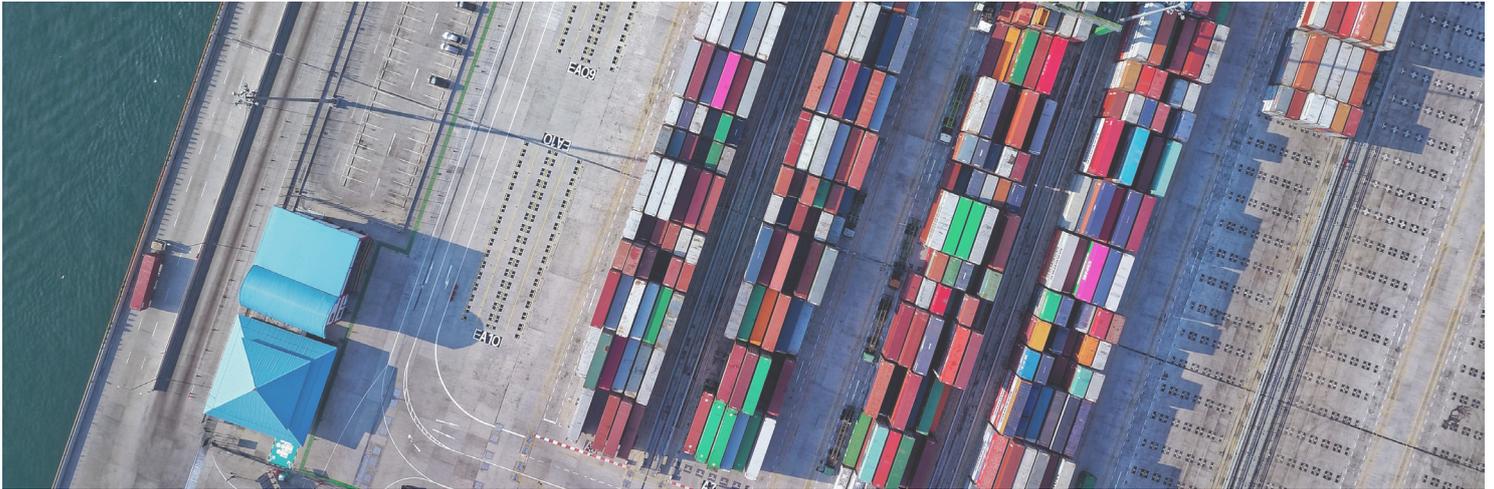




*Argo Global Listed Infrastructure Limited (AGLI) is a listed investment company established in 2015 to provide investors with exposure to a diversified portfolio of securities in the global listed infrastructure sector, contained within the simple and easily tradeable structure of an ASX-listed investment company. The investment objectives are to provide a total return for long-term investors, consisting of capital growth and dividend income, and to provide important diversification benefits for Australian investors.*



## Market overview

Global infrastructure shares posted strong gains in the March quarter, led by midstream energy (pipelines) and communications towers. Overall, the sector benchmark rose +12.1% in A\$ terms to outperform both broader global equities (+11.5%) and Australian shares (+10.9%).

Following steep falls in late 2018, equity markets worldwide rebounded sharply in the first three months of the year posting some of the largest quarterly gains on record. While factors contributing to market volatility at the end of last year did not abate, investors regained confidence in response to the US Federal Reserve's decision to slow the pace of interest rate hikes. With the central bank reiterating its dovish approach to monetary policy during the quarter, sentiment was further bolstered and markets marched higher. Equities also benefited from news of progress towards resolving the US/China trade dispute.

For the second consecutive quarter, and amid considerable market turbulence, AGLI's portfolio outperformed both local and global equity indices. AGLI's share price also continued to deliver impressive returns, increasing +19.3% to a record close of \$2.17 at the end of the March quarter. For the 12 months to 31 March 2019, the Company's share price returned a remarkable +32.4%, easily outstripping the Australian share market which increased +12.1% and broader global equities which gained +12.3% in A\$ terms.

In our view, AGLI's share price performance is due to a combination of factors, including the Company's strong portfolio performance (see page 2), growing awareness and understanding of AGLI, and investors' increasing appetite for diversification and exposure to defensive investments.

### Argo Global Listed Infrastructure Limited

Website [www.argoinfrastructure.com.au](http://www.argoinfrastructure.com.au)  
Email [invest@argoinfrastructure.com.au](mailto:invest@argoinfrastructure.com.au)  
Telephone 08 8210 9555  
Postal/Registered Address L25, 91 King William Street  
Adelaide SA 5000

### ACN 604 986 914

Share Registry  
Website  
Telephone  
Postal Address

Computershare Investor Services  
[www.investorcentre.com](http://www.investorcentre.com)  
1300 389 922 (in Australia)  
+61 3 9415 4610 (outside Australia)  
GPO Box 2975 Melbourne VIC 3001



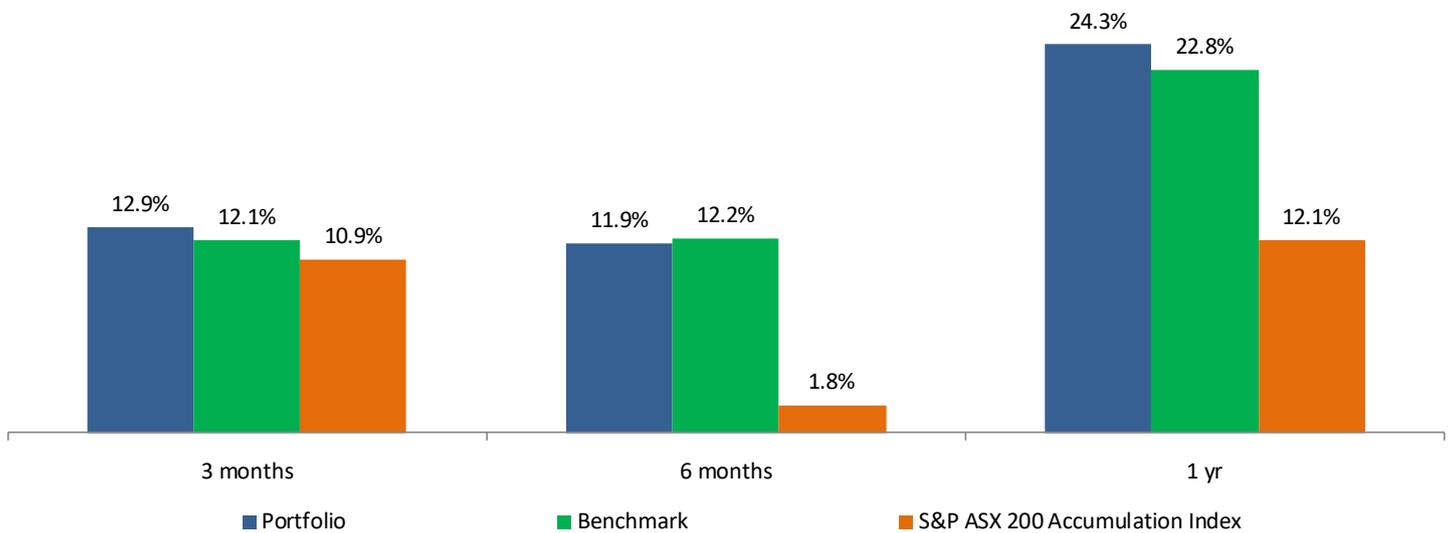
**Portfolio performance**

Continuing its recent strong performance, AGLI's portfolio increased +12.9% in the March quarter, ahead of the benchmark index return of +12.1%. See total returns below.

The recent strong performance of global listed infrastructure shares in both falling and rising markets demonstrates that the asset class can provide both downside protection and upside capture. This means, in a falling market, global listed infrastructure shares tend to fall by less than broader equities (downside protection) and, in a rising market, can increase with broader equity markets (upside capture).

**Total returns**

For the periods ended 31 March 2019.



## Stock snapshot

American Water Works Company (NYSE code: AWK)

### Key facts

Established: 1886

Listed: 2008

Market cap: US\$18.3 billion

Revenue: US\$3.44 billion

Employees: 7,100

### Company overview

- Provides water, wastewater and other related services to approximately 14 million people
- The biggest and most geographically diverse, listed US water and wastewater utility company with customers across 46 US states and Ontario, Canada
- Assets include 51,000 miles of pipelines, 621 treatment plants and 1,300 water storage facilities
- Poor quality pipe infrastructure in the US means decades of government investment is needed. This supports long-term demand for water utility assets and provides a positive outlook for AWK
- The highly fragmented North American water industry creates future growth opportunities through acquisitions. Over the last four years, AWK has added 110,000 customers through 65 acquisitions, across 10 states
- Further information: <https://amwater.com/>



## Top 10 portfolio holdings

As at 31 March 2019.

Security Name	Country of listing	Subsector	Portfolio %	Index %
NextEra Energy	US	Integrated Electric	5.7	4.2
American Tower	US	Communication Towers	5.0	3.7
Crown Castle International	US	Communication Towers	3.3	2.3
Alliant Energy	US	Regulated Electric	2.8	0.5
Kinder Morgan	US	Midstream Energy	2.8	1.7
Duke Energy	US	Regulated Electric	2.8	2.9
Enbridge	CAN	Midstream Energy	2.7	3.1
American Water Works Company	US	Water	2.7	0.9
Norfolk Southern	US	Freight Rail	2.6	0.8
Firstenergy	US	Integrated Electric	2.5	0.9
			<b>32.9</b>	<b>21.0</b>

## Outlook

Although equity markets worldwide have continued to record impressive gains, the economic outlook remains subdued as fears of slowing global growth linger and geo-political risks persist. In response to the current environment of modest growth and heightened political risk, AGL's portfolio is positioned defensively.

Despite the prospect of more modest global growth, we believe listed infrastructure companies will generally be able to maintain solid revenue growth amid favourable supply and demand trends for various asset types, such as communications towers.

The positive outlook for the asset class is also supported by long-term, structural factors driving the continued and growing demand for infrastructure investment across both emerging and developed economies. In our view, heavily indebted governments around the world will increasingly turn to the private sector to meet their infrastructure capital requirements.

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