

Quarterly Investment Update

AT 31 MARCH 2020

MARKET OVERVIEW

Despite a strong start early in the quarter, the spectre of a global COVID-19 pandemic and widespread government-enforced lockdowns panicked investors and sent global markets plummeting. Fear peaked in March, with stock exchanges across the world posting some of their steepest ever falls.

Policymakers' responses to the economic impacts of the pandemic were swift and unprecedented. Central banks cut interest rates and adopted other monetary policies. Governments announced massive stimulus packages also aimed at bolstering their economies. In the US alone, US\$2 trillion of national economic aid was passed into law. Buoyed by these measures, equity markets modestly retraced some earlier losses towards the end of March, albeit with volatility persisting. The MSCI World Index (in A\$) ended the quarter down -9.3%, while Australian shares fell -23.1%.

Global infrastructure stocks performed roughly in line with broader equity markets, down -9.7%, in A\$ terms. Although most of the larger infrastructure subsectors (such as utilities and communications) have relatively little direct exposure to the economic effects of the virus, some assets have been especially vulnerable. Transportation-related stocks fell sharply with airports (-36.9%) and toll roads (-26.8%) down as travel restrictions substantially reduced revenue expectations. Similarly, midstream energy companies suffered sharp declines (-31.1%), hit by supply and demand shocks in energy markets.

PORTFOLIO PERFORMANCE

Over the 12 months to 31 March 2020, Argo Infrastructure's portfolio returned +5.1%, strongly outperforming Australian shares (-14.4%) and ahead of both the benchmark (+1.0%) and broader global equities (+4.0% in A\$ terms).

In the March quarter, the portfolio delivered a negative return of -6.5% outpacing the benchmark (-9.7%) and broader global equities (-9.3% in A\$). Benefitting from the fall in the Australian dollar, Argo Infrastructure's portfolio strongly outperformed local shares by +16.6%.

Holdings in railway and airport companies weighed on the portfolio's performance. Positions in communications tower companies and data centre providers bolstered portfolio returns as these businesses are relatively insulated from pandemic-related cash flow volatility.

ARGO INFRASTRUCTURE

ASX code	ALI
Listed	July 2015
Portfolio Manager	Cohen & Steers
Shareholders	9,500
Market cap.	\$264m
Management fee	1.2%
Performance fee	Nil
Hedging	Unhedged
Dividend yield [^]	3.8%

[^]Historical yield of 5.4% (including franking) based on dividends paid to shareholders over the last 12 months.

WEEKLY NTA ANNOUNCEMENT

For the latest weekly NTA estimate, please see argoinfrastructure.com.au.

COMPANY OVERVIEW

Provides exposure to an actively managed portfolio of 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 provides diversification benefits for Australian investors.

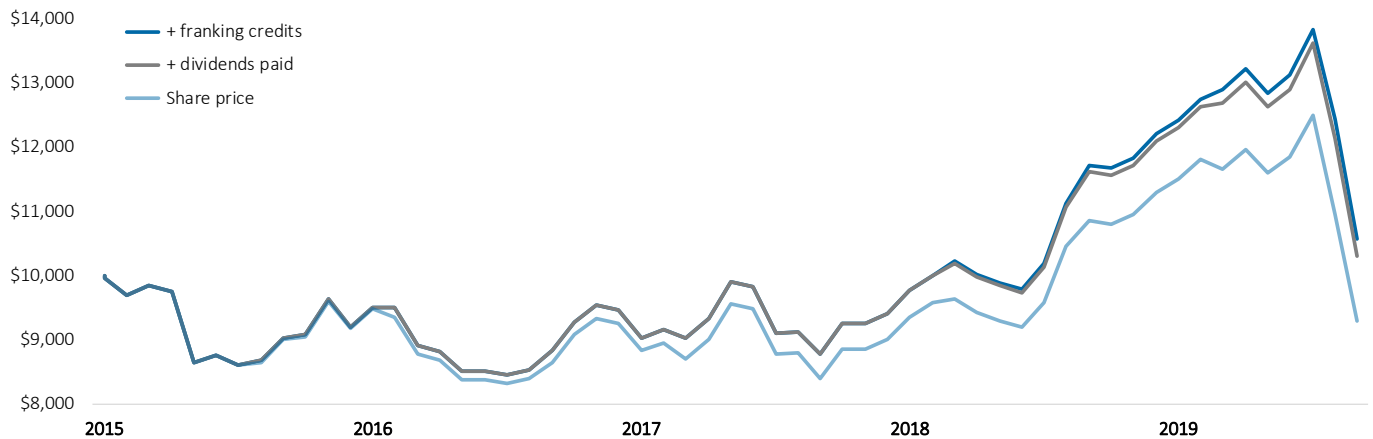
ABOUT THE PORTFOLIO MANAGER

A leading specialist global real assets fund manager listed on NYSE, Cohen & Steers manages funds of approximately US\$70 billion from offices worldwide on behalf of institutional clients and sovereign wealth funds.

KEY PERSONNEL

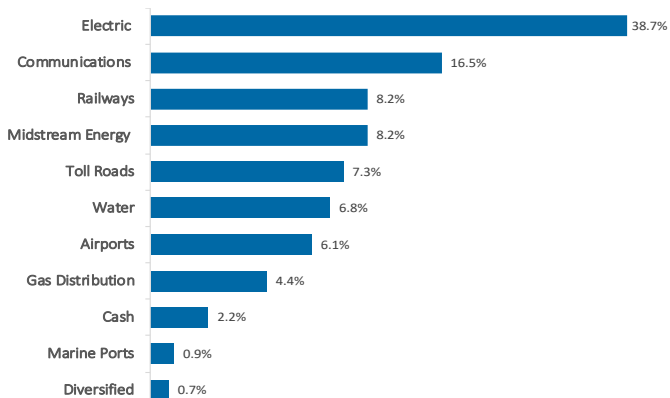
Jason Beddow	Managing Director
Benjamin Morton	Senior Portfolio Manager
Robert Becker	Portfolio Manager
Tyler Rosenlicht	Portfolio Manager

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



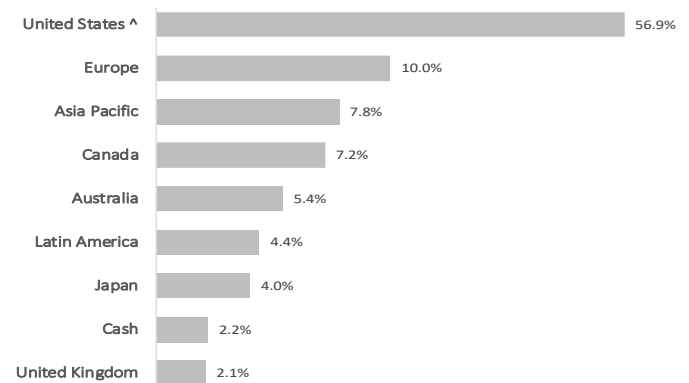
PORTFOLIO OVERVIEW AT 31 MARCH 2020

Sector diversification*



*As a percentage of the investment portfolio.

Geographic diversification*



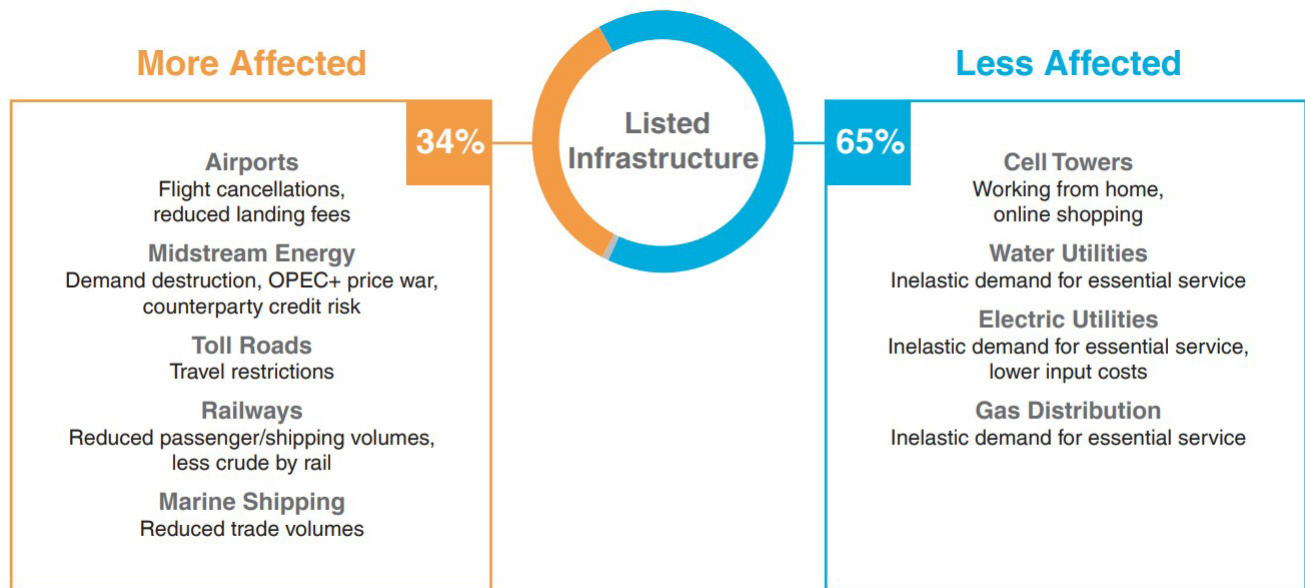
^Many large infrastructure companies are listed in the United States, although their operations and earnings are global.

TOP 10 PORTFOLIO HOLDINGS AT 31 MARCH 2020

Security name	Country of listing	Subsector	Portfolio (%)	Index (%)
NextEra Energy	US	Integrated Electric	8.0	5.5
American Tower	US	Communication Towers	5.0	4.4
Transurban Group	AUS	Toll Roads	4.1	4.2
SBA Communications	US	Communication Towers	4.0	1.4
American Water Works Company	US	Water	3.4	1.1
Duke Energy	US	Regulated Electric	3.3	2.9
Alliant Energy	US	Regulated Electric	3.2	0.6
TC Energy Corp	CAN	Midstream Energy	3.0	1.9
Crown Castle International	US	Communication Towers	2.9	2.8
Kinder Morgan	US	Midstream Energy	2.4	1.3
			39.3	26.1

SOCIAL DISTANCING: IMPACTS ON INFRASTRUCTURE

Infrastructure assets are being affected to varying degrees by the implementation of social distancing measures aimed at curbing the spread of the coronavirus, as shown in the diagram below.



Source: Cohen & Steers, March 2020

SUBSECTOR SNAPSHOT COMMUNICATIONS

- This subsector includes communications tower, data centre and satellite companies.
- Tower companies account for the majority of the communications subsector and generate revenue by leasing space to wireless carriers and broadband providers.
- Communications companies generally have relatively little direct exposure to the economic impacts of the COVID-19 crisis. In particular, tower companies and data centres are relatively insulated from pandemic-related cashflow volatility.
- Over the March quarter, communications was the best performing infrastructure subsector rising +11.6%.
- In the short-to-medium term, communications towers are expected to experience strong demand as the growing work from home, social distancing and business contingency planning trends continue and rapidly increase data usage.
- The positive outlook for communications infrastructure is also supported by long-term, secular trends of increasing data usage and massive investment in wireless technology, including the roll-out of the 5G network.
- Companies with communications towers and data centre assets currently account for 16.5% of Argo Infrastructure's portfolio as compared with 9.9% of the infrastructure index.



OUTLOOK

The extensive economic disruption caused by the global COVID-19 pandemic is expected to have significant near-term impacts. However, in contrast to the incremental easing measures adopted during the 2008 financial crisis, central banks and governments globally have responded with rapid and aggressive monetary and fiscal measures to mitigate the economic damage of the pandemic.

Over the last decade, many infrastructure companies have strengthened their balance sheets and are largely better positioned to weather a downturn. Infrastructure companies with attractive valuations and solid fundamentals have emerged in the wake of the severe and broad-based sell-down in global equities.

In recent weeks, Portfolio Manager Cohen & Steers has been selectively increasing positions in companies that are less sensitive to prevailing economic conditions, such as utilities, while reducing exposure to sectors more reliant on growth. Cohen & Steers remains cautious on the outlook for midstream energy businesses with lower energy prices set to weaken pipeline customers' financial and credit profiles. Similarly, the prognosis for transport-related infrastructure is dour given the potential for prolonged shutdowns and anaemic economic expansion.

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

HOW TO INVEST

Argo Infrastructure is listed on the Australian Securities Exchange (ASX) under the ASX code 'ALI'. To become a shareholder, simply buy shares through your stockbroker, online broker, financial adviser or platform.

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