

Shareholder letter

Results for year ended 30 June 2018

The Directors of Argo Global Listed Infrastructure Investments Limited (AGLI) are pleased to report a significant increase in full year profit to a record \$16.2 million for the year ended 30 June 2018. The Board declared AGLI's first fully franked dividend of 2.5 cents per share, increasing full year dividends by 7.0% on the previous year. Financial results are summarised in the table below.

AGLI is a listed investment company with over \$300 million of assets invested across a portfolio of global listed infrastructure companies. Cohen & Steers, AGLI's specialist New York-based portfolio manager, delivered a strong portfolio performance of +9.3%, well above the benchmark FTSE Global Core Infrastructure 50/50 Index.

Summary of financial results

	30 June 2018	30 June 2017
Profit	\$16.2 million	\$7.8 million
Final dividend per share (fully franked in 2018)	2.5 cents	2.5 cents
Annual dividends per share	3.75 cents	3.5 cents
Net tangible asset backing (NTA) per share, after costs and tax	\$2.16	\$2.06

Accounting standards require that changes in the portfolio's market value be included in the reported profit figure. This can lead to large variations in AGLI's profit from one period to the next. Therefore, it is important for shareholders to understand that the Company's dividends are not aligned to reported profit.

Overview

The 2018 financial year was another strong one for global share markets. Listed infrastructure also produced good returns although, consistent with the sector's defensive nature, they lagged the broader equity indices.

Markets were strongest in the first half of the financial year, with many indices hitting record highs, driven by synchronised economic growth in most regions of the world and tax cuts in the United States.

However, since January 2018 markets have become more volatile as investors consider whether too much economic growth could see interest rates rising more quickly than expected. In addition, there have been increasing global trade tensions between the US and its major trading partners, including China.

During this period of volatility, AGLI has performed well, exceeding the returns of broader equity markets both in Australia and globally, providing the intended benefits of investor diversification into global listed infrastructure.

As AGLI is unhedged, the decline in the Australian dollar assisted this performance, as did the investment outperformance recorded by the portfolio manager.

Most areas of global infrastructure finished the financial year positively. Railway operators, especially the large companies in North America such as Union Pacific (AGLI's fifth largest holding), were particularly strong due to volume growth from increasing economic activity.

Communications tower companies again outperformed due to the ongoing and seemingly relentless growth in demand for the transmission of wireless data to an ever-increasing number of devices. Two of AGLI's top five holdings are communications tower companies.

The weakest area of infrastructure was marine ports, which suffered as concerns mounted that US protectionist policies could damage international trade volumes.

Investment performance

As shown in the performance table below, although the infrastructure sector lagged the strong performance of broader equity markets for the year to 30 June 2018, AGLI's portfolio added significant value above the benchmark index. We believe this demonstrates the value of an actively managed approach to investing in global listed infrastructure and the skill of the portfolio manager.

<i>Accumulated performance (per annum)</i>	<i>1 year</i>	<i>2 years</i>	<i>Since inception*</i>
NTA return (after all costs and tax)	+6.7%	+5.0%	+4.7%
Portfolio return (before costs and tax)	+9.3%	+7.3%	+6.9%
Infrastructure sector benchmark index (A\$)**	+6.7%	+6.5%	+7.4%
Share price return	-0.6%	+1.1%	-2.0%
Australian equities - S&P ASX200 Accum. Index	+13.0%	+13.5%	+8.1%

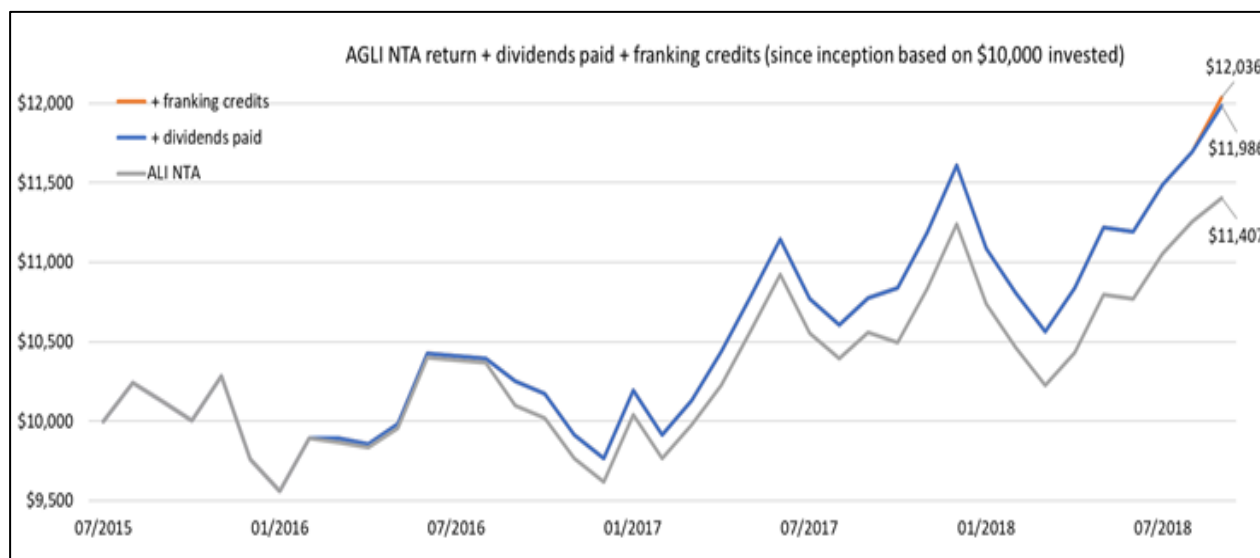
* Inception date was 3 July 2015

** Benchmark is the FTSE Global Core Infrastructure 50/50 Index (in A\$)

Positive progress

AGLI has been operating for just over three years and we are pleased that over the last 12-18 months in particular, all indicators of progress against our initial objectives are scoring positively. The exception is the share price discount to NTA, which is still wider than we would like.

AGLI's NTA per share has risen, dividends have increased (with the most recent dividend being fully franked) and the portfolio manager is comfortably outperforming the sector benchmark. Importantly, returns have proven to be uncorrelated to Australian equities and less volatile than the broader market. These are key attributes which can provide diversification benefits for investors who hold predominantly Australian stocks, particularly if the domestic equity market and/or the Australian dollar should prove to be overvalued.



Addressing the share price discount to NTA

We have implemented several proactive initiatives aimed at reducing the share price discount to NTA including:

- **On-market buy-back (in operation since April 2018)** - Just over 1.7 million shares have been purchased at around a 15% discount to NTA and cancelled. This improves the NTA value of the remaining shares
- **Dividend Reinvestment Plan** - Shares required for participants in the DRP are being bought on-market by the Company, rather than issuing new shares at a discount to NTA
- **Marketing and communications activities** - To promote awareness and understanding of AGLI, the Company continues to increase communication and marketing activities and has recently increased internal resources to meet these objectives

We believe these additional measures will encourage new shareholders at what is an attractive entry point for investors looking to diversify their portfolios.

Global listed infrastructure – investment benefits

Investing in global listed infrastructure companies provides Australian investors with a range of benefits, including exposure to the increasing global demand for infrastructure investment. It also provides global diversification benefits given the limited opportunities in Australia to invest in this asset class. Investing in publicly traded infrastructure companies provides the investment characteristics of private infrastructure ownership with the added benefits of liquidity, transparency, daily pricing and diversification. Global infrastructure is a relatively conservative sector with generally supportive industry fundamentals, a constructive regulatory environment, and a strong long-term growth outlook.

Annual General Meeting and shareholder information meetings

The schedule for the Annual General Meeting and shareholder information meetings will again be combined with Argo Investments Limited (Argo). AGLI meetings will follow Argo on the same day, with refreshments served in between. AGLI shareholders are also invited to attend the Argo meetings. Details are as follows:

Annual General Meeting - Adelaide - <i>Adelaide Oval, War Memorial Drive, North Adelaide</i>	Monday 22 October 2018 at 1.00pm (Argo at 10.00am)
Melbourne Information Meeting - <i>Grand Hyatt Hotel, 123 Collins Street</i>	Tuesday 23 October 2018 at 12.00pm (Argo at 10.00am)
Sydney Information Meeting - <i>Amora Hotel, 11 Jamison Street</i>	Wednesday 24 October 2018 at 12.00pm (Argo at 10.00am)
Brisbane Information Meeting - <i>Marriott Hotel, 515 Queen Street</i>	Thursday 25 October 2018 at 12.00pm (Argo at 10.00am)
Canberra Information Meeting - <i>Park Hyatt, 120 Commonwealth Avenue, Yarralumla</i>	Friday 26 October 2018 at 12.00pm (Argo at 10.00am)
Perth Information Meeting - <i>Duxton Hotel, 1 St Georges Terrace</i>	Thursday 8 November 2018 at 12.00pm (Argo at 10.00am)

Directorate

On 30 June 2018, AGLI's inaugural Chairman, Mr. Ian Martin AM, retired at the same time he retired from Argo after 14 years on that Board. Mr. Russell Higgins AO succeeded Mr. Martin as Chairman of both AGLI and Argo with effect from 1 July 2018. Mr. Higgins is a very experienced Director of ASX-listed companies and has served on Argo's Board since 2011.

Market outlook

The landscape continues to look favourable for global economies and the infrastructure sector, despite some risk of interest rates rising more quickly than expected.

Markets are pricing optimistic outcomes into share prices and the infrastructure sector is also trading at valuations above historical averages. However private (unlisted) infrastructure funds, which face competition for scarce assets to directly invest in, are increasingly turning to the listed sector to find value.

The global listed infrastructure sector is much more diverse than in Australia, and generally cheaper. As it is less mature, it has greater growth prospects, including in emerging markets where population growth and improving standards of living require huge infrastructure investment.

Currently, just over half of AGLI's portfolio is invested in companies based in the US. The US economy is growing strongly and we see this continuing to benefit railways, communications towers and midstream energy (including pipelines) in particular.

Company outlook

AGLI's portfolio is performing strongly in the new financial year, outperforming the global listed infrastructure index and the ASX200 Accumulation Index. Progress towards AGLI's investment objectives has gathered momentum, particularly in recent months. For the six months to 31 August 2018, AGLI's NTA (after all fees, expenses and tax) increased 12.0% and the share price rose 9.6%.

The weaker Australian dollar continues to provide a tailwind for AGLI. If the Australian dollar remains weak for the foreseeable future, as is broadly expected by the market, this would provide further upside to AGLI's portfolio.

We firmly believe that AGLI can bring important diversification benefits to Australian equity investors from an asset class, geographic and currency perspective. The long-life, essential service nature of infrastructure assets helps the sector to perform steadily and often outperform in more uncertain times. The portfolio has around 60 quality global listed infrastructure companies and Cohen & Steers is actively managing the portfolio to add value above the benchmark index returns.

For more information about AGLI, please visit our website: www.argoinfrastructure.com.au. Alternatively, please call us on 08 8210 9555 if you have any questions.

Yours faithfully,



Jason Beddow
Managing Director