment Manager's investment approach. The primary limit 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 Portfolio Managers can also undertake scenario testing on the portfolio for different economic outcomes.

Funds under management (FUM)

- As at March 2021, Cohen & Steers had US\$7.6b 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 estimated capacity of US\$15b by the Investment Manager, Lonsec does not currently observe FUM to be a major impediment to Cohen & Steers' ability to consistently generate returns above the benchmark for investment capabilities with a similar mandate.
- 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 in 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

Argo Global Listed Infrastructure Limited

style and objectives when considering the issue of capacity.

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 return best reflects the performance of the Investment Manager (Cohen & Steers). For the one-year period to 31 March 2021, the portfolio underperformed with a total return of 0.4% (after-fees) against the index return of 2.1%. Over the three-year period, the portfolio outperformed with a return of 9.5% p.a. (after-fees) against the index return of 8.2% p.a.
- For the period since inception to 31 March 2021 (just under six years), the underlying portfolio has returned 7.3% p.a. (after-fees), which is +0.4% p.a. higher than the 6.9% p.a. index return.

ALI total return

- Performance data on page 8 of this report reflects the return based on the ALI share price plus dividends. Over the one-year period to 31 March 2021, the total return was 14.6% (net of fees), representing an excess return of +12.5% above the benchmark. Over three years, the total return was 10.2% p.a. outperforming the benchmark by +2.0% p.a.
- In the year to March 2021 the discount to NTA has fluctuated between 0% and 10% having reduced from a 15% discount in 2018 (except falling back out to 20% during the COVID-19 market sell-off in March 2020). This can be mainly attributed to the steady increments in ALI dividends.

Overall

- Lonsec has upgraded the rating of ALI to **'Recommended'** at this review. The underlying investment manager Cohen & Steers' has an experienced investment team that has delivered good excess returns (net of fees) on the underlying portfolio over the last three years. 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 now compares reasonably well to other LICs on historic financial criteria. In addition, the minority of external representatives on the Board of Directors is not regarded as being detrimental to ALI investors. However, ALI has a relatively high overall management cost 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 2021, Cohen & Steers had over US\$87b in FUM, including US\$7.6b 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 \$6.4b invested in a diversified portfolio of Australian investments.

Cohen & Steers Capital Management, Inc. has been appointed by Argo as its 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 to 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.

Andrea Slattery is a Non-executive Director and a member of the Audit & Risk Committee. Slattery is a well-known figure in the Australian financial services industry, playing a key role in the growth and recognition of the self-managed superannuation fund (SMSF) sector. Slattery co-founded the SMSF Association and is a former Managing Director and CEO of that body. She also holds current directorships with AMP Ltd, AMP Bank, Clean Energy Finance Corporation Ltd, and Woomera Prohibited Area Advisory Board (Dep Ch). Previously held directorships include the South Australian Cricket Association and the Adelaide Oval Stadium Management Authority Ltd. (alternate).

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, in economic and fiscal policy, private and government, both locally and internationally. Previous directorships include APA

Argo Global Listed Infrastructure Limited

ISSUE DATE 21-07-2021

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
ANDREA SLATTERY	NON-EXEC. DIRECTOR	2015
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	23 / 18
ROBERT BECKER	PORTFOLIO MANAGER, GLOBAL LISTED INFRASTRUCTURE	25 / 17
TYLER ROSENLICHT	PORTFOLIO MANAGER & HEAD OF MIDSTREAM ENERGY & MLPs	12 / 9
THUY QUYNH DANG	PORTFOLIO MANAGER GLOBAL LISTED INFRASTRUCTURE (LONDON)	21 / 10
HUMBERTO MEDINA	SENIOR ANALYST	21 / 11
GRACE DING	SENIOR ANALYST (HONG KONG)	15 / 11
ANDREW BURD	SENIOR ANALYST	11 / 3
JOAO CESAR	ANALYST (HONG KONG)	12 / 2
SAAGAR PARIKH	ANALYST	12 / 7
CHRISTOPHER DENUNZIO	ANALYST	6 / 4
TRENT MANGOLD	SENIOR ASSOCIATE	3 / 1
AVERAGE	-	15 / 9

Based in New York unless otherwise stated.

Ben Morton is Head of Global Infrastructure and a Senior Portfolio Manager of the Fund. Morton has 23 years of infrastructure-related investment experience, 18 of which have been with Cohen & Steers. Before being appointed to his current role in 2018, Morton served as a co-portfolio manager of this Fund alongside his colleague Robert Becker. Prior to joining Cohen & Steers in 2003, Morton worked at Salomon Smith Barney as a research associate covering the utility and pipelines sectors. He also worked at New York Mercantile Exchange as a research analyst.

Robert Becker is a Portfolio Manager of the Global Infrastructure section of the Fund. Becker has 25 years of infrastructure-related investment experience, 17 of which have been with Cohen & Steers. Prior to joining the firm in 2003, Becker was a portfolio manager and analyst for the Franklin Utilities Fund at Franklin Templeton Investments. Previously, he served as a utility equity research associate at Salomon Smith Barney, and in equity research for global utilities and transportation with Scudder, Stevens & Clark.

Tyler Rosenlicht is Head of Midstream & MLPs and the Portfolio Manager of the Midstream & MLPs strategies of the Fund. Rosenlicht has 12 years of infrastructure-related investment experience, nine 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 was promoted to the position of Portfolio Manager Global Listed Infrastructure in 2020 and being based in London has analyst coverage responsibilities for Europe. She is also a member of the firm's ESG Committee and the ESG Captain for the

ANALYST: KEVIN PROSSER | APPROVED BY: BALRAJ SOKHI

Argo Global Listed Infrastructure Limited

ISSUE DATE 21-07-2021

listed infrastructure team. Prior to joining Cohen & Steers in 2011, Ms 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 which 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
NO. STOCKS IN INVESTMENT UNIVERSE	350
NO. STOCKS FULLY MODELED / RESEARCHED	200
RESEARCH INPUTS	PROPRIETARY MACRO 'TOP-DOWN', COMPANY VISITATION PROGRAM, FUNDAMENTAL 'BOTTOM-UP' ANALYST RESEARCH.
VALUATION OVERVIEW	DISCOUNTED CASH FLOW, PRICE/EARNINGS MULTIPLE VS. GROWTH.

The Investment Manager's initial investable universe comprises of approximately 350 companies across 16 developed and emerging countries that exhibit 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.
- 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 independent 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 Investment 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 S)
RETURN OBJECTIVE (INTERNAL)	TOTAL RETURN CONSISTING OF INCOME AND CAPITAL APPRECIATION
RISK OBJECTIVE (INTERNAL)	NO OBJECTIVE (TRACKING ERROR EXPECTED TO RANGE BETWEEN 1.5% AND 3.0% P.A)
PORTFOLIO DECISIONS	TEAM APPROACH WITH BEN MORTON ULTIMATELY RESPONSIBLE
TOP-DOWN INFLUENCE	ONE-THIRD
TYPICAL NUMBER OF HOLDINGS	50-100
MARKET CAPITALISATION BIAS	LARGE
EXPECTED PORTFOLIO TURNOVER	40-60%
OBSERVED ACTIVE SHARE	51% (APRIL 2021)
% OF PORTFOLIO IN TOP 10 HOLDINGS	35% (MARCH 2021)

Metrics for the primary inputs for the Investment 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 which 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 re-allocated among individual securities. The Portfolio Managers' judgement's with respect to risk control, diversification, liquidity and other factors are also key considerations.

ANALYST: KEVIN PROSSER | APPROVED BY: BALRAJ SOKHI

Argo Global Listed Infrastructure Limited

ISSUE DATE 21-07-2021

Risk Management

Risk limits

SEPARATE RISK MONITORING	YES
NUMBER OF SECURITIES IN PORTFOLIO	50-100
GLOBAL LISTED INFRASTRUCTURE SECURITIES	95-100%
CASH LIMIT	5%
STOCK LIMIT	10% OF NTA
COUNTRY LIMIT	NIL
SECTOR LIMIT	NIL
CURRENCY HEDGING	PERMITTED BUT RARELY EXPECTED TO BE USED
DERIVATIVES	PERMITTED

The portfolio is typically managed to an ex-ante Tracking Error of 1.5-3% 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.

ANALYST: KEVIN PROSSER | APPROVED BY: BALRAJ SOKHI

P 8-10

Argo Global Listed Infrastructure Limited

ISSUE DATE 21-07-2021

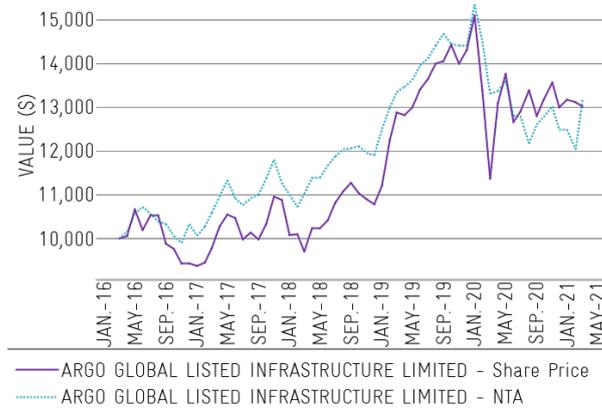
Quantitative Performance Analysis - annualised after-fee % returns (at 31-3-2021)

Performance metrics

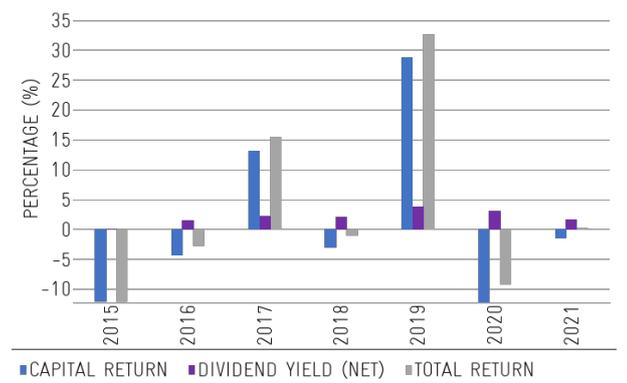
	1 YR	2 YR	3 YR	5 YR
TOTAL RETURN (% PA)	14.47	0.58	10.24	5.42
STANDARD DEVIATION (% PA)	20.13	20.62	18.26	16.24
EXCESS RETURN (% PA)	12.40	-0.93	2.09	-2.44
WORST DRAWDOWN (%)	-8.00	-24.58	-24.58	-24.58
TIME TO RECOVERY (MTHS)	NR	NR	NR	NR
TRACKING ERROR (% PA)	20.68	16.07	13.69	12.58

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

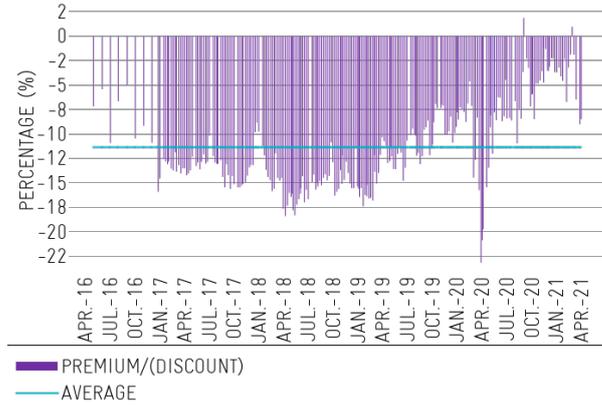
Growth of \$10,000 over five years



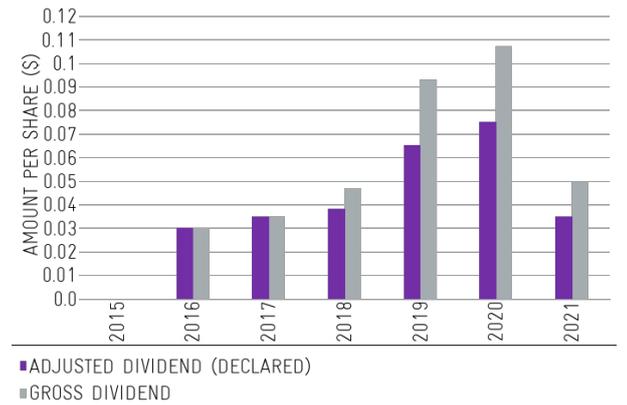
Calendar Year Returns over seven years



Share Price Premium/Discount to NTA over five years



Dividend Record over seven years



ANALYST: KEVIN PROSSER | APPROVED BY: BALRAJ SOKHI

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.

LONGSEC STRONGLY RECOMMENDS THIS DOCUMENT BE READ IN CONJUNCTION WITH THE RELEVANT PRODUCT DISCLOSURE STATEMENT. IMPORTANT NOTICE: Issued by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Lonsec receives a fee from the fund manager or financial product issuer(s) for researching the financial product(s), using objective criteria and for services including research subscriptions. Lonsec's fee is not linked to the rating(s) outcome. Lonsec Investment Solutions Pty Ltd ABN 95 608 837 583 CAR (CAR: 001236821) of Lonsec receives fees under separate arrangement for providing investment consulting advice to clients, which includes model portfolios, approved product lists and other financial advice and may receive fees from this fund manager or financial product issuer for providing investment consulting services. Refer to the Conflicts of Interest Statement at: [Lonsec.com.au/important-documents](https://lonsec.com.au/important-documents) Lonsec does not hold the financial product(s) referred to in this document. Lonsec's representatives and/or their associates may hold the financial product(s) referred to in this document, but details of these holdings are not known to the Analyst(s). **Warnings:** In line with industry practice returns may be estimated, to access verified returns please refer to the product provider. Past performance is not a reliable indicator of future performance. Any advice is General Advice based on the investment merits of the financial product(s) alone, without considering the investment objectives, financial situation and particular needs of any particular person. It is not a recommendation to purchase, redeem or sell the relevant financial product(s). Before making an investment decision the reader must consider his or her financial circumstances or seek personal financial advice on its appropriateness. Read the Product Disclosure Statement for each financial product before making any decision about whether to acquire a financial product. Lonsec's research process relies upon the participation of the fund manager or financial product issuer(s). Should the fund manager or financial product issuer(s) no longer participate in Lonsec's research process, Lonsec reserves the right to withdraw the document at any time and discontinue future coverage. The product rated in this publication may have related financial products or be associated with other financial products and platforms. The rating may only be applied to the financial product outlined in this publication at first instance, seek professional advice before you make an investment decision on related or associated financial products and platforms. You should be aware that the mandate, fees, underlying investments, the issuers of the related and associated financial products and platforms may be different from the financial product specified in this publication. **Disclaimer:** This document is for the exclusive use of the person to whom it is provided by Lonsec and must not be used or relied upon by any other person. No representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this document, which is drawn from public information not verified by Lonsec. Financial conclusions, ratings and advice are reasonably held at the time of completion but subject to change without notice. Lonsec assumes no obligation to update this document following publication. Except for any liability which cannot be excluded, Lonsec, its directors, officers, employees and agents disclaim all liability for any error or inaccuracy in, misstatement or omission from, this document or any loss or damage suffered by the reader or any other person as a consequence of relying upon it. ©2021 Lonsec. All rights reserved. This report may also contain third party material that is subject to copyright. To the extent that copyright subsists in a third party it remains with the original owner and permission may be required to reuse the material. Any unauthorised reproduction of this information is prohibited.