

Quarterly Investment Update

AT 30 SEPTEMBER 2020

MARKET OVERVIEW

The September quarter was another positive one for global share markets, although after five consecutive months of gains since the March lows, the rally faltered in September with sentiment shaken by a resurgence in coronavirus cases, particularly in the US and Europe. The tumultuous US Presidential election campaign also weighed on markets and added to the volatility.

Global listed infrastructure fell -2.0% over the quarter, mostly during the generally 'risk-on' environment in July and August when investments offering more defensive attributes were overlooked by investors. However, when volatility re-emerged in September this trend was reversed, and global infrastructure stocks outperformed broader equities by +2.4% for the month.

Over the September quarter, the performance of different infrastructure subsectors varied as investor sentiment see-sawed. When hopes of a recovery were high, the more 'pandemic-sensitive' subsectors rose, including airports and passenger railways. However, as optimism faded, electric and water utilities stocks found momentum as investors sought exposure to their relatively stable and reliable income due to their essential service nature.

PORTFOLIO PERFORMANCE

Argo Infrastructure's portfolio delivered a negative return for the September quarter, falling -1.9% but slightly ahead of the benchmark.

Performance was bolstered by stock selection among communications towers and data centres – a subsector benefitting from the ongoing work/learn from home trend which has seen data usage surge. Holdings in utilities also contributed positively to performance, however gains were outweighed by holdings elsewhere in the portfolio, including among some airports. As Argo Infrastructure is unhedged, the generally strong Australian dollar also weighed on portfolio value.

Over the 12 months to 30 September 2020, the portfolio fell -11.5% outperforming the benchmark (down -13.7%) although slightly trailing Australian shares (down -10.2%).

ARGO INFRASTRUCTURE

ASX code	ALI
Listed	July 2015
Portfolio Manager	Cohen & Steers
Shareholders	9,500
Market cap.	\$291m
Management fee	1.2%
Performance fee	Nil
Hedging	Unhedged
Dividend yield [^]	3.7%

[^]Historical yield of 5.2% (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.

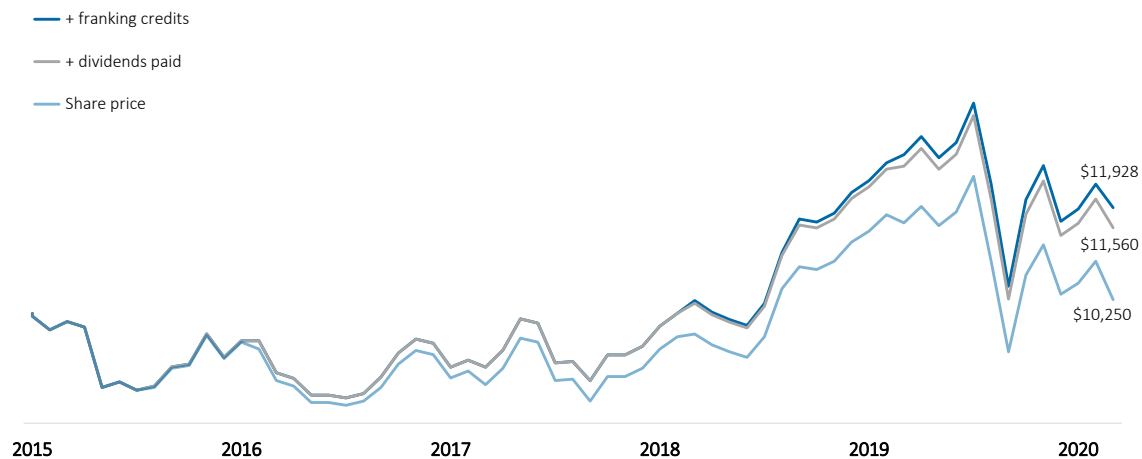
ABOUT THE PORTFOLIO MANAGER

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

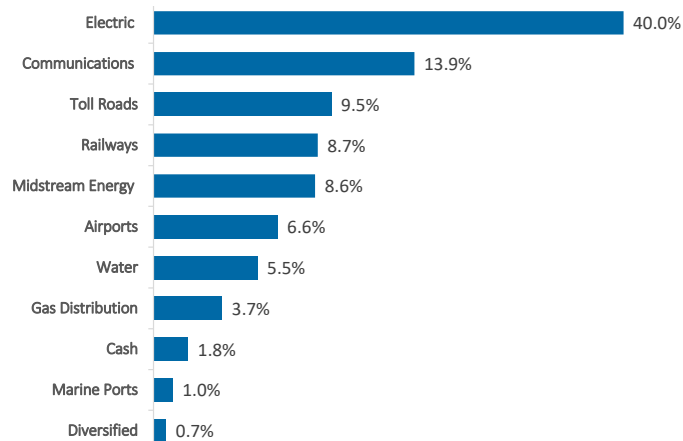
Jason Beddow	Managing Director
Benjamin Morton	Senior Portfolio Manager
Robert Becker	Portfolio Manager
Tyler Rosenlicht	Portfolio Manager

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



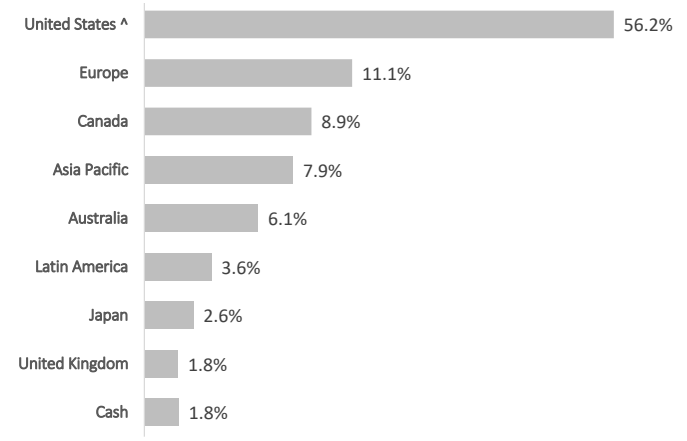
PORTFOLIO OVERVIEW AT 30 SEPTEMBER 2020

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 SEPTEMBER 2020

Security name	Country of listing	Subsector	Portfolio (%)	Index (%)
NextEra Energy	US	Integrated Electric	8.1	5.1
Transurban Group	AUS	Toll Roads	5.3	5.0
American Tower	US	Communication Towers	4.1	4.5
Norfolk Southern	US	Freight Rails	4.0	0.9
SBA Communications	US	Communication Towers	3.9	1.5
Alliant Energy	US	Regulated Electric	3.1	0.6
American Water Works Company	US	Water	3.0	1.2
Public Service Enterprise Group	US	Regulated Electric	2.9	1.3
Canadian National Railway	CAN	Freight Rails	2.5	1.3
Duke Energy	US	Regulated Electric	2.4	3.0
			39.3	24.4

STOCK SNAPSHOT

NextEra Energy

NYSE-listed	NEE
Market capitalisation	US\$36.5 billion
Annual net income	US\$3.7 billion
Employees	13,900
Headquartered	Florida
Founded	1984



- The world's largest utility company, NextEra Energy owns and operates energy generation and distribution services
- The business generates electricity through wind, solar and natural gas. NextEra Energy is the largest producer of wind and solar energy globally with an ongoing commitment to growing its renewable energy capabilities
- Listed on the New York Stock Exchange (NYSE), the company provides retail and wholesale electric services to more than 5.3 million customers through subsidiary companies including Florida Power and Light and Gulf Power
- NextEra Energy recently announced an increase in quarterly earnings per share of approximately 11%
- NextEra Energy is Argo Infrastructure's largest holding and accounts for 8.1% of the investment portfolio
- More information: nexteraenergy.com

2020 ANNUAL GENERAL MEETING (AGM) WRAP-UP

Earlier this week Argo Infrastructure held its AGM. This year's AGM was held virtually, in compliance with the prevailing health advice and restrictions. The AGM was addressed by Chairman Russell Higgins AO and Managing Director Jason Beddow. It also included a pre-recorded presentation from Bob Becker from our New York-based Portfolio Manager, Cohen & Steers. At the AGM a range of topics were discussed including:

Record fully franked dividend: Annual dividends to shareholders increased by +15.4% to 7.5 cents per share, fully franked in FY2020.

Resilience in a crisis: At the height of the volatility, Argo Infrastructure's portfolio fell just -6.5%, while Australian shares plunged -23.1% over the March quarter.

Positive outlook: The outlook for the asset class is positive supported by long-term, structural drivers with some subsectors to experience strong growth, such as communications.



AGM recording and slides

Thank you to everyone who attended our online 2020 AGM! You can watch a recording of the AGM and view the slides on our website [here](https://argoinfrastructure.com.au).

We hope that we will be able to meet in person with our shareholders at next year's AGM.

OUTLOOK

While prevailing conditions provide reasons for cautious optimism, there is continued uncertainty surrounding the pace of economic recovery. Currently, the outlook remains largely contingent on the trajectory of the coronavirus pandemic which is likely to be influenced by the discovery and distribution of an effective vaccine.

Against this backdrop, Argo Infrastructure's portfolio is modestly defensively positioned, focusing on companies with strong balance sheets and liquidity profiles. With the communications subsector (towers and data centres) remaining reasonably unaffected by lockdowns and physical distancing restrictions, the portfolio continues to be overweight these companies. However, some positions among US towers and data centres have been trimmed on heightened valuations.

In contrast, utilities provide attractive relative valuations and offer resilient earnings at a time of considerable uncertainty. In time, we expect these companies to trade closer to their historical premium to broader equities in light of expected below-trend economic growth, low interest rates and improving fundamentals driven by the renewable energy transition.

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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