

# Shareholder Update

## Year ended 30 June 2021



**Jason Beddow**  
Managing Director  
BEng, GdipAppFin(SecInst)

Dear valued shareholder,

As the global economy continues to chart a path of recovery through the coronavirus pandemic, Argo Global Listed Infrastructure Limited (Argo Infrastructure) is pleased to report an increased full year profit and a fully franked final dividend of 4.5 cents per share.

### Full-year profit result

Argo Infrastructure's profit for the full year ended 30 June 2021 was \$18.8 million. While dividend payouts from broader global equities fell sharply during the pandemic crisis, income generated by our portfolio was down only slightly on the prior year, demonstrating the resilience of infrastructure returns. The Company continues to be in a strong financial position with more than \$350 million of assets and no debt.

### Summary of financial results

	2021	2020
Profit/(Loss)*	\$18.8 million	(\$9.3 million)
Final dividend per share (fully franked)	4.5 cents	4.5 cents
Full year dividends per share (fully franked)	8.0 cents	7.5 cents
Net Tangible Assets (NTA) <sup>^</sup> per share	\$2.35	\$2.27

\* Reported profit can be volatile as accounting standards require that operating income and realised profits and losses are added to, or reduced by, changes in the portfolio's market value from period to period.

<sup>^</sup> After all costs, including fees and taxes.

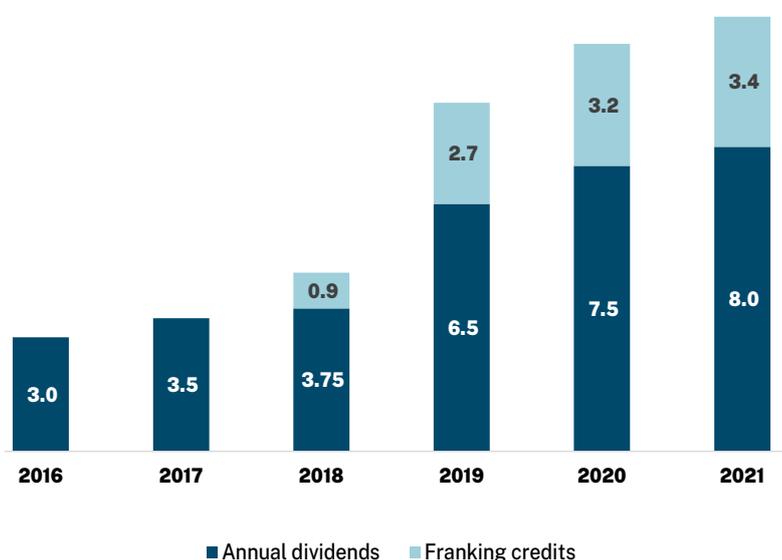
### Record full year dividends

Argo Infrastructure's annual dividends increased +6.7% to a record 8.0 cents per share fully franked, reflecting the Company's continued commitment to delivering sustainable returns to shareholders. Including the final dividend, total dividends paid out to shareholders since inception total 32.25 cents per share.

Argo Infrastructure can frank its dividends when it pays tax in Australia, which generates franking credits. This is an important benefit of investing in international assets via an Australian listed investment company (LIC) structure.

Including franking, the final dividend brings the annual grossed-up dividend yield to 4.7%.

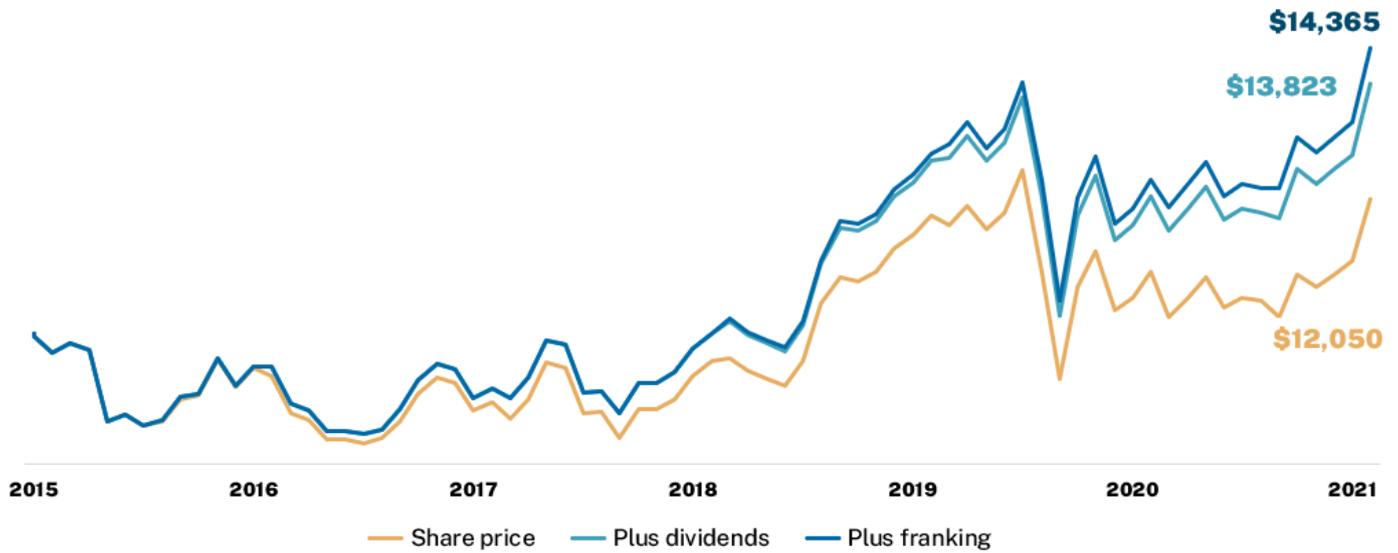
### Annual dividends (cents per share)



## Shareholder returns

A \$10,000 investment in Argo Infrastructure at inception (July 2015) would have grown to a value of \$12,050 (+5.4% per annum) at 31 August 2021. The tax effective value taking into account franking credits is \$14,365 (+6.0% per annum).

\$10,000 invested at inception (to 31 August 2021)



## Investment performance

The global listed infrastructure sector returned a solid +8.7% for the financial year, while Argo Infrastructure's investment portfolio rose +9.2%.

All infrastructure subsectors generated positive returns although performance across the asset class diverged considerably. With economies re-opening, infrastructure stocks exposed to the recovery performed best, including marine ports (+53.0%), mid-stream energy (+27.5%) and railways (+16.1%). In contrast, returns from less economically-sensitive infrastructure subsectors were subdued. For example, water and electric utilities gained +2.1% and +3.6% respectively.

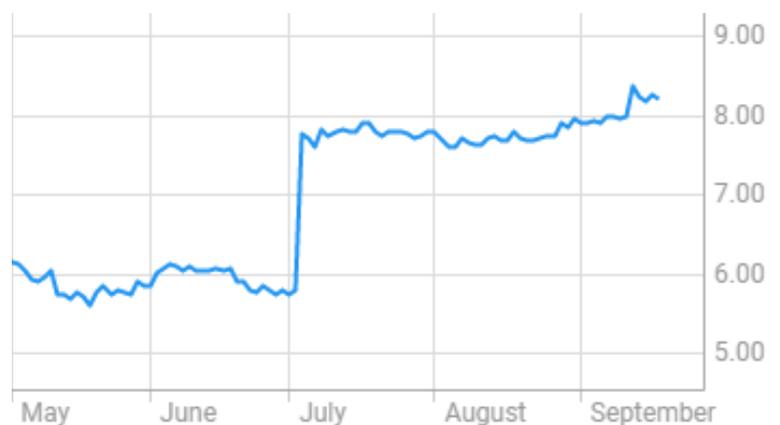
## Subsector focus - Airports

For obvious reasons, listed airports have been among the worst hit global infrastructure stocks over the last 18 months since the pandemic struck. However, with economies re-opening and travel recommencing, investors are reconsidering the outlook for airport stocks. Furthermore, the recent takeover offers for Sydney Airport (ASX code: SYD) have brought the valuation of listed airports worldwide into sharp focus.

After languishing for much of this calendar year, in August airport stocks rallied +2.9%. While the subsector's fundamentals remained largely unchanged, it appears sentiment pivoted as investors 'looked-through' the short-term COVID travel disruptions and recognised the more attractive valuations of select airport stocks, notably Sydney Airport.

Australia's only listed airport, Sydney Airport saw its share price jump after takeover offers from a consortium of institutional investors, including Australian superannuation funds. In early September, the consortium made its third and highest offer (\$8.75 per share) which has received the support of Sydney Airport's board.

Sydney Airport share price



Source: ASX, September 2021.

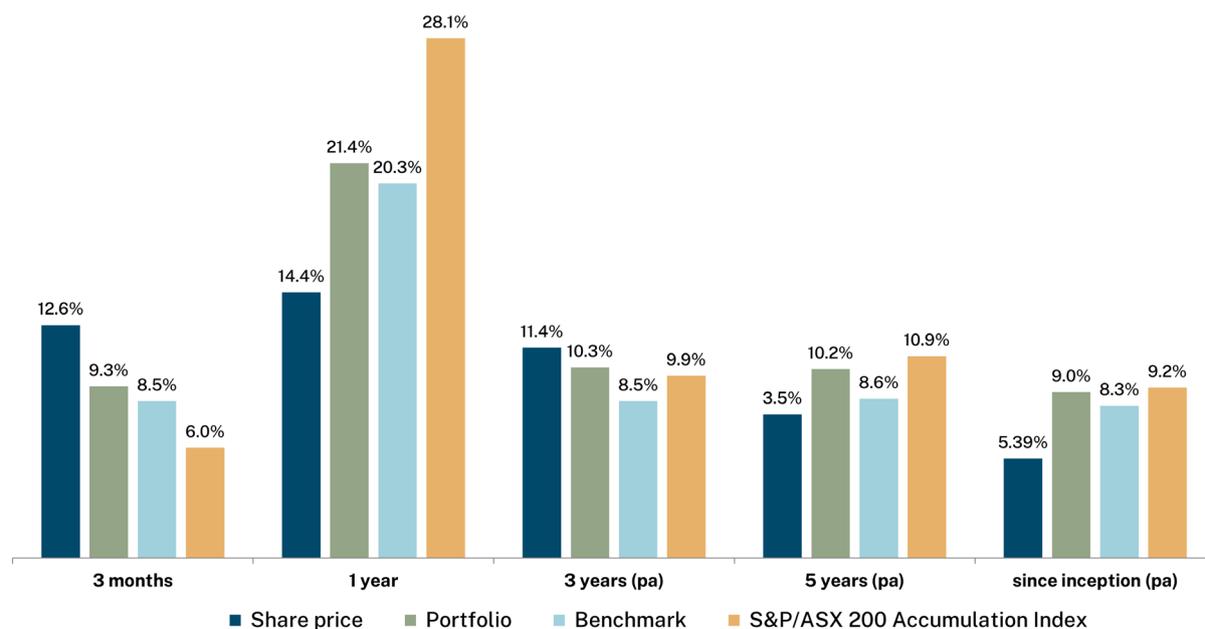
This activity has seen investors reassess the prospects and valuations of other airport stocks globally. Argo Infrastructure currently holds Sydney Airport, as well as positions in airports listed in Spain, Thailand, Mexico and New Zealand.

## Total returns

In the 'risk-on' environment following the initial COVID market shock, global listed infrastructure has been largely out of favour as investors have favoured growth over more defensive assets. However, more recently, global infrastructure stocks have climbed steadily, posting six consecutive months of gains to the end of August.

This shift in sentiment is reflected in Argo Infrastructure's portfolio returns, in addition to the benefit of the weaker Australian dollar as the portfolio is unhedged. Argo Infrastructure's share price performance has also seen support gaining an impressive +8.6% alone in August. We believe that, in part, this demonstrates the recognition of Argo Infrastructure's track record of paying fully franked dividends to shareholders. The Company's strong share price appreciation has, in turn, narrowed the share price discount to NTA. In fact, at the time of writing Argo Infrastructure shares were trading at or around their underlying asset backing value per share.

Total returns (to 31 August 2021)



## Outlook

The outlook for the global economy is broadly positive as monetary and fiscal policy settings remain supportive and vaccine distribution allows economies to re-open, releasing pent-up demand. However, we expect the recovery path will be uneven as new coronavirus strains emerge, leading to ongoing travel restrictions and varying re-opening policies in the immediate term.

Against this backdrop, Argo Infrastructure's portfolio manager, Cohen & Steers, has pared back exposure to more cyclical infrastructure subsectors. The investment portfolio is positioned to benefit from the structural shifts towards decarbonisation and digitisation of the global economy with holdings in renewable-focused utilities and communications infrastructure stocks (wireless network towers and data centres).

The outlook for global listed infrastructure is supported by solid and improving underlying fundamentals, including attractive valuations relative to broader equities and secular growth drivers. Governments are providing stimulus via infrastructure expenditure, including the Biden Administration's US\$1 trillion infrastructure bill passed in July which provides a range of direct and indirect infrastructure beneficiaries.

In Australia, recent takeover offers for Sydney Airport, AusNet Services and Spark Infrastructure Group demonstrate the acute demand for quality infrastructure assets, including via listed infrastructure companies. With offers made at significant premiums, this provides valuation support across the asset class.

With more than \$350 million of assets and no debt, Argo Infrastructure is well-positioned to capitalise on these trends. In recent months, the weakening Australian dollar has provided a tailwind for the Company's NTA as the investment portfolio is unhedged to optimise diversification benefits for Australian investors.



### Virtual Annual General Meeting

Unfortunately, the health risks and travel restrictions associated with the COVID-19 pandemic continue to impact our ability to hold Argo Infrastructure's Annual General Meeting (AGM) in Adelaide. Therefore, the Board has decided to again hold a virtual AGM this year. No physical venue will be nominated for the AGM.

You will be able to watch and participate in the AGM live via your computer or mobile device, with the opportunity to vote, comment and ask questions during the meeting. You will find full details about how to participate in the virtual AGM, including how to submit questions in advance, in the Notice of Meeting distributed to shareholders.

I encourage you to attend Argo Infrastructure's virtual AGM, particularly as we will be unable to meet our shareholders in person at information meetings this year.

### Shareholder communications

Argo Infrastructure undertakes a range of communication initiatives to keep our shareholders informed about the Company, our portfolio, as well as news and trends related to global listed infrastructure more broadly. These include, our monthly NTA and Investment Update, Quarterly Investment Report and articles and research papers from our portfolio manager, Cohen & Steers.

Recently, we have launched a new website with a range of user-friendly features, including videos, independent research reports and a comprehensive shareholder centre with latest results, current and historical dividend details and key dates. Our new website can be found at the same web address, [argoinfrastructure.com.au](http://argoinfrastructure.com.au).

You may notice we have also updated Argo Infrastructure's visual identity, including our logo. With online communication ever-increasing, ensuring our refreshed logo translates effectively in a digital environment was a key consideration.

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If you have any questions or comments about Argo Infrastructure, please don't hesitate to contact us by telephone on (08) 8210 9555 or by email to [invest@argoinfrastructure.com.au](mailto:invest@argoinfrastructure.com.au).

To receive Company news and financial results on the day they are announced, I encourage you to join our email distribution list by completing the 'subscribe' form found at the bottom of each page on our website at [argoinfrastructure.com.au](http://argoinfrastructure.com.au).

On behalf of the Board, I thank you for your ongoing and loyal support of Argo Infrastructure. We hope you and your families are staying safe and well during these challenging times.

Yours faithfully,

Jason Beddow  
Managing Director

Save the date  
Virtual AGM



25 October 2021  
12.30pm Adelaide time

Full details to follow in  
your Notice of Meeting