



2023 Annual General Meeting Managing Director's Address

Delivered by Mr. Jason Beddow at the eighth Annual General Meeting of Argo Global Listed Infrastructure Limited (Argo Infrastructure or Company) held at the Adelaide Convention Centre on Monday 23 October 2023 at 12.30pm.

Rising rates and the asset class

The rapid tightening of monetary policy over the last 12 to 18 months has weighed on returns from more indebted, long-duration investments, including global infrastructure stocks. This is particularly the case for utilities which can carry considerable debt due to their reliable income derived from the provision of essential services. As electric, water and gas utilities dominate the global listed infrastructure universe, their recent poor performance has been a significant drag on the performance of the overall asset class.

In the wake of the steepest interest rate hikes in recent history, the relative underperformance of utilities, and global listed infrastructure more broadly, is not unexpected. As the monetary cycle matures and interest rates are potentially cut, it follows that returns from global infrastructure stocks will revert to average long-term returns. That said, the timing and pace at which interest rates may fall is unknown.

Local infrastructure stocks underperform

The underperformance of the asset class relative to broader equities also extends to Australian infrastructure stocks. Among the remaining locally listed infrastructure companies, there are three salient examples of this trend: APA Group (ASX code: APA), Transurban Group (ASX code: TCL) and Atlas Arteria (ASX code: ALX).

These companies have all seen their share prices materially underperform the broader Australian share market over the period since the Reserve Bank of Australia started aggressively raising rates in May of last year.

The underperformance of these infrastructure stocks also demonstrates the low correlation of global listed infrastructure with local equities. Historically, the asset class also displays this attribute during share market downturns.

This was illustrated in financial year 2022 when the Australian share market fell by -6.5%. In contrast, global listed infrastructure gained +12.3% (in A\$ terms) outperforming local shares by +18.3%.

We believe global listed infrastructure's low correlation to the Australian share market is one of the diversification benefits that Argo Infrastructure offers.

Shortly, you will hear from Ben Morton, Head of Global Infrastructure at our Portfolio Manager, Cohen & Steers. He will further discuss the relative performance of the asset class, as well as other factors shaping the investment environment, including historically elevated inflation and 'higher-for-longer' interest rates, as well as specific infrastructure subsectors and stocks.

Thank you

Before I hand over to Cohen & Steers, I would like to acknowledge the efforts of the whole Argo team again this year.

I also acknowledge the contribution from the Chairman and Non-executive Directors, and I look forward to working with them over the year ahead.

Thank you particularly to our shareholders, both new and long-term loyal shareholders.