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# Argo Global Listed Infrastructure Limited (ASX: ALI)

Review

19 August 2025

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6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

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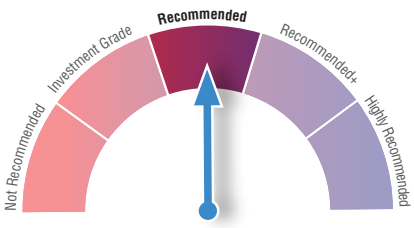
# Argo Global Listed Infrastructure Limited (ASX: ALI) - Review

**Note: This report is based on information provided by ALI and Cohen & Steers as at 31 March 2025.**

## Rating




| Key Investment Information (as at 30 June 2025) | |
|---|---|
| ASX Code | ALI |
| Share Price | $2.28 |
| NTA* per share | $2.61 |
| Shares on Issue (m) | 177.8m |
| Market Cap ($m) | $405.3m |
| Trailing 12-month Dividend Yield (Net) | 3.9% |
| Trailing 12-month Dividend Yield (Grossed-Up)** | 5.3% |
| Dividend Frequency | Semi-annually |
| Listing Date | July 2015 |
| Structure | Listed Investment Company (LIC) |
| IIR Investment Classification | International - Specialist |
| Investment Manager | Argo Service Company Pty Ltd |
| Portfolio Manager | Cohen & Steers Capital Management Inc. |
| Fees: | |
| Management Fee (p.a.)*** | 1.20% |
| Performance Fee | na |

*NTA is after tax paid and payable.
**ALI dividends are currently franked at a tax rate of 25%.
***Decreases to 1.1% over $500m and 1.0% over $1 billion.

| Key Exposure | |
|---|---|
| Underlying Exposure | Portfolio of global listed infrastructure securities. |
| FX Exposure | The Company is exposed to direct foreign currency risk. Foreign currency risk is typically unhedged and therefore capital and income returns is impacted by movements in the Australian dollar compared to relevant currencies. |

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

## PRODUCT SUMMARY

Argo Global Listed Infrastructure Limited (ASX: ALI) is a listed investment company (LIC) that listed on the ASX in July 2015, raising $286.1m through the issue of 143.1m fully paid ordinary shares at $2.00 per share. As at 30 June 2025, ALI had 177.8 million shares on issue and a market cap of $405.3 million. Argo Service Company Pty Ltd (ASCO) is the Manager of the Company. ASCO is a wholly-owned subsidiary of Argo Investments Limited (ASX: ARG). ASCO has appointed Cohen & Steers Capital Management Inc. ("Cohen & Steers") as the Portfolio Manager. Cohen & Steers is a global investment manager focused on long-life assets including infrastructure, real estate securities, natural resource companies, commodity futures and fixed-income securities. Cohen & Steers was founded in 1986 and has US$88.9 billion of AUM. ALI seeks to provide investors a total return, consisting of capital growth and dividend income, from a diversified long-only portfolio of global listed infrastructure securities. The Portfolio Manager seeks to outperform the benchmark over the long-term, however, given the nature of the underlying investments and the benchmark aware mandate we expect any alpha generation to be limited. The portfolio is actively managed and typically comprises 50-70 securities and has typically been heavily weighted to the US. While the portfolio is weighted to US stocks, the underlying assets and operations of companies are often global. The Portfolio Manager has been managing the underlying investment strategy since 2004 and does so with a focus on investing in companies that exhibit: relatively predictable, often inflation-linked cash flows; largely regulated and monopolistic businesses with concession-based, or contracted assets; and high barriers to entry. The focus is on the owners and operators of infrastructure assets. The Company pays a management fee of 1.2%p.a of the gross value of the portfolio with the fees stepping down as the AUM increases. The management fee is split between the Investment Manager and Portfolio Manager.

## INVESTOR SUITABILITY

An investment in ALI is suitable for those investors seeking a defensive-style investment with the portfolio consistently providing capital preservation in down markets. The portfolio returns are low beta and have a low correlation to the broader global equity market resulting in an investment in ALI potentially providing diversification to an investors broader portfolio. The differentiated risk and return profile of the portfolio to global equities is further highlighted by the high tracking error. There are a number of vehicles, both passively and actively managed, that provide exposure to the global listed infrastructure market. In the listed space, ALI is the only vehicle structured as a LIC with a key differentiating factor for ALI being the its ability to pay franked dividends. As such, an investment in ALI will benefit those investors that can derive the full benefit from fully franked dividends. The currency exposure of the portfolio is unhedged, meaning that the AUD performance is impacted by movements in the AUD against the relevant currencies. Currency movements may have a positive or negative impact on the AUD returns.

## RECOMMENDATION

Independent Investment Research (IIR) has maintained a **Recommended** rating for Argo Global Listed Infrastructure Limited (ASX: ALI). The Company and the Portfolio Manager have delivered on their primary investment objectives since listing. Given the benchmark aware manner in which the portfolio is managed, while the strategy may deliver returns in excess of the benchmark over the long-term, the strategy is expected to largely deliver a market-like risk/return profile. The portfolio has delivered the capital preservation characteristics you would expect from infrastructure exposure with the NTA outperforming the broader global equity market in 100% of negative markets over rolling 12 month periods since listing. The Company has been trading at a discount to NTA. Given the exposure of the Company, we expect any dislocation in the share price and NTA to be driven primarily by cyclical factors. Equity market valuations, geopolitical tensions and the macroeconomic environment provides a strong case for defensive assets. As such, we view discounts to provide attractive opportunities for investors, with any market weakness potentially seeing a rotation into defensive assets, which would be expected to have a positive impact on the discount.

# SWOT

## Strengths

- The portfolio is managed by Cohen & Steers. With US$88.9 billion AUM and 350+ employees across 6 offices globally, the Portfolio Manager is well resourced and has access to a deep pool of talent in real asset and alternative investments.
- The senior members of the global listed infrastructure investment team have been stable with the Portfolio Manager's having an average tenure with the Manager of over a decade. The Manager has promoted members from within the team that have shown the requisite skills to be a Portfolio Manager and senior member of the team. This stability facilitates a consistency of investment process and effective and collaborative investment decision process. It also means that past performance is likely to be more indicative of potential future performance.
- Cohen & Steers has a substantial market position in global listed infrastructure and are one of the largest dedicated investors in the sector. Size and scale provides access to company management, regulators and other market participants.
- One of the benefits of the LIC structure is that it is a closed-ended fund with liquidity provided through the trading of shares on the secondary market. This means that investors have the benefit of market liquidity and the Manager has "captive capital" without the need to mange the portfolio for redemptions.
- The Company has paid a steadily increasing dividend since listing with the dividend being fully franked from the final FY18 dividend. The Company has a healthy level of dividend coverage meaning there is little risk to the dividend at present.
- ESG is integrated into the investment process. Given the long-term nature of infrastructure investments, ESG is an important consideration for the longevity of the asset.

## Weaknesses

- The management fees are at the high end for the listed peer group. This does have an impact on the net returns to investors.
- While the portfolio is actively managed, given the nature of the underlaying asset exposure the opportunity for alpha generation when compared to the benchmark is likely to be limited.

## Opportunities

- There are a number of listed managed investments focused on global listed infrastructure. ALI is the only global listed infrastructure fund that is structured as a company and therefore is the only listed infrastructure fund that has the ability to provide a fully franked dividend stream.
- An investment in ALI offers the potential for an investor to diversify their existing portfolio with infrastructure as an asset class having a low correlation of returns to the broader global equity market and has consistently provided capital preservation in down markets.
- ALI has been trading at an elevated discount. The current environment of slowing global growth and high levels of uncertainty regarding the inflationary environment provides a strong case for a rotation into defensive assets such as infrastructure. Given this, IIR views discounts to provide attractive opportunities to invest in the Company.

## Threats

- The foreign currency exposure is unhedged and therefore the portfolio value is impacted by movements in the relevant currencies compared to the Australian dollar, in particular the US dollar. The weak Australian dollar compared to the US dollar has been a tailwind for investors in recent times, however, a strengthening of the Australian dollar will have a negative impact on the portfolio value.
- The Company may trade at a discount for a prolonged period of time meaning investors may not be able to exit at par value. With the Company currently paying a consistent and steadily growing fully franked dividend, unless there is some volatility in the dividend or structural issues we would expect the discount to largely be a result of a rotation out of global infrastructure as an asset class and then this would narrow as investors rotate back into the asset class.

- The increasing interest rate environment had a negative impact on certain sectors within global listed infrastructure due to the high levels of leverage inherent in some of the businesses. In the event inflation persists and the interest rate cycle reverses, this may adversely impact the performance of the certain sectors with the infrastructure market. We note that a rate hiking cycle is not the Manager's nor IIR's expectations given the economic backdrop, however uncertainty regarding tariff outcomes and rates staying higher for longer continues to provide a level of uncertainty.

## ALI OVERVIEW & UPDATE

Argo Global Listed Infrastructure Limited (ASX: ALI) is a listed investment company (LIC) that listed on the ASX in July 2015, raising $286.1m through the issue of 143.1m fully paid ordinary shares at $2.00 per share. There was also the same number of options issued upon listing with an exercise date of 31 March 2017 and an exercise price of $2.00. Of the 143.1m options issued, 391,852 were exercised, raising an additional $0.78m in capital for the Company. As at 30 June 2025, ALI had 177.8 million shares on issue and a market cap of $405.3 million.

ALI seeks to provide investors a total return, consisting of capital growth and dividend income, from a diversified long-only portfolio of global listed infrastructure securities. The Company also seeks to outperform the Benchmark (FTSE Global Core Infrastructure 50/50 Index, net total return, AUD) over the long-term.

Argo Service Company Pty Ltd (ASCO) is the Manager of the Company. ASCO is a wholly-owned subsidiary of Argo Investments Limited (ASX: ARG), the second largest LIC on the ASX. ASCO has appointed Cohen & Steers as the Portfolio Manager. Cohen & Steers is a global investment manager in long-life assets, including infrastructure, real estate securities, natural resource companies, commodity futures and fixed-income securities. Cohen & Steers has US$88.9 billion of AUM and is one of the largest dedicated investors in the infrastructure market.

The portfolio is actively managed and typically holds 50-70 securities. The portfolio will be invested in global listed infrastructure securities with up to 5% of the portfolio able to be held in cash. Global infrastructure companies are defined as a company that derives at least 70% of its revenues from, or has at least 70% of its assets committed to, the construction development or financing of infrastructure assets, or the management, ownership and/or operation of infrastructure assets such as pipelines, toll roads, airports, railroads or ports.

The Portfolio Manager employs a disciplined investment process that combines a top down approach for sector allocation with detailed bottom-up analysis to determine the investments made. The portfolio is managed in a benchmark aware manner with the an expected tracking error of 1.5%-3.0%.

The Company pays a management fee of 1.20%p.a of the gross portfolio value of the Company, which steps down to 1.10% when the portfolio value is greater than $500 million and 1.0% when the portfolio value is greater than $1 billion. This fee is split between the Investment Manager and Portfolio Manager as per the agreed upon terms. No performance fee is applicable. While there is no performance fee applicable for the Company, the compensation of the investment team is directly tied to the performance of the portfolio, aligning the interests of the Portfolio Manager with the Company.

The foreign currency exposure of the portfolio is unhedged. Given the Company invests in globally listed securities the portfolio value is impacted, positively and negatively, by movements in the relevant currencies against the Australian dollar. Foreign currency exposure may be hedged where the Board sees significant risk of currency weakness, however, the Company does not seek to add value through active management of currency exposure.

## BOARD AND PORTFOLIO MANAGER UPDATE

The Board comprises five Directors, the majority of which are independent of the Manager. The Board members are highly experienced and provide a set of skills that IIR believes is complimentary to the oversight of the Company.

Russell Higgins stepped down from his position as Chair at the end of 2024 with Peter Warne appointed as Chair. Mr. Warne is also succeeding Mr. Higgins as the Chair of ARG. Mr. Warne has been a Director of ARG since 2022. He is an experienced company director, currently also the Chair of IPH and has previously held numerous director roles on the boards of both listed and unlisted companies.

| Board | | | |
|---|---|---|---|
| **Name** | **Position** | **Independence** | **Appointed to Board** |
| Peter Warne | Chair | Independent | 1 January 2025 |
| Jason Beddow | Director | Non-Independent | 26 March 2015 |
| Mark Hall | Director | Independent | 6 December 2019 |
| Fiona Hele | Director | Independent | 1 July 2022 |
| Sarah Brennan | Director | Independent | 1 July 2004 |

The portfolio is managed by Cohen & Steers, a global investment manager specialising in real assets and alternative income strategies, with US$88.9 billion of AUM. The Company recently entered into a new management agreement with the Portfolio Manager with the initial 10-year agreement expiring on 3 July 2025. The new agreement is substantially on the same terms as the previous agreement, except for the initial IPO related clauses.

The investment team has remained stable with the Chief Investment Officer, Jon Cheigh, Head of Global Listed Infrastructure and Senior Portfolio Manager, Ben Morton, and three Portfolio Managers of the Global Listed Infrastructure team all having significant experience and all being with the Portfolio Manager for in a decade or more.

The Portfolio Managers are supported by a team of 6 research analysts and associates and 2 Portfolio Specialists with the investment team having access to a range of resources from within the business.

Since our last review, Christopher DeNunzio has been promoted to Portfolio Manager and Andrew Burd has been promoted to Managing Analyst. Taylor Vitunic has also joined the team as a Senior Associate. Trent Mangold and Angelo Magli have exited the team. Both Trent and Angelo were relatively junior members of the team.

| Cohen & Steers Global Listed Infrastructure Investment Team | | | |
|---|---|---|---|
| **Name** | **Position** | **Tenure with Portfolio Manager (years)** | **Industry Experience (years)** |
| Jon Cheigh | Chief Investment Officer | 20 | 30 |
| Ben Morton | Head of Global Listed Infrastructure & Senior Portfolio Manager | 22 | 27 |
| Thuy Quynh Dang | Portfolio Manager | 14 | 25 |
| Tyler Rosenlicht | Portfolio Manager | 13 | 16 |
| Christopher DeNunzio | Portfolio Manager | 8 | 10 |
| Humberto Medina | Managing Analyst | 15 | 25 |
| Andrew Burd | Managing Analyst | 7 | 15 |
| Grace Ding | Senior Analyst | 15 | 19 |
| Joao Montecarlo Cesar | Senior Analyst | 6 | 16 |
| Stefano Bezzato | Analyst | 2 | 24 |
| Taylor Vitunic | Senior Associate | 1 | 5 |
| Michelle Butler | Senior Portfolio Specialist | 12 | 29 |
| Evan Serton | Senior Portfolio Specialist | 19 | 26 |
| **Average Portfolio Managers** | | **15.4** | **21.6** |
| **Average Investment Team** | | **11.8** | **20.5** |

## THE CASE FOR GLOBAL LISTED INFRASTRUCTURE

We believe the current economic conditions provide the backdrop for global listed infrastructure to outperform the broader global equity market. Slowing global growth and an uncertain inflationary environment provides a positive environment for defensive assets. We would expect an increase in the rotation into defensive assets in the event growth surprises to the downside.

In its May Statement on Monetary Policy, the RBA significantly revised down its US GDP forecasts for 2025 and 2026, although noted that there is a wide range of forecasts across the market. Further to this, on 11 July 2025, the Conference Board stated that it "estimates sizable shocks to GDP growth, inflation, and employment in the coming months as existing baseline tariffs reverberate through the economy."

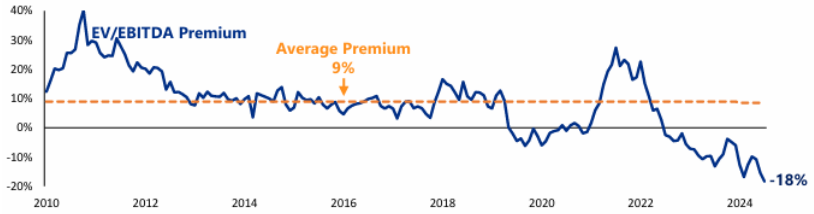
As we highlight in the below report, global listed infrastructure has performed strongly during periods of uncertainty, with the sector providing capital preservation in down markets.

The Portfolio Manager views there to be three key reasons to invest in global listed infrastructure at present. These include:

**1) Listed infrastructure valuations are attractive relative to global equities**

Listed infrastructure is trading at a discount to global equities. This is unusual for infrastructure, which has historically traded at a premium. The is highlighted in the below chart which shows the relative difference between the EV/EBITDA multiples of global listed infrastructure and global equities from December 2012 to June 2025.

**EV/EBITDA Premium/Discount of Listed Infrastructure to Global Equities**




Source: Cohen & Steers, "3 Reasons to Own Global Infrastructure Today"

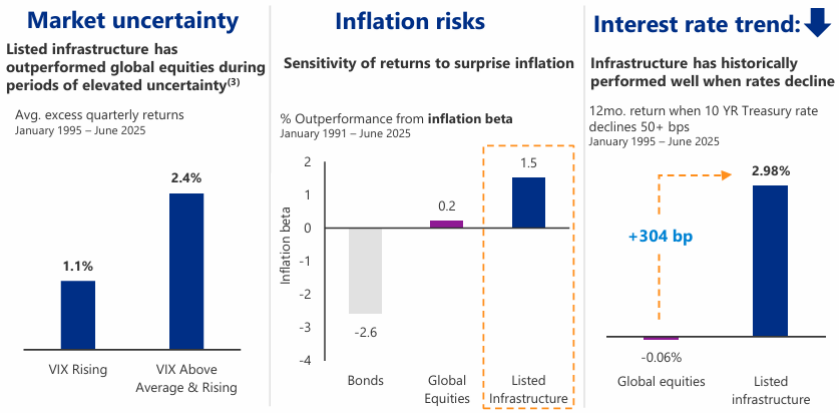
**2) Listed infrastructure Outperforms in Periods of Uncertainty**

Global listed infrastructure has performed well on a relative basis during periods of uncertainty as is highlighted by the below chart. Infrastructure has performed well during periods of heightened inflation risks and when interest rates have declined with sectors within the infrastructure market being impacted differently by the differing environments.

We can refer to some recent instances which have highlighted this. In 2022, the Federal Reserve started a rate hiking cycle that started in March 2022 and finished in July 2023. If we look at the period from the start of 2022 until April 2023 when it was starting to become apparent that interest rates were peaking, ALI's benchmark delivered a return of 7.5% compared the MSCI World Index, Net, AUD return of -1.28%. This highlights the relative performance of listed infrastructure during inflationary periods.

There is significant amount of economic uncertainty at present with many market participants forecasting tariff policies having a material impact on global growth with the potential for the policies to also be inflationary. This uncertainty provides a strong backdrop for infrastructure to outperform on a relative basis. The base case scenario of slowing growth and declining interest rates provides a strong backdrop for Utilities, the largest exposure in the benchmark given the inelastic demand and reduction in interest costs for the typically highly leveraged companies.

**Performance of Global Listed Infrastructure**



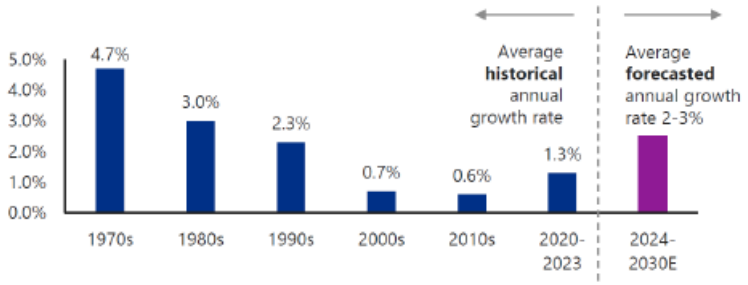

Source: Cohen & Steers, "3 Reasons to Own Global Infrastructure Today"

### 3) Mega trends are Driving Infrastructure Growth

There are some key mega trends driving growth including digitalisation and decarbonisation. Growing data intensity will require major investments in wireless networks and data centres, which will impact the cell towers, data centres and satellite sectors within the infrastructure market.

This increase in data intensity is also having an impact on demand for power which is expected to benefit utilities. There has been very little growth in power demand in the US since 2007, however demand is expected to increase as shown by the below chart. Increased demand is expected to be driven by data centres, electric vehicles, onshoring and the decarbonisation of industrial processes. This demand is expected to result in a higher rate base and EPS growth for the utilities sector.

**Average Annual Growth in Power Demand**




Source: Shareholder Investor Meeting Presentation, May 2025

## PORTFOLIO POSITIONING

The portfolio provides exposure to the global listed infrastructure market, however is predominantly invested in US listed companies, which is the largest region of the investment universe with nearly 60% of the benchmark weighted to the US. The regional allocation of the portfolio as at 31 March 2025 is tabled below.

While there are some differences between the country weightings of the portfolio relative to the benchmark, the portfolio largely provides benchmark exposure from a regional perspective with no material underweight or overweight positions at a regional level.

**Country Weightings (as at 31 March 2025)**

| Country | ALI Portfolio | Benchmark | Active Weight |
|---|---|---|---|
| **North America** | **67.82%** | **68.23%** | **-0.41%** |
| US | 57.39% | 57.81% | -0.42% |
| Canada | 10.43% | 10.42% | 0.01% |
| **Asia Pacific** | **13.31%** | **15.97%** | **-2.66%** |
| Australia | 2.73% | 3.64% | -0.90% |
| Japan | 3.27% | 2.92% | 0.35% |
| China | 1.61% | 2.53% | -0.92% |

| Country Weightings (as at 31 March 2025) | | | |
|---|---|---|---|
| Philippines | 1.85% | 0.85% | 0.99% |
| India | 1.22% | 3.36% | -2.13% |
| Other Asia | 2.62% | 2.18% | +0.44% |
| **Europe** | **10.20%** | **9.76%** | **+0.44%** |
| Spain | 2.23% | 3.03% | -0.80% |
| United Kingdom | 2.57% | 3.31% | -0.74% |
| France | 1.42% | 0.61% | 0.80% |
| Italy | 1.73% | 1.16% | 0.56% |
| Other Europe | 2.26% | 1.64% | +0.62% |
| **Latin America** | **4.74%** | **4.05%** | **+0.69%** |
| Mexico | 2.25% | 1.98% | 0.27% |
| Brazil | 2.49% | 1.88% | 0.61% |
| Other | 0.0% | 0.19% | -0.19% |
| **Middle East - Africa** | **0.0%** | **0.72%** | **-0.72%** |
| UAE | 0.0% | 0.61% | -0.61% |
| Saudi Arabia | 0.0% | 0.11% | -0.11% |
| **Cash** | **0.57%** | **na** | **+0.57%** |

From a sector allocation perspective, the Company provides exposure to a diversified portfolio. The portfolio is typically weighted to utilities with electric, gas and water utilities representing more than 50% of the benchmark. As at 31 March 2025, the Company had an overweight exposure to electric and gas utilities and an underweight exposure to water utilities.

Electric utilities is the largest exposure in the portfolio and the benchmark, representing 41.7% of the benchmark as at 31 March 2025. The Company holds a diversified portfolio of companies from the electric utilities sector, with the Company having positions in 44 of the 88 companies in this sector overt the 12 months to 31 March 2025. While the portfolio was overweight the sector at 31 March 2025, the portfolio has had a relative underweight exposure to the sector over the 12 month period resulting in a negative attribution relative to the benchmark. However, over the 5 years to 31 March 2025, the relative underweight position to the sector has been a positive relative contributor to portfolio performance.

The largest overweight sector exposure relative to the benchmark as at 31 March 2025 was Environmental Services, with companies from this sector not included in the benchmark. The largest underweight exposure relative to the benchmark was Toll Roads. The underweight position was a positive contributor relative to the benchmark. Exposure to Toll Roads has declined materially since May 2022 with Toll Roads now representing just 2.30% of the portfolio as at 31 March 2025 compared to 9.08% as at 31 May 2022.

The portfolio also had an underweight exposure to Airports. While Airports as a sector contributed positive performance to the benchmark over the 12 months to 31 March 2025, the contribution to the ALI portfolio was negative over the period as a result of stock selection.

| Sector Allocation (as at 31 March 2025) | | | |
|---|---|---|---|
| | **ALI Portfolio** | **Benchmark Index** | **Active Weight** |
| Airports | 5.39% | 6.91% | -1.52% |
| Communications | 6.8% | 6.9% | -0.1% |
| Diversified | - | 0.63% | -0.63% |
| Electric | 42.08% | 41.71% | +0.37% |
| Environmental Services | 3.06% | - | +3.06% |
| Gas Distribution | 7.31% | 6.14% | +1.17% |
| Marine Ports | 5.27% | 3.65% | +1.61% |
| Midstream Energy | 15.36% | 14.43% | +0.93% |
| Railways | 10.91% | 11.86% | -0.95% |
| Toll Roads | 2.30% | 4.99% | -2.69% |
| Transport Logistics | - | - | - |
| Water | 0.93% | 2.74% | -1.81% |

Source: ALI

At 31 March 2025, the top 10 holdings represented 37.2% of the portfolio. All top 10 positions were overweight relative to the benchmark. The largest position in the portfolio as at 31 March 2025 was NextEra Energy. This has been a long held position in the portfolio and is the largest stock in the benchmark. The largest overweight positions relative to the benchmark as at 31 March 2025 were in TC Energy, Entergy and NiSource.

The maximum position size of a single investment is 10%, however position sizes are unlikely to get too much larger than 5% given the manner in which the portfolio is managed. The average position size of the portfolio has been 1.6%.

**Top Holdings (as at 31 March 2025)**

| Company | Sector | ALI Portfolio | Benchmark | Active Weight |
|---|---|---|---|---|
| NextEra Energy | Electric | 4.9% | 4.4% | +0.5% |
| TC Energy | Midstream Energy | 4.6% | 1.5% | +3.1% |
| Union Pacific | Railways | 4.3% | 3.8% | +0.5% |
| Entergy | Electric | 3.9% | 1.2% | +2.7% |
| American Tower | Communications | 3.9% | 3.2% | +0.7% |
| The Williams Companies | Midstream Energy | 3.7% | 2.3% | +1.4% |
| NiSource | Gas Distribution | 3.3% | 0.6% | +2.7% |
| Wisconsin Energy | Electric | 3.0% | 1.2% | +1.8% |
| Pembina Pipeline | Electric | 2.9% | 0.7% | +2.2% |
| Exelon | Electric | 2.7% | 1.5% | +1.2% |
| **Total** | | **37.2%** | **20.4%** | **+16.8%** |

Source: ALI

## PERFORMANCE ANALYTICS

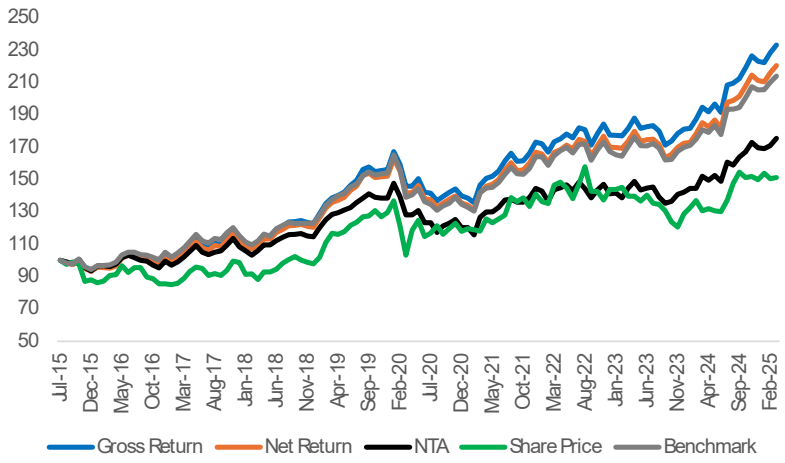
Below we take a look at the performance of ALI's portfolio and share price compared to the benchmark index (FTSE Global Core Infrastructure 50/50 Index, AUD) as well as domestic and global equity markets. The performance of ALI compared to broader equity markets is important to determine the rationale for a potential allocation of an investment in the Company in an investors portfolio.

The primary performance objective of the Company is to deliver a total return consisting of dividend income and capital growth over the long-term with the Portfolio Manager seeking to generate a return in excess of the benchmark index over time. While this is the objective of the Company, the rationale for an investment in the Company is to diversify an investors portfolio and provide capital preservation in uncertain markets.

ALI's portfolio on a gross and net return basis has delivered returns in excess of the benchmark index since listing to 31 March 2025. The NTA returns have lagged the benchmark, however the NTA returns include tax paid and payable which the benchmark does not include. While this includes tax, shareholders benefit through the Company able to pay franked dividends given the tax paid.

Share price returns have also lagged the benchmark with the share price based on the value of the portfolio (NTA). The share price has traded at a discount to the NTA which has resulted in the share price returns lagging the NTA returns since listing.

**Cumulative Total Returns**




Gross Return = Portfolio performance before all expenses, fees and tax.
Net Return = Portfolio performance after Portfolio Manager fees and expenses.
NTA = after tax paid and payable.
Benchmark = FTSE Global Core 50/50 Net Index, AUD.
Source: ALI, Iress, IIR.

The below table shows the performance metrics of the ALI portfolio and share price to 31 March 2025. The returns reflect the chart above with the portfolio outperforming the benchmark on a gross and net return basis over both short-and-longer term periods. While the NTA has lagged the benchmark due to the implications of tax paid and payable and the fees paid to the Investment Manager, the NTA has outperformed the broader global market and the S&P/ASX 200 Accumulation Index over the 12 months to 31 March 2025.

Global infrastructure more broadly performed strongly over the 12 months to 31 March 2025, outperforming both the global and domestic equity markets. Infrastructure is well placed to outperform on a relative basis given the current macroeconomic environment of slowing growth, lofty equity valuations and the expectation of interest rate cuts.

The portfolio is expected to have a tracking error relative to the benchmark of 1.5%-3.0%, which the portfolio has consistently had. This tracking error objective means the portfolio is expected to deliver a risk/return profile similar to the benchmark over the long-term. The portfolio is not expected to deliver significant alpha over the benchmark.

The beta of the portfolio and the broader global listed infrastructure market is low when compared to the broader global equity market. This highlights the defensive attributes the sector provides with the high tracking error compared to the broader global equity market highlighting the differentiated risk/return profile the sector provides. The performance metrics highlight the diversification that exposure to the global listed infrastructure market can provide to can investors portfolio.

**Performance Metrics (to 31 March 2025)**

| | ALI Portfolio (gross) | ALI Net Return | ALI NTA | ALI Share Price | Benchmark Index | MSCI World Index, Net, AUD | S&P/ASX 200 Acc. Index |
|---|---|---|---|---|---|---|---|
| **Cumulative Total Return:** | | | | | | | |
| 1 year | 19.8% | 19.1% | 15.4% | 15.7% | 18.4% | 12.1% | 2.8% |
| 3 year (p.a.) | 10.4% | 9.8% | 6.9% | 1.0% | 9.1% | 14.5% | 5.6% |
| 5 year (p.a.) | 9.8% | 9.2% | 6.5% | 8.0% | 9.0% | 15.7% | 13.2% |
| Since Inception (p.a.) | 9.2% | 8.5% | 6.0% | 4.4% | 8.2% | 11.5% | 7.7% |
| **Standard Deviation:** | | | | | | | |
| 1 year | 10.5% | 10.5% | 10.3% | 11.0% | 10.4% | 10.5% | 10.9% |
| 3 year (p.a.) | 9.9% | 9.9% | 10.0% | 13.8% | 9.8% | 11.8% | 13.4% |
| 5 year (p.a.) | 10.2% | 10.2% | 10.9% | 15.4% | 10.2% | 11.1% | 13.1% |
| Since Inception (p.a.) | 10.2% | 10.2% | 10.4% | 15.4% | 10.4% | 11.3% | 13.9% |

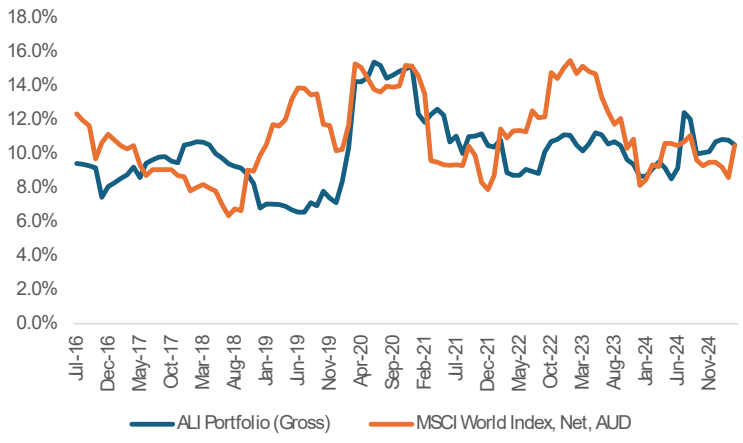
**Performance Metrics (to 31 March 2025)**

| | ALI Portfolio (gross) | ALI Net Return | ALI NTA | ALI Share Price | Benchmark Index | MSCI World Index, Net, AUD | S&P/ASX 200 Acc. Index |
|---|---|---|---|---|---|---|---|
| **Risk/Return Ratio:** | | | | | | | |
| 1 year | 1.88 | 1.81 | 1.49 | 1.43 | 1.76 | 1.15 | 0.26 |
| 3 year (p.a.) | 1.05 | 0.98 | 0.69 | 0.08 | 0.93 | 1.23 | 0.42 |
| 5 year (p.a.) | 0.97 | 0.91 | 0.60 | 0.52 | 0.88 | 1.42 | 1.01 |
| Since Inception (p.a.) | 0.90 | 0.84 | 0.58 | 0.28 | 0.79 | 1.02 | 0.55 |
| **Beta compared to MSCI World Index, Net, AUD:** | | | | | | | |
| 1 year | 0.35 | 0.35 | 0.30 | -0.13 | 0.39 | 1.00 | 0.62 |
| 3 year (p.a.) | 0.50 | 0.50 | 0.47 | 0.14 | 0.49 | 1.00 | 0.79 |
| 5 year (p.a.) | 0.52 | 0.52 | 0.50 | 0.31 | 0.53 | 1.00 | 0.74 |
| Since Inception (p.a.) | 0.55 | 0.55 | 0.52 | 0.55 | 0.58 | 1.00 | 0.85 |
| **Correlation to MSCI World Index, Net, AUD:** | | | | | | | |
| 1 year | 0.35 | 0.35 | 0.31 | -0.12 | 0.39 | 1.00 | 0.59 |
| 3 year (p.a.) | 0.59 | 0.59 | 0.56 | 0.12 | 0.59 | 1.00 | 0.70 |
| 5 year (p.a.) | 0.57 | 0.57 | 0.51 | 0.22 | 0.58 | 1.00 | 0.63 |
| Since Inception (p.a.) | 0.61 | 0.61 | 0.57 | 0.41 | 0.62 | 1.00 | 0.69 |
| **Tracking Error compared to Benchmark:** | | | | | | | |
| 1 year | 1.6% | 1.6% | 3.9% | 13.7% | 0.0% | 11.5% | 12.5% |
| 3 year (p.a.) | 2.0% | 2.0% | 4.3% | 14.9% | 0.0% | 10.0% | 11.6% |
| 5 year (p.a.) | 2.0% | 2.0% | 4.1% | 15.7% | 0.0% | 9.8% | 12.9% |
| Since Inception (p.a.) | 2.0% | 2.0% | 3.5% | 13.2% | 0.0% | 9.4% | 12.3% |
| **Tracking Error compared to MSCI World Index, Net, AUD:** | | | | | | | |
| 1 year | 12.0% | 12.0% | 12.2% | 16.1% | 11.5% | 0.0% | 9.7% |
| 3 year (p.a.) | 10.0% | 10.0% | 10.4% | 17.1% | 10.0% | 0.0% | 9.9% |
| 5 year (p.a.) | 9.9% | 9.9% | 10.9% | 16.9% | 9.8% | 0.0% | 10.6% |
| Since Inception (p.a.) | 9.5% | 9.5% | 10.1% | 14.9% | 9.4% | 0.0% | 10.2% |

Gross Return = Portfolio performance before all expenses, fees and tax.
Net Return = Portfolio performance after Portfolio Manager fees and expenses.
NTA = after tax paid and payable.
Benchmark Index = FTSE Global Core 50/50 Net Index, AUD.
Source: ALI, Iress, IIR.

The below chart shows the rolling 12 month volatility of the ALI portfolio on a gross basis compared to the broader global equity market. The infrastructure market is typically expected to have lower volatility than the broader market given the nature of companies in the sector. While there have been periods where the ALI portfolio gross returns have had lower levels of volatility compared to the broader market, there have been periods of higher volatility, with COVID markets impacting infrastructure stocks to the same extent as the broader market.

**Rolling 12 month Standard Deviation**




Source: ALI, Iress, IIR.

## Capital Preservation

One of the key reasons for the inclusion of global infrastructure in an investor's portfolio is for diversification purposes with infrastructure considered a defensive allocation as infrastructure often provides capital preservation in down markets due to the relatively inelastic nature of the products and services provided. ALI has delivered capital preservation in down markets since listing as shown by both the Down Market Capture Ratio and the outperformance in negative markets.

The below table shows the Up and Down Market Capture Ratio of the ALI portfolio and share price when compared to the MSCI World Index, Net, AUD. The portfolio both on a gross and NTA basis has delivered capital preservation in down markets since listing to 31 March 2025, with the portfolio falling less than the market during negative market periods. Share price returns have also provided capital preservation in down markets although not to the same extent as the portfolio. While the portfolio delivers capital preservation, it does give up a lot of upside during positive markets. Despite this, the protection on the downside has offset the amount given up on the upside resulting in a market capture ratio of greater than 1.0 since listing.

**Down Market Capture Ratio compared to MSCI World Index, Net, AUD (Since listing to 31 March 2025)**

| | ALI Portfolio (gross) | ALI NTA* | ALI Share Price |
|---|---|---|---|
| Down market capture ratio | 0.60 | 0.45 | 0.64 |
| Up market capture ratio | 0.42 | 0.49 | 0.52 |
| Market capture ratio | 1.42 | 1.07 | 0.81 |

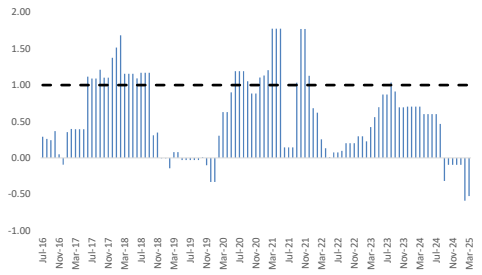
*NTA is after tax paid and payable.

We have provided the rolling Down Market Capture Ratio of the gross portfolio return compared to the MSCI World Index, Net, AUD to determine the level of consistency with which the portfolio delivers capital preservation in down markets.

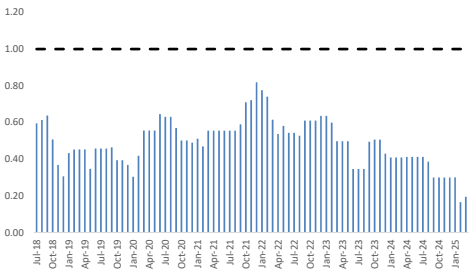
Over rolling 12 month periods, the level of capital preservation in down markets has been relatively inconsistent with the portfolio falling more than the market in a number of periods, although there have been periods where the portfolio fell by more than the market. However, when looking at the capital preservation over the medium-term (rolling 3 year periods) the portfolio has consistently delivered capital preservation in down markets.

**Gross Return Rolling Down Capture Ratio**

**Rolling 12 month**




**Rolling 3 year**




The performance of the portfolio in negative markets reiterates the capital preservation characteristics of the strategy and the asset class. Over rolling 12 month periods since listing to 31 March 2025, the gross portfolio return and NTA have outperformed the broader global equity market in 100% of negative periods. The results highlight that the portfolio outperforms in negative markets, however underperforms in positive markets most of the time.

**Performance of ALI in Differing Markets (Rolling 12 month returns)**

| | Number of Periods | Number of Periods of Outperformance | % of Periods of Outperformance |
|---|---|---|---|
| **Portfolio (Gross)** | | | |
| Positive Markets | 94 | 31 | 33.0% |
| Negative Markets | 11 | 11 | 100.0% |
| **NTA** | | | |

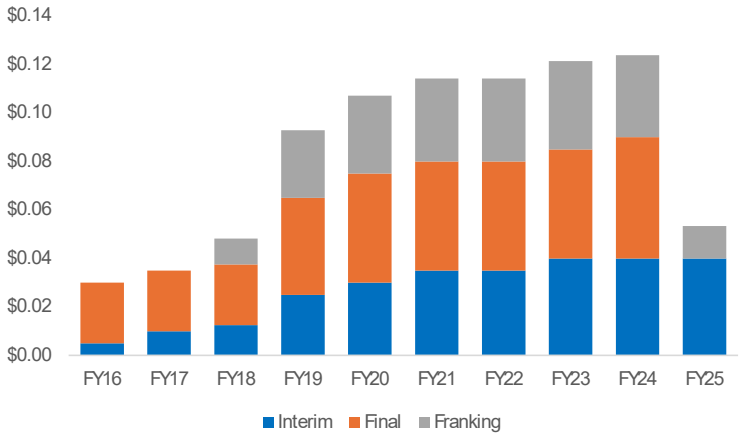
| Performance of ALI in Differing Markets (Rolling 12 month returns) | | | |
|---|---|---|---|
| | Number of Periods | Number of Periods of Outperformance | % of Periods of Outperformance |
| Positive Markets | 94 | 16 | 17.0% |
| Negative Markets | 11 | 11 | 100.0% |
| **Share Price** | | | |
| Positive Markets | 94 | 18 | 19.1% |
| Negative Markets | 11 | 9 | 81.8% |

## Dividends

ALI has paid a steadily increasing annual dividend since listing, as shown in the below table. Dividends have been fully franked since the final dividend for FY18, with the value of franking credits also provided in the below chart. Whilst fully franked, the applicable tax rate reduced from 30% to 25% since the final dividend for the FY24 period.

As at 31 December 2024, the Company had over 6 years of dividend coverage based on an annual dividend of 9 cents per share. We note that ALI reports using the revenue accounting model which means that the Net Profit will be influenced by realised and unrealised gains in the portfolio as well as income generated by the portfolio. The Company relies on capital growth to maintain the annual dividend given the income generated by the portfolio is not sufficient to cover the current dividend. As such, increases to the dividend need to be considered carefully to reduce the risks of a dividend cut in the event the market delivers a prolonged period of below average returns.

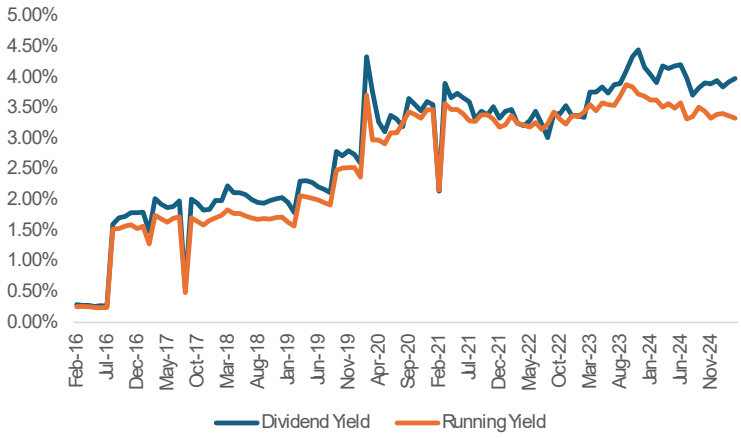
**Dividends Declared by Financial Year**




Source: ALI, IIR.

The Company currently offers an attractive yield on both a net and grossed-up basis when compared to its peers and the broader global market. Given the gross returns of 9.2% since listing to 31 March 2025 we view the current yield based on the NTA as appropriate to provide an attractive income for shareholders as well as allow for NTA growth.

**Trailing 12 month Dividend & Running Yield**

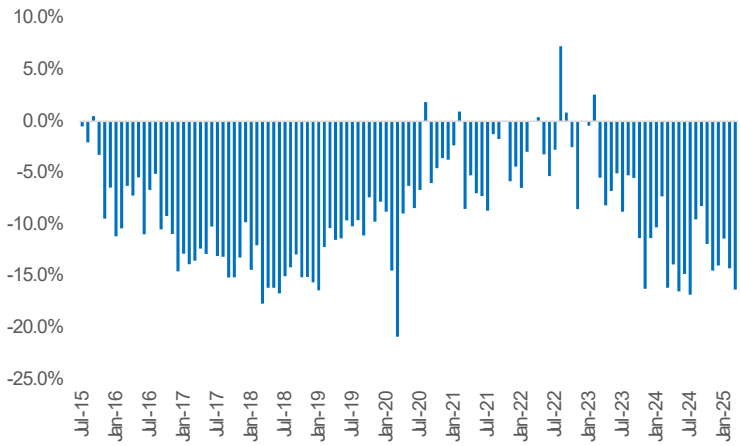


### Premium/Discount

The Company has traded at a discount to NTA for most of its history although has traded at premiums for short periods of time. The expectation is that the share price will dislocate from the NTA during market cycles with the Company typically sold off when global listed infrastructure underperforms the broader global equity market and then demand is expected to increase during periods of heightened uncertainty and when global listed infrastructure is expected to outperform the broader global market. As with most LICs, there is typically a lag between portfolio performance and a reaction from the share price.

The Company has been trading at an elevated discount in recent times which we attribute to the strong performance of global equities, which has seen global listed infrastructure lag the market. However, the global listed infrastructure market has started to show outperformance over the broader market with the sector providing downside protection in falling markets as investors rotate into defensive assets during a period of uncertainty. Given the current market environment, we view the elevated discount to be attractive with the expectation that the discount will narrow with the forecast interest rate cuts and slowing global growth, a time when infrastructure typically shines relative to the broader market.

**Historical Premium/Discount (month-end)**




Source: ASX, Iress, IIR

## PEER COMPARISON

### Global Listed Infrastructure Peers

There are 6 global listed infrastructure funds listed on the domestic market, 5 of which are structured as open-ended trust structures (ETFs and ETMFs) and 1 of which is a closed-ended company structure, being ALI. ALI was the first listed investment option available to investors on the domestic market.

IFRA is the largest vehicle by market capitalisation with ALI sitting at the lower-end of the peer group from a size perspective, however is at a size that offers adequate liquidity.

There are a number of hedged and unhedged vehicles. This will have an impact on returns during varying periods, with unhedged vehicles benefiting during periods of the Australian dollar weakening and hedged vehicles benefiting during periods of the Australian dollar strengthening. This is a personal choice by investors as to whether they want exposure to currency risk. For long-term investors, the impact of the currency exposure will likely even out.

| Listed Managed Investment Peer Group | | | | | |
|---|---|---|---|---|---|
| **Name** | **Ticker** | **Currency Exposure** | **Structure** | **Listing Date** | **Market Cap ($m)*** |
| **Argo Global Listed Infrastructure Limited** | **ALI** | **Unhedged** | **LIC** | **July 2015** | **$419.6** |
| VanEck FTSE Global Infrastructure (Hedged) ETF | IFRA | Hedged | ETF | May 2016 | $1,401.8 |
| Magellan Infrastructure Fund (Hedged) (Managed Fund) | MICH | Hedged | ETMF | July 2016 | $548.6 |
| Magellan Core Infrastructure Fund | MCSI | Unhedged | ETMF | December 2020 | $479.2 |
| Vanguard Global Infrastructure Index ETF | VBLD | Unhedged | ETF | October 2018 | $476.9 |
| iShares FTSE Global Infrastruture (Hedged) ETF | GLIN | Hedged | ETF | May 2023 | $1,124.9 |

*As at 31 May 2025.
Source: ASX, CBOE, IIR.

From a fee perspective, ALI's management fee is the highest in the peer group with the management fee split between the Investment Manager and the Portfolio Manager. MICH is the only vehicle in the peer group that charges a performance fee. Given alpha generation in this asset class can be limited we do not view a performance fee as appropriate.

| Peer Group Fee Comparison | | | |
|---|---|---|---|
| **Ticker** | **Management Fee, ex GST** | **Performance Fee** | **Benchmark** |
| **ALI** | **1.20%** | **na** | **FTSE Global Core Infrastructure 50/50 Index, AUD** |
| IFRA | 0.52% | na | FTSE Developed Core Infrastructure 50/50 Index (Hedged to AUD) |
| MICH | 1.06% | 10% of returns above the higher of the Benchmark and the 10-year Aust. Gov. Bonds, subject to a High Water Mark. | S&P Global Infrastructure Index (AUD Hedged), Net Total Return |
| MCSI | 0.50% | na | S&P Global Infrastructure Index (AUD Hedged), Net Total Return |
| VBLD | 0.47% | na | FTSE Developed Core Infrastructure Index (with net dividends reinvested), AUD |
| GLIN | 0.15% | na | FTSE Developed Core Infrastructure 50/50 Index (Hedged to AUD) |

Source: Company/Trust websites, IIR.

ALI's dividend yield is attractive when compared to its peers and offers the best net and grossed-up dividend yield of the peer group. ETFs and ETMFs are trust structures and therefore do not pay tax and there is limited franking credits attached to distributions as a result of the global exposure. The ability to pay franked dividends is one of the key differentiating features of ALI to its peers.

| Peer Group Dividends/Distributions | | | |
|---|---|---|---|
| **Ticker** | **Dividend Payment Frequency** | **Trailing 12 month Net Dividend Yield** | **Trailing 12 month Grossed-Up Dividend Yield** |
| **ALI** | **Semi-annual** | **4.0%** | **5.3%** |
| IFRA | Quarterly | 3.1% | 3.1% |
| MICH | Semi-annual | 3.9% | 3.9% |
| MCSI | Semi-annual | 3.7% | 3.7% |
| VBLD | Quarterly | 2.3% | 2.3% |
| GLIN | Quarterly | 2.9% | 2.9% |

Source: ASX, Iress, IIR.

Below provides the net returns of the peer group over the five years to 31 March 2025. GLIN is a relatively newly listed vehicles and therefore has limited performance history. The returns represent the NAV returns for the ETFs and the net return for ALI, which includes expenses and the fees paid to the Portfolio Manager but not the Investment Manager.

The returns for the peer group vary given some of the portfolio's are currency hedged and others are unhedged. During certain periods the level of hedging will have an impact on the returns. The impact of a weakening Australian dollar has seen the hedged vehicles underperform the unhedged vehicles over the 3 year period.

ALI has delivered attractive net returns over the 12 months to 31 March 2025 relative to the peer group, with VBLD and ALI being the top two best performers over the period. ALI's net return has also been attractive over the 5 year period, with ALI having the best returns over this period. ALI has delivered these returns with lower levels of volatility than the peer group resulting in attractive risk-adjusted returns.

**Net Returns Risk & Returns (as at 31 March 2025)**

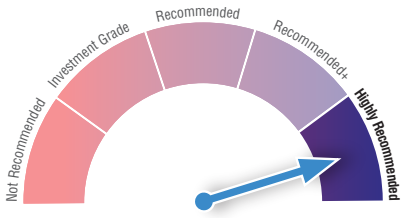
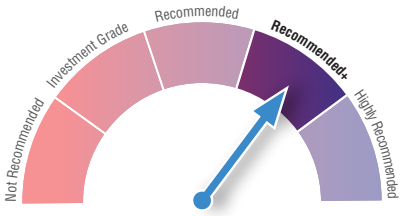
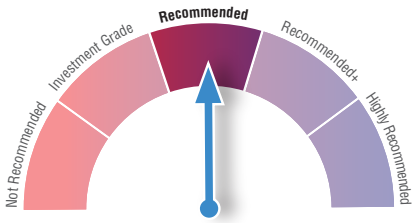
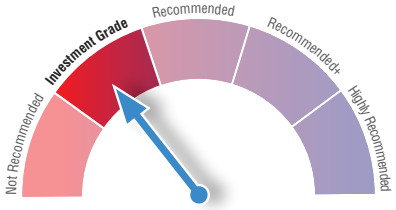
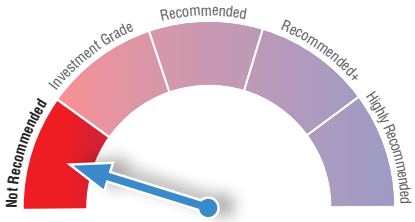
| | ALI* | MICH | MCSI | VBLD | IFRA | GLIN |
|---|---|---|---|---|---|---|
| **Cumulative Total Returns** | | | | | | |
| 1 year | **19.1%** | 9.3% | 16.3% | 19.5% | 15.5% | 15.5% |
| 3 year (p.a.) | **9.8%** | 1.7% | 2.3% | 7.9% | 2.9% | na |
| 5 year (p.a.) | **9.2%** | 6.3% | na | 8.4% | 8.6% | na |
| **Standard Deviation** | | | | | | |
| 1 year | **10.5%** | 12.1% | 14.3% | 12.7% | 11.5% | 11.5% |
| 3 year (p.a.) | **9.9%** | 15.3% | 15.3% | 10.9% | 13.7% | na |
| 5 year (p.a.) | **10.2%** | 14.3% | na | 11.2% | 13.1% | na |

*ALI's net return includes expenses and fees paid to Portfolio Manager but not fees paid to the Investment Manager.
Source: ASX, Fund websites, Iress, IIR

# APPENDIX A – RATINGS PROCESS

## Independent Investment Research Pty Ltd "IIR" rating system.

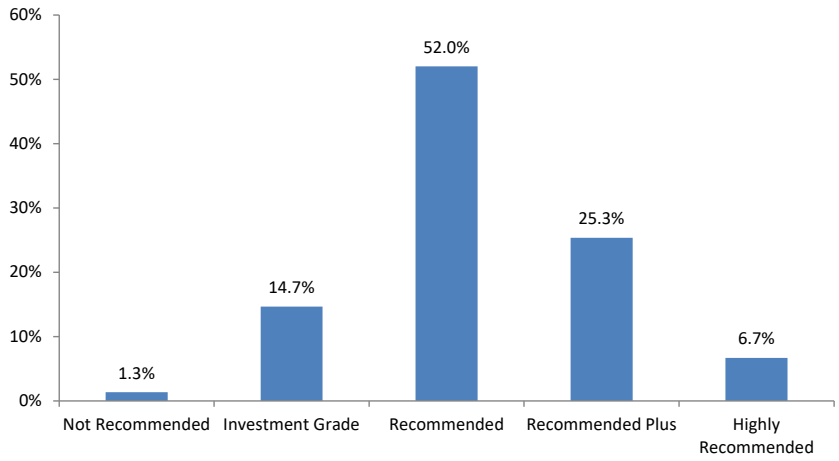
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: product management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

| LMI Ratings | SCORE |
|---|---|
| Highly Recommended | 83 and above |
|  | This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. |
| Recommended + | 79–83 |
|  | This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk. |
| Recommended | 70–79 |
|  | This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives. |
| Investment Grade | 60-70 |
|  | This rating indicates that IIR believes this is an average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an average risk/ return trade-off and should be able to consistently generate average risk adjusted returns in line with stated investment objectives. |
| Not Recommended | <60 |
|  | This rating indicates that IIR believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this does not mean the product is without merit. Funds in this category are considered to be susceptible to high risks that are not reflected by the projected return. Performance volatility, particularly on the down-side, is likely. |

## APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

### Spread of Managed Investment Ratings



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