

# Quarterly Investment Update June 2024



## Market overview

Broader global equities posted another positive quarter, albeit only marginally, gaining +0.3% (in A\$ terms). Investors reacted positively to the overall better-than-expected corporate earnings reports released in the final quarter of the financial year. In addition, the rapid growth of artificial intelligence (AI) applications and the reshoring of manufacturing provided a significant tailwind for select sectors across the global economy.

Although inflation generally remained sticky which pushed out expectations for official interest rates to be cut, global recession fears continued to fade. However, some geo-political concerns continue to simmer as investors scrutinise major elections in several countries.

Global infrastructure stocks declined -1.6% (in A\$ terms) to underperform broader equities, with performance mixed across the asset class. Marine Ports (up +10.0%) was the top-performing subsector — boosted by stock-specific factors aiding companies in different geographic regions.

Midstream Energy, Gas Distribution and Electric Utilities also posted robust returns, gaining +5.0%, +4.1% and +3.2% respectively. A number of companies in these subsectors are expected to benefit from the explosive growth in power demand to support data centres and manufacturing reshoring.

In contrast, Railways (down -9.0%) posted the weakest returns, as investors assessed how slowing growth might weigh on future earnings. Passenger transport-related subsectors also lagged, including Airports (up +1.1%) and Toll Roads operators (down -4.6%).

**Midstream Energy posted robust returns (+5.0%) benefiting from investor optimism around the potential increase in demand to power the rapid growth in data centres.**

## Portfolio performance

Argo Infrastructure's portfolio declined -1.7% (in A\$ terms) to slightly trail the benchmark index which returned -1.6% for the quarter.

Stock selection in the Gas Distribution subsector contributed positively to performance. Notably, an overweight position in Chinese gas utility ENN Energy Holdings with its shares lifted by a solid earnings report, along with the recent recovery in the Chinese market earlier in the quarter. A position in ASX-listed Qube Logistics was also beneficial as the company's shares surged after increasing its profit guidance above expectations.

Unfortunately, these gains were outweighed by holdings elsewhere in the portfolio, including US freight rail operator Norfolk Southern with lower volumes and concern over earnings weighing on its shares.

	3 months	1 year	3 years (p.a.)	Since inception <sup>4</sup> (p.a.)
Portfolio <sup>1</sup>	-1.7%	+4.8%	+7.2%	+7.7%
Benchmark <sup>2</sup>	-1.6%	+4.0%	+6.2%	+7.0%
S&P/ASX 200 <sup>3</sup>	-1.1%	+12.1%	+6.4%	+8.0%

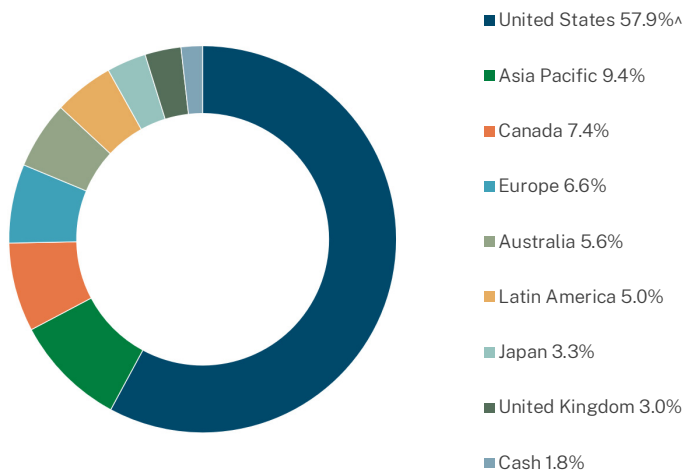
<sup>1</sup> Before fees   <sup>2</sup> FTSE Global Core Infrastructure 50/50 Index (in A\$)   <sup>3</sup> Accumulation Index   <sup>4</sup> July 2015



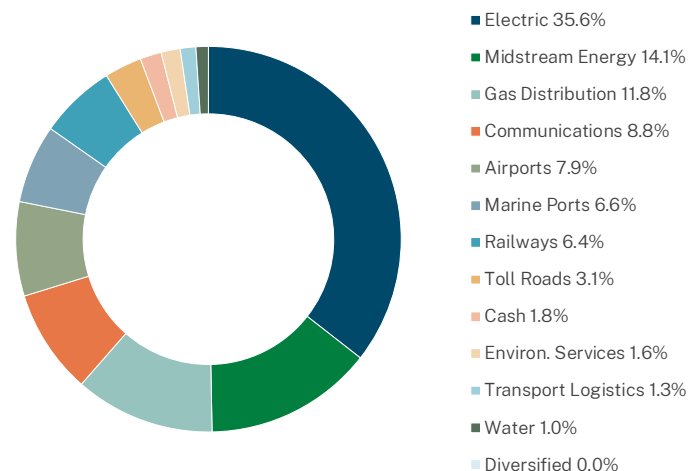
### Total Returns value of \$10,000 invested at inception



### Portfolio Geographic diversification\*



### Sector diversification\*



\* As a percentage of investment portfolio.

<sup>^</sup> Many of the largest infrastructure companies are listed in the US, although their operations and earnings are often global.

### Top 10 Holdings at 30 June 2024

Security name	Country of listing	Subsector	Portfolio (%)	Index (%)
NextEra Energy	US	Electric	6.8	5.7
American Tower	US	Communications	5.2	3.2
Duke Energy	US	Electric	4.0	3.0
TC Energy	CAN	Midstream Energy	4.0	1.4
NiSource	US	Gas Distribution	3.9	0.5
Cheniere Energy	US	Midstream Energy	3.4	1.4
Public Service Enterprise Group	US	Electric	3.3	1.4
PG&E	US	Electric	3.2	1.5
PPL	US	Electric	3.0	0.8
Pembina Pipeline	CAN	Midstream Energy	2.9	0.7
			<b>39.7</b>	<b>19.6</b>



## Thank you for joining us!

We recently held in-person information meetings in various capital cities around Australia.

We welcomed a record number of shareholders, along with interested friends and family members, to hear about the Company, global listed infrastructure and the outlook for the asset class more broadly.

Tyler Rosenlicht from Argo Infrastructure's New York-based Portfolio Manager, Cohen & Steers, also attended providing his insights into the global listed infrastructure sector, and the outlook for the US and global economy more broadly. Tyler also discussed three key investment themes currently shaping the asset class:

1. Evolving global supply chains;
2. Digital transformation; and
3. Energy 'addition'.

Thank you to everyone who joined us! It was wonderful to meet in person.



### Watch the presentation

Watch the full presentation recorded at our Adelaide meeting and view the materials, including the slides, on our website at the following link:

[argoinfrastructure.com.au/2024-information-meetings/](https://argoinfrastructure.com.au/2024-information-meetings/)

## Outlook

Given the current environment of mixed economic data, Argo Infrastructure's Portfolio Manager, Cohen & Steers, maintains a generally balanced portfolio, with a somewhat defensive tilt. The focus is on higher-quality businesses that can weather below-trend economic growth.

With higher financing costs and tighter financial conditions across the infrastructure universe, Cohen & Steers continue to favour infrastructure companies with limited near-term debt maturities and manageable refinancing schedules.

Persistent inflation and 'higher for longer' interest rates may be a headwind for some subsectors. However, most infrastructure businesses can generally pass rising costs along to consumers. As a result, these stocks have tended to perform well during periods of above-average inflation.

The nexus between power generation, grid reliability and the rapid expansion of data centres continues to strengthen as demand for artificial intelligence (AI) processing power grows. The need for electric and gas infrastructure to support data centre demand is expected to drive significant investment opportunities among global infrastructure stocks.

Other secular investment themes currently shaping the global economy are also a boon for the asset class, including the global energy transition and the urbanisation of populations in emerging economies. These trends will drive significant, ongoing public and private investment in infrastructure for decades to come.

## About us

### At a glance

ASX code	ALI
Listed	2015
Manager	Argo Investments
Portfolio Manager	Cohen & Steers
Market cap.	\$359m
Shareholders	9,000
Hedging	Unhedged
Management fee	1.2%
Performance fee	Nil
Dividend yield <sup>a</sup>	4.2%

<sup>a</sup> Historical yield of 6.0% (including franking) based on dividends paid over the last 12 months.

### Company overview

Provides exposure to a diverse portfolio of global infrastructure stocks. The portfolio is actively managed by Cohen & Steers (NYSE: CNS), a leading specialist global real assets fund manager managing funds of over A\$110 billion for institutional clients and sovereign wealth funds from offices worldwide.

### How to invest

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

### Share registry enquiries

BoardRoom Pty Limited

1300 389 922

[investorserve.com.au](http://investorserve.com.au)

[argo@boardroomlimited.com.au](mailto:argo@boardroomlimited.com.au)

### Shareholder benefits



#### Global diversification

Exposure across various geographies and both emerging and developed economies



#### Specialist global fund manager

Access to a world-leading, specialist infrastructure fund manager



#### Access infrastructure opportunities

New opportunities offshore through government privatisations



#### Proven investment approach

Experienced investment team with a long and successful track record



#### Enhance risk-adjusted returns

Less volatile than broader equities providing some relative downside protection



#### Simple global investing

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

This report has been prepared as general information only and is not intended to provide financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances before making any investment decisions. Past performance is no guarantee of future results. This announcement is authorised by Tim Binks, Company Secretary. Argo Global Listed Infrastructure Limited ACN 604 986 914