

Quarterly Investment Update

AS AT 31 DECEMBER 2019

MARKET OVERVIEW

Over the December quarter, global shares continued to rise up +4.2% (in A\$ terms) with confidence sustained by central banks' ongoing commitment to accommodative monetary policy. Positive data indicating that global growth was stabilising and the announcement in December of a 'Phase 1' US/China trade deal also bolstered sentiment.

Against this backdrop, investors tended to favour riskier asset classes over investments with more defensive attributes. In this environment, global infrastructure stocks lagged broader global equities.

With the global economy stabilising, the best performing infrastructure sectors during the quarter were those more sensitive to prevailing economic conditions. For example, 'user pays' assets such as airports and railways.

Looking back at the 2019 calendar year, all infrastructure sectors produced positive returns in A\$ terms. Communications, mid-stream energy and water utilities led the way, all returning over +30.0%. Marine ports was the laggard due to ongoing international trade tensions, returning just +2.1%.

PORTFOLIO PERFORMANCE

Over the year to 31 December 2019, the portfolio returned a remarkable +27.0%, outpacing the benchmark (+25.3%) and Australian shares (+23.4%), although slightly underperforming broader global equities in A\$ terms. Pleasingly, the portfolio returns were less volatile than broader Australian and global equities, reflecting a key characteristic of the asset class.

Argo Infrastructure's portfolio delivered a negative return for the December quarter, falling -1.1% to underperform its benchmark index by -0.6%. Investments in companies with particularly defensive attributes such as electricity utilities impacted performance, outweighing gains elsewhere in the portfolio.

Holdings in airport owners and operators, such as Airports of Thailand and Spanish company Aena, as well as diversified infrastructure companies, were positive contributors to the portfolio.

Argo Global Listed Infrastructure

ASX code	ALI
Listed	July 2015
Portfolio Manager	Cohen & Steers
Shareholders	9,600
Market cap.	\$336m
Management fee	1.2%
Performance fee	Nil
Hedging	Unhedged
Dividend yield [^]	2.7%

[^] Yield of 3.9% (including franking) based on dividends paid to shareholders over the last 12 months.

Company overview

Provides exposure to a diverse portfolio of 50-60 global listed infrastructure companies. Argo Infrastructure has no debt.

Company objective

Provide a total return for long-term investors consisting of capital growth and dividend income, from a global listed infrastructure portfolio which can provide diversification benefits for Australian investors.

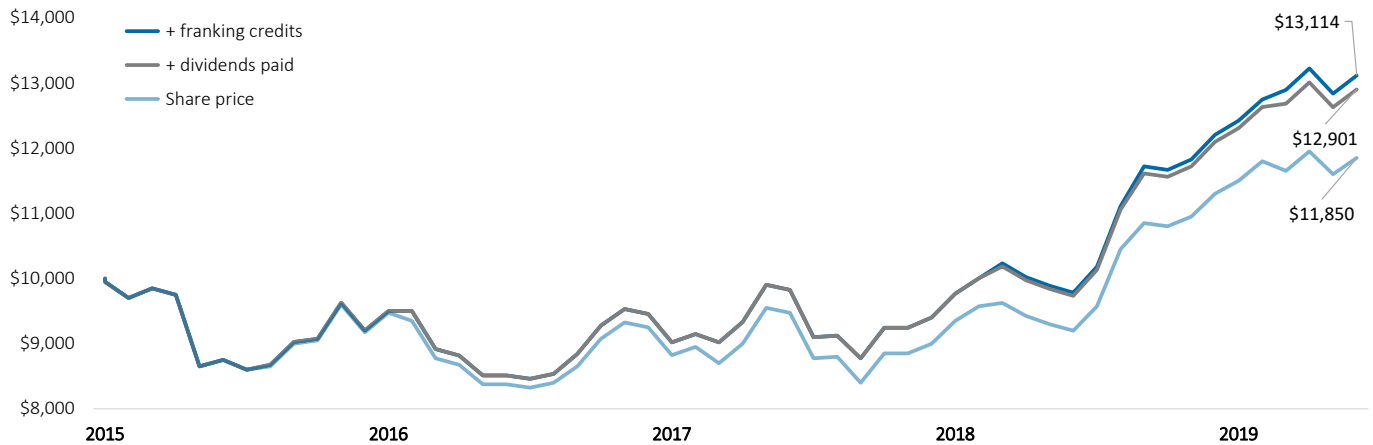
About the Portfolio Manager

A leading specialist global real assets fund manager listed on the New York Stock Exchange, Cohen & Steers manages funds of approximately US\$70 billion from offices around the world on behalf of institutional clients and sovereign wealth funds.

Key personnel

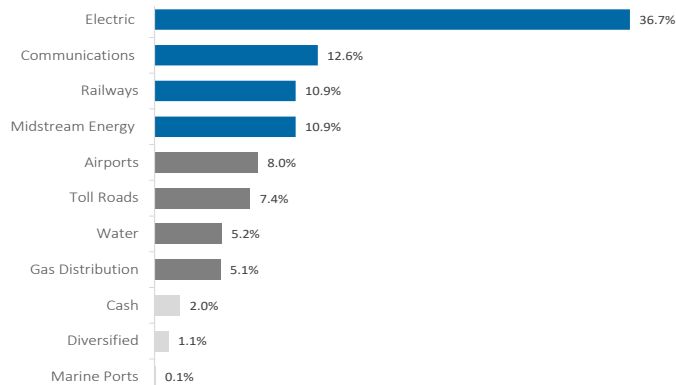
Jason Beddow	Managing Director
Benjamin Morton	Senior Portfolio Manager
Robert Becker	Portfolio Manager
Tyler Rosenlicht	Portfolio Manager

TOTAL RETURNS VALUE OF \$10,000 INVESTED AT INCEPTION



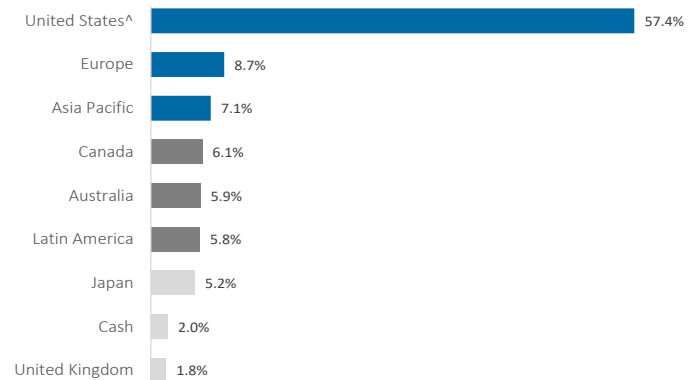
PORTFOLIO OVERVIEW AS AT 31 DECEMBER 2019

Sector diversification*



*As a percentage of the investment portfolio.

Geographic diversification*



[^]Many large infrastructure companies are listed in the United States, although their operations and earnings are global.

TOP 10 PORTFOLIO HOLDINGS AS AT 31 DECEMBER 2019

Security Name	Country of listing	Subsector	Portfolio (%)	Index (%)
NextEra Energy	US	Integrated Electric	7.2	4.9
American Tower	US	Communication Towers	4.2	3.8
Transurban Group	AUS	Toll Roads	3.5	3.9
Crown Castle International	US	Communication Towers	3.4	2.2
Duke Energy	US	Regulated Electric	3.2	2.8
FirstEnergy	US	Integrated Electric	3.1	1.1
Alliant Energy	US	Regulated Electric	3.0	0.6
Norfolk Southern	US	Freight Rail	2.9	0.8
American Water Works Company	US	Water	2.8	0.9
TC Energy Corp	CAN	Midstream Energy	2.5	1.9
			35.8	22.9

STOCK SNAPSHOT

Neoenergia

Founded	2006
Listed	June 2019
Subsector	Integrated Electric
Market capitalisation	US\$7.6 billion
Headquartered	Brazil
Employees	10,750



- Listed on Brazil's stock exchange, Neoenergia is an integrated energy company operating across 18 Brazilian states.
- Neoenergia generates and distributes electricity supplying power to 34 million people across both commercial and residential sectors and benefits from long-term trading agreements in a regulated market.
- The company's power generation assets include renewable energy sources, such as wind farms and hydroelectric generators.
- Since Neoenergia was floated last year, its share price has surged more than 60% as management executed its growth plans.
- Acquiring shares in the initial public offering, Neoenergia demonstrates how Argo Infrastructure provides Australian investors with access to overseas infrastructure opportunities, including in emerging markets which are difficult to invest in directly.
- More information: neoenergia.com

ADVANTAGES OF A TRULY GLOBAL PORTFOLIO MANAGER

Investing in global listed infrastructure is very specialised and asset-specific. Therefore, an investment manager with people and operations 'on the ground' in close proximity to infrastructure assets provides investors with a clear competitive advantage.

For this reason, Argo Infrastructure's investment portfolio management is outsourced to Cohen & Steers Inc (NYSE code: CNS), one of the world's leading specialist real assets investment managers.

Founded in New York in 1986, the firm was at the vanguard of the asset management industry, establishing the first US investment company to specialise in listed property.

In 2003, Cohen & Steers recruited senior infrastructure investment managers, Ben Morton and Bob Becker, to lead a dedicated listed infrastructure funds management business. Cohen & Steers were again pioneers of a nascent asset class.

The founders' foresight paid off with the firm experiencing strong growth. Cohen & Steers now manages approximately US\$70 billion of assets, including more than US\$7 billion of listed infrastructure, for institutional clients and has more than 300 staff worldwide.

Cohen & Steers' presence in various markets provides local insights and access to key industry participants. It also helps foster relationships with regulators. This is particularly critical to infrastructure investment because the assets are highly regulated with regulation having a potentially significant impact on returns.

More information: cohenandsteers.com



Bob Becker
Portfolio Manager
At Argo Infrastructure's 2019
Annual General Meeting

OUTLOOK

We expect global economic growth to improve modestly over the 2020 calendar year and are encouraged by indications that the global economy is stabilising, with ongoing accommodative monetary policy to ultimately support economic activity. Furthermore, two critical impediments to global growth – trade and the threat of a hard Brexit – have both improved recently, although we acknowledge that further clarity is needed with respect to each issue.

History shows that infrastructure stocks tend to outperform broader global equity markets in a slower-growth environment, as is currently the case. However, further signs of improvement in economic activity may temporarily lead to infrastructure stocks lagging broader equities as happened during the December quarter.

Over the longer term, a significant positive for infrastructure stocks is the substantial cache of private capital reserved for infrastructure assets. With US\$220 billion earmarked for investment, there is no shortage of capital, however suitable assets are scarce. In this extremely competitive environment, private transactions are occurring at often significant premiums to the cash flow multiples of listed infrastructure companies. The net effect is ongoing support for asset valuations, a trend we expect to continue.

HOW TO INVEST

Argo Infrastructure is listed on the Australian Securities Exchange (ASX) under the ASX code 'ALI'.

To become an Argo Infrastructure shareholder, simply buy shares through your stockbroker, online broker, financial adviser or platform.

ARGO INFRASTRUCTURE SHAREHOLDER BENEFITS



Global diversification

Exposure across various geographies and both emerging and developed economies



Proven investment approach

Experienced and senior investment team with a long and successful track record



Specialist global fund manager

Access to a world-leading, specialist infrastructure fund manager



Enhance risk-adjusted returns

Less volatile than broader equities providing some relative downside protection



Access infrastructure opportunities

New opportunities offshore through government privatisations



Administratively simple global investing

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

CONTACT US

W argoinfrastructure.com.au

T 08 8210 9555

E invest@argoinfrastructure.com.au

A Level 25, 91 King William St. Adelaide SA 5000

SHARE REGISTRY ENQUIRIES

Boardroom Pty Limited

W investorserve.com.au

T 1300 389 922

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