

Quarterly Investment Update

AT 30 JUNE 2020

MARKET OVERVIEW

After posting some of the sharpest falls on record in March, global equities rebounded in the June quarter. Widespread COVID-19 concerns gave way to optimism, with confidence bolstered by the rapid and aggressive monetary and fiscal policy response by governments globally. Investors were further buoyed by policymakers' 'whatever it takes' approach, coupled with the easing of coronavirus containment measures. Despite indications of worsening COVID-19 trends toward the end of the quarter, markets held on to gains amid encouraging economic data and ample liquidity.

Global listed infrastructure companies advanced in the June quarter, however the asset class underperformed broader global equities in A\$ terms. After falling sharply in response to travel bans and shutdowns, some transportation-related stocks rallied in anticipation of a relaxation of restrictions, particularly toll roads which rebounded +14.0%. The communications sector continued to perform well (up +4.4%) on a strong relative growth outlook.

In contrast, utilities lagged, with electricity (down -9.4%) and gas distribution (down -8.3%) stocks posting losses as investors favoured infrastructure sectors more sensitive to a recovery in activity.

PORTFOLIO PERFORMANCE

In the June quarter, the portfolio returned -2.5% which was marginally below the benchmark (down -2.0%). Overweight exposure to communications tower stocks contributed positively to portfolio returns. The sector remains the least financially impacted infrastructure subsector, with towers and data centres benefiting from the recent surge in remote working/learning. Positions in various water utilities detracted from performance as investors shunned infrastructure assets with particularly defensive characteristics.

As Argo Infrastructure is unhedged, the strongly rebounding Australian dollar weighed on performance over the quarter. However, in the previous quarter the portfolio benefited when the sharp drop in the Australian dollar acted as a buffer at the lowest point for global markets in late March.

Over the year to 30 June 2020, the portfolio fell -2.9%, outperforming both Australian shares (down -7.7%) and the benchmark (down -6.2%).

ARGO INFRASTRUCTURE

ASX code	ALI
Listed	July 2015
Portfolio Manager	Cohen & Steers
Shareholders	9,500
Market cap.	\$294m
Management fee	1.2%
Performance fee	Nil
Hedging	Unhedged
Dividend yield [^]	3.4%

[^]Historical yield of 4.8% (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.

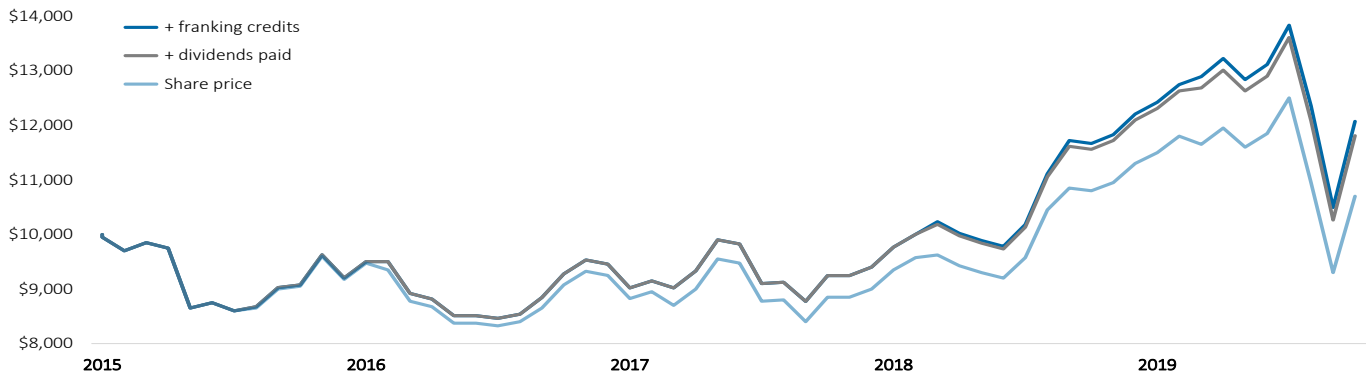
ABOUT THE PORTFOLIO MANAGER

A leading specialist global real assets fund manager listed on the NYSE, Cohen & Steers manages funds of more than A\$90 billion from offices worldwide on behalf of institutional clients and sovereign wealth funds.

KEY PERSONNEL

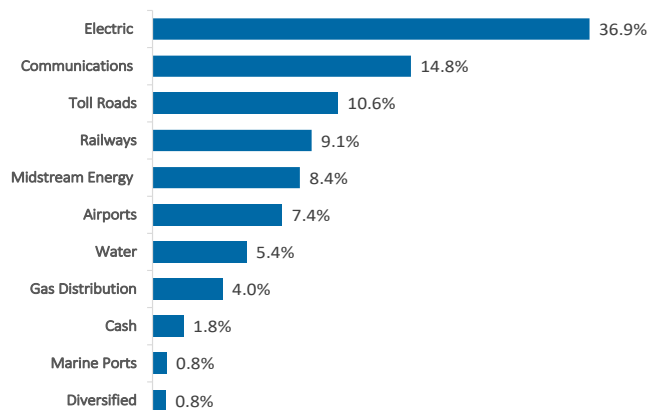
Jason Beddow	Managing Director
Benjamin Morton	Senior Portfolio Manager
Robert Becker	Portfolio Manager
Tyler Rosenlicht	Portfolio Manager

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



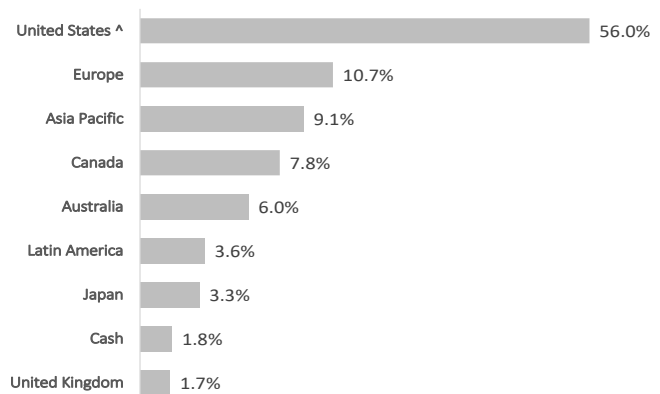
PORTFOLIO OVERVIEW AT 30 JUNE 2020

Sector diversification*



*As a percentage of the investment portfolio.

Geographic diversification*



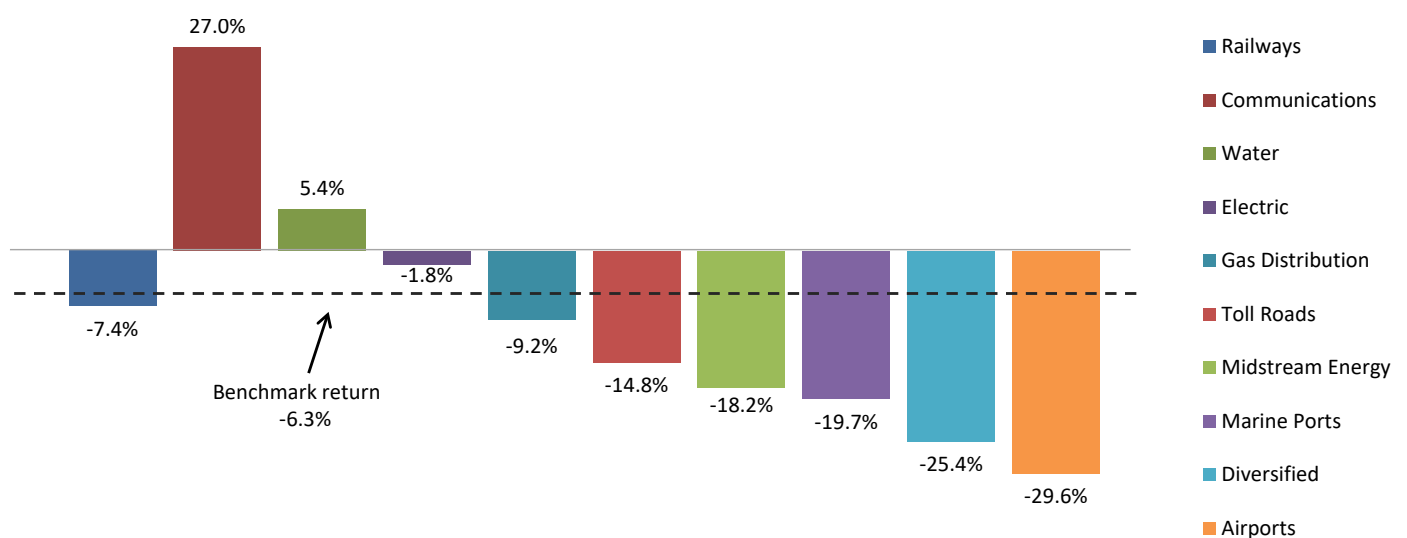
^Many large infrastructure companies are listed in the United States, although their operations and earnings are global.

TOP 10 PORTFOLIO HOLDINGS AT 30 JUNE 2020

Security name	Country of listing	Subsector	Portfolio (%)	Index (%)
NextEra Energy	US	Integrated Electric	7.3	4.9
Transurban Group	AUS	Toll Roads	5.5	5.1
American Tower	US	Communication Towers	5.3	4.8
SBA Communications	US	Communication Towers	3.8	1.4
Union Pacific	US	Freight Rails	3.2	2.4
Crown Castle International	US	Communication Towers	3.1	2.9
Alliant Energy	US	Regulated Electric	2.9	0.6
American Water Works Company	US	Water	2.8	1.1
Duke Energy	US	Regulated Electric	2.6	2.6
Norfolk Southern	US	Freight Rails	2.5	0.9
			39.0	26.7

SUBSECTOR PERFORMANCE 12 MONTHS TO 30 JUNE 2020

Virtually no part of the world economy has escaped the harmful effects of COVID-19 and the induced economic downturn. Global listed infrastructure companies are no different, although the financial impacts have varied considerably across subsectors within the asset class. The chart below shows the performance of each global listed infrastructure subsector as represented by the benchmark index in Australian dollars over the 12 months to 30 June 2020.



The benchmark is FTSE Global Core Infrastructure 50/50 Index (net total return in Australian dollars).

COVID-19 IMPACTS: TOLL ROADS VERSUS AIRPORTS

The considerable variance in performance within infrastructure subsectors is aptly demonstrated when comparing toll roads and airports under the broad umbrella of transportation.

While widespread government-imposed restrictions at the start of the pandemic had an equally adverse impact on toll road and airport stocks, as restrictions have gradually eased across various major economies, their performance has started to diverge.

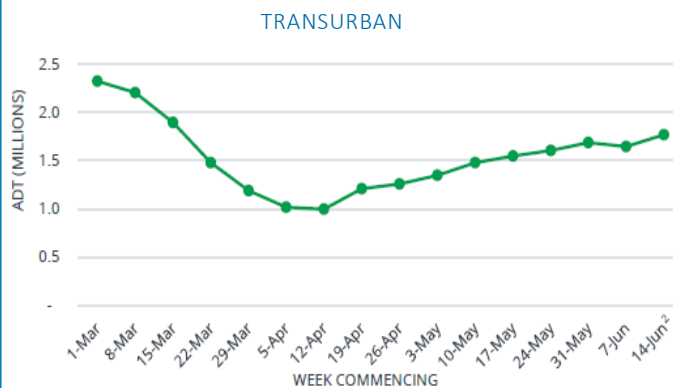
While toll road operators have seen an uptick in traffic, airports have seen passenger volumes continue to languish. This trend is reflected in the traffic volumes of Australia's Transurban (ASX code: TCL) and Sydney Airport (ASX code: SYD). The figures reported by these companies are representative of toll road and airport operators globally.

In recent months, toll roads have outperformed airports, consistent with our thesis that personal transport would be the first beneficiary of a resumption of economic activity as commuters opt for less crowded individual vehicle travel over mass transit options.

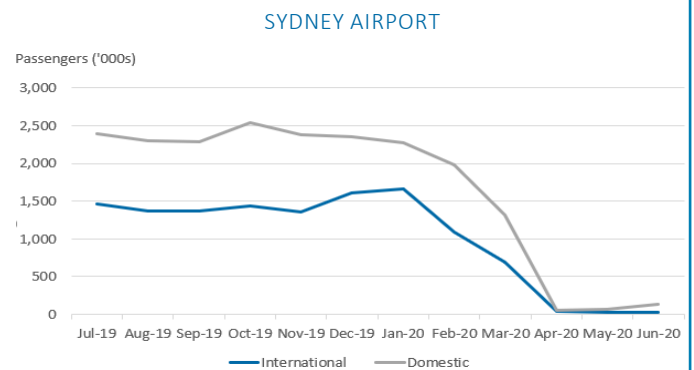
International travel restrictions continue to weigh heavily on airport operators as many countries keep their borders shut. Similarly, domestic travellers have been limited by internal travel restrictions.

COVID-19 IMPACTS: TOLL ROADS VERSUS AIRPORTS *CONTINUED*

COMPARING TRAFFIC VOLUMES



Source: Company presentation, May 2020



Source: Company figures over time

Based on expectations of the recovery in economic activity, Argo Infrastructure's Portfolio Manager, Cohen & Steers, has made selective allocations within the transportation sector, favouring toll roads and freight rails over mass transit-related stocks, such as airports and passenger rail companies. Transurban is now the second-largest holding in Argo Infrastructure's portfolio.

UPCOMING EVENTS

Announcement of results for year ended 30 June 2020	Monday	31 August
Ex-dividend date	Friday	11 September
Dividend record date	Monday	14 September
Last election for Dividend Reinvestment Plan participation	Tuesday	15 September
Dividend payment date (subject to board approval)	Friday	2 October
Annual General Meeting	Monday	26 October

Due to the COVID-19 pandemic, Argo Infrastructure's Annual General Meeting (AGM) will be a virtual meeting conducted online. Further details for the AGM will be advised with the Notice of Annual General Meeting which will be distributed to shareholders in September.

Information meetings in various capital cities unfortunately will not be held this year. We are hopeful that we will be able to hold our information meetings again next year.

OUTLOOK

Although major economies have been gradually re-opening, the rise in global COVID-19 cases underscores the reality that until there is a widely-available vaccine, economic activity will likely remain under pressure. Central banks and governments globally have been aggressive in their response providing monetary and fiscal support to help mitigate the economic downturn.

Amid uncertainty surrounding the pace of an economic recovery, Argo Infrastructure's portfolio is modestly defensively positioned. Portfolio Manager Cohen & Steers remains focused on companies that can endure a deep and potentially prolonged downturn. The portfolio maintains an overweight position in the communications sector with communications tower companies and data centres well-placed to be beneficiaries of the ongoing work from home and learn from home trends.

Since the Global Financial Crisis over a decade ago, infrastructure companies have meaningfully strengthened their balance sheets and are in a better position to manage through a downturn. This resilience, together with compelling structural drivers (including underinvestment and supportive demographic trends), supports our positive outlook for the asset class over the long-term.

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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