

# Shareholder Update

## Year ended 30 June 2023



**Jason Beddow**  
Managing Director  
BEng, GdipAppFin(SecInst)

Dear valued shareholder,

On behalf of the Board, I am pleased to advise that Argo Global Listed Infrastructure Limited (Argo Infrastructure) reported a solid year of performance and annual dividends of 8.5 cents per share – a record high for the Company.

### Full year profit result

Argo Infrastructure's full year reported profit decreased to \$9.6 million. However, income received from companies held in the investment portfolio increased +22.5% to \$14.4 million.

The decline in profit is mainly due to the drop in the market value of the investment portfolio. Accounting standards require that changes in the value of the portfolio be treated as either a profit or a loss. As a result, the reported profit can vary significantly from year to year and may not fully reflect the level of income generated by the portfolio.

Summary of financial results	2023	2022	Change
Profit*	\$9.6 million	\$29.9 million	-67.8%
Final dividend per share (fully franked)	4.5 cents	4.5 cents	Unchanged
Full year dividends per share (fully franked)	8.5 cents	8.0 cents	+6.3%
Net Tangible Assets (NTA) <sup>^</sup> per share	\$2.39	\$2.45	-2.4%

\* Reported profit can be volatile as accounting standards require that operating income and realised profits and losses are added to, or reduced by, (unrealised) changes in the portfolio's market value from period to period.

<sup>^</sup> After all costs, including fees and taxes.

### Record full year dividends

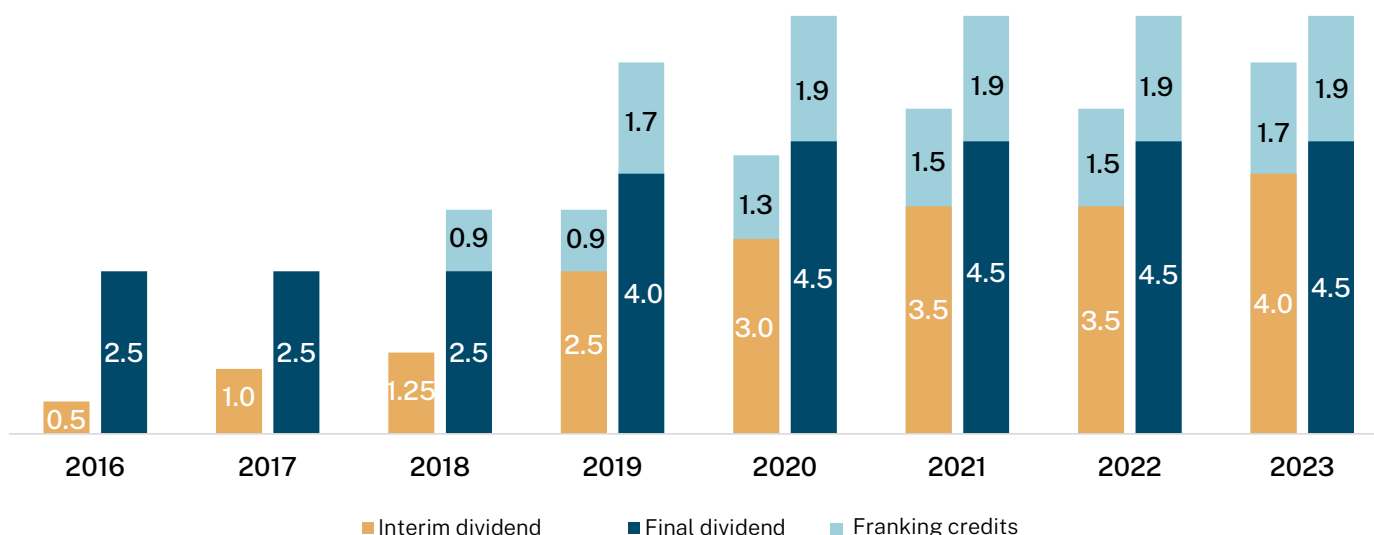
The Board recently declared a fully franked final dividend of 4.5 cents per share. Together with the interim dividend of 4.0 cents per share, annual fully franked dividends for the financial year totalled 8.5 cents per share – a record high for Argo Infrastructure.

The final dividend marks the Company's eleventh consecutive fully franked dividend. Furthermore, total dividends paid to our shareholders since inception now equal 48.75 cents per share.

We believe this track record demonstrates Argo Infrastructure's continued commitment to delivering on our objective of providing sustainable returns to our shareholders over time. See table overleaf for details of dividends paid (and franking) since inception in 2015.

We are often asked how we are able to frank Argo Infrastructure's dividends. It is because Argo Infrastructure accrues franking credits when the Company pays tax in Australia on profits and realised gains in the portfolio. This is a significant advantage of investing in international assets via an Australian listed investment company (LIC) structure, as compared to a trust structure or investing directly overseas.

### Dividend track record (cents per share)



### Investment performance

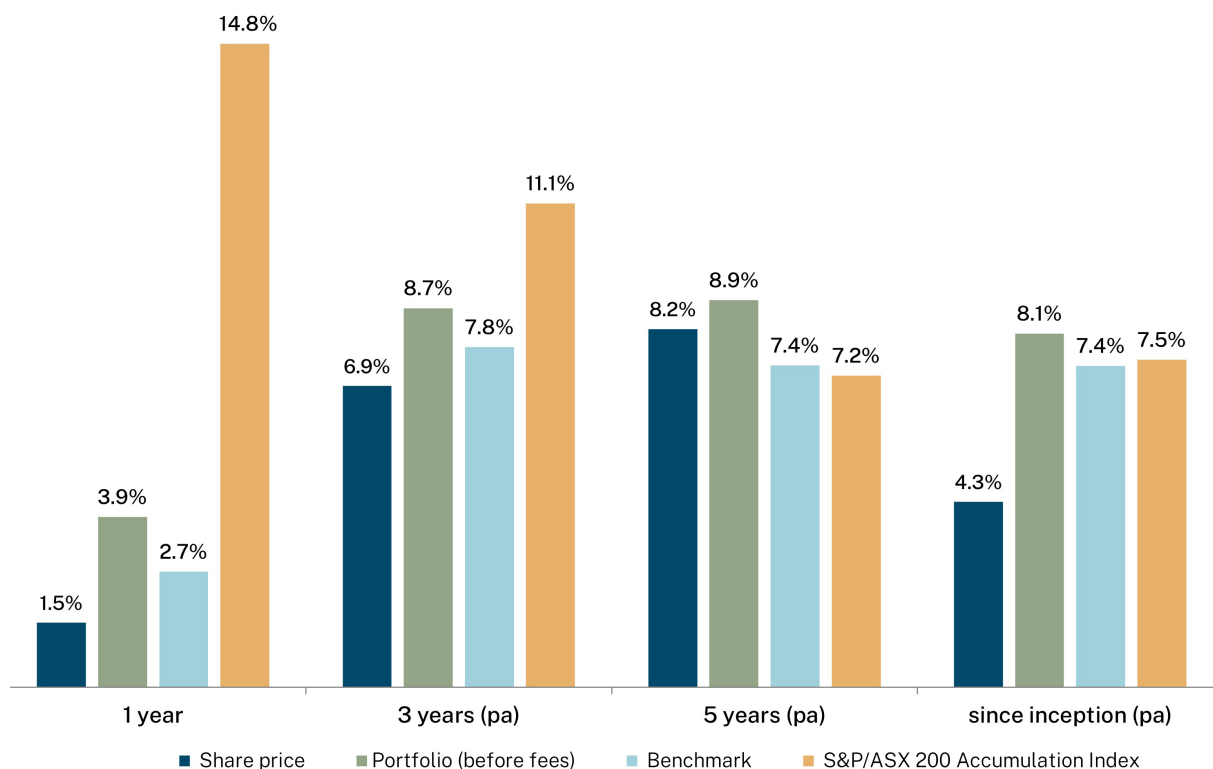
For the year to 30 June 2023, Argo Infrastructure's portfolio delivered a total return of +3.9% (in A\$ terms), outperforming the benchmark index which gained +2.7% (in A\$ terms). Despite delivering a positive absolute return for the financial year, global listed infrastructure lagged the strong broader equity markets which were driven higher by investor optimism, particularly for growth-related stocks and technology companies.

The steepest interest rate rises in recent history steered investors away from some of the larger infrastructure subsectors, such as utilities, which are often relatively leveraged due to their very reliable income flows from providing essential services.

However, we expect these businesses to fare well as the pace of rate rises eases, particularly as their real revenue tends to be protected by inflation-linked pricing mechanisms in their operating agreements.

There is generally a low correlation between Argo Infrastructure's returns and those of Australian equities. This long-term trend generally sees that, while the asset class does not capture all of the upside of broader global equities, it provides considerable downside protection when markets fall sharply. In our view, lower volatility returns are a key benefit of a global portfolio of infrastructure stocks.

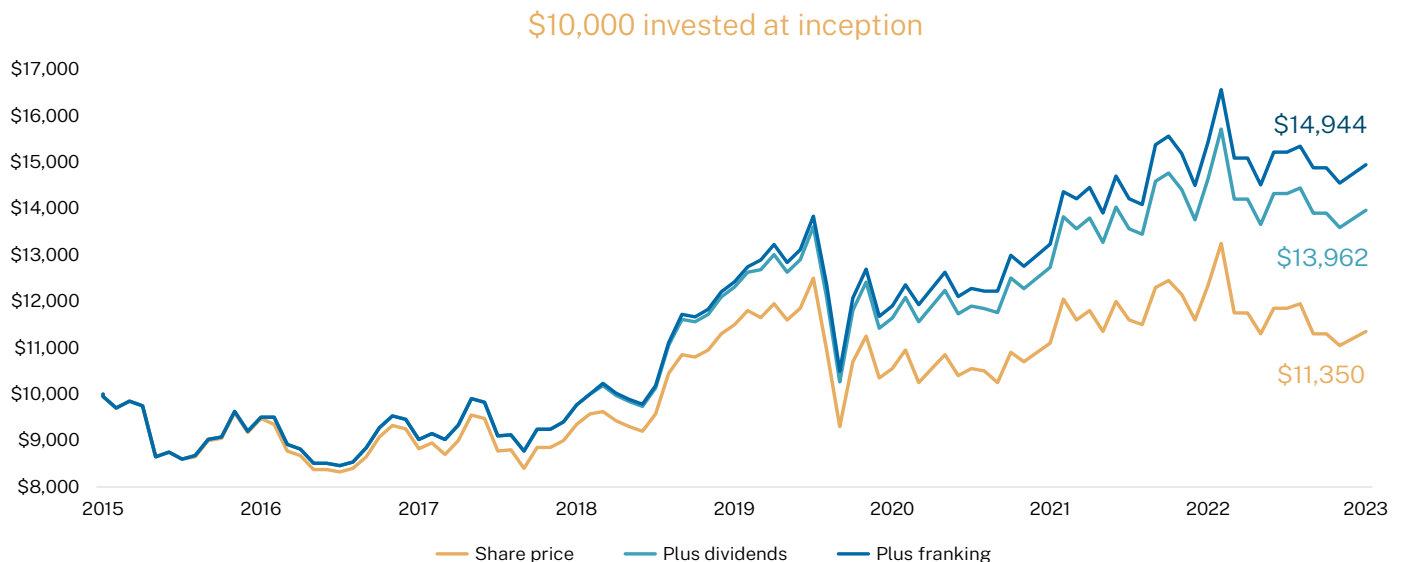
### Total returns to 30 June 2023



## Shareholder returns

Argo Infrastructure is focused on providing shareholders with both capital growth and dividend income. Our performance against this objective is measured by the Company's share price performance and dividends received over time, with most shareholders also receiving the benefit of franking credits.

As shown in the chart below, a \$10,000 investment in Argo Infrastructure at inception (July 2015), with dividends reinvested, would have grown to a value of \$13,962 (+4.3% per annum) at 30 June 2023. The tax effective value including franking credits is \$14,944 (+5.2% per annum).



Figures above are to 30 June 2023

## Our objective

Argo Infrastructure's objective is to provide a total return for long-term investors consisting of capital growth and dividend income from a global portfolio of listed infrastructure which can provide diversification benefits for Australian investors.

## Outlook

Although key indicators are currently pointing towards a successful 'soft landing' for the global economy, various challenges still confront investors. The impacts of aggressive monetary policy tightening are yet to be fully felt and inflation remains above-trend. The recent US CPI report revealed a resurgence in price rises in the world's largest economy, suggesting that interest rates are likely to remain elevated for a prolonged period. The flow-on effects of a sustained slow-down in China, the world's second largest economy, may also impact global growth.

In the current investment environment of still high inflation Argo Infrastructure's Portfolio Manager, Cohen & Steers, continues to maintain a balanced portfolio that preferences higher quality businesses that have the ability to perform relatively well in a below-trend growth environment.

With credit conditions expected to tighten further, Cohen & Steers is also focused on assessing the impacts of higher financing costs on infrastructure companies with a preference for stocks with limited near-term debt maturities and manageable refinancing schedules.

In recent months, the weakening Australian dollar has provided a tailwind for the Company's net tangible assets as the investment portfolio is unhedged for currency. Looking ahead, further volatility in the Australian dollar is likely and partly hinges on the state of the Chinese economy. Our portfolio is unhedged to enhance the diversification benefits for Australian investors.

Argo Infrastructure continues to be in a strong financial position with over \$400 million of assets, a diversified portfolio and, importantly, no debt. This positions the Company to deliver on our objective of providing total returns for long-term investors, consisting of capital and dividend growth.



### Annual General Meeting

Argo Infrastructure's Annual General Meeting (AGM) will be held on Monday 23 October 2023 in Adelaide. This year's meeting will be held in-person and can be viewed via a livestream on our website. A recording will be available on our website in the week following the AGM.

Full details of the AGM will follow in your Notice of Meeting.

### Shareholder information meetings

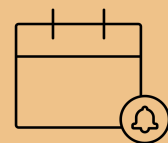
Following the success of our recent information meetings, we will again be holding in-person presentations in various capital cities in May next year. Further details will be provided closer to the time.

### Receive communications electronically

We would like to take this opportunity to encourage you to receive all communications from Argo Infrastructure electronically. With postal delays increasingly common, communication by email is the fastest and most reliable way to receive information from us. This is particularly important for time-sensitive offers, such as Share Purchase Plans.

You can elect to receive your communications via email by contacting our share registry provider BoardRoom on 1300 389 922 or simply change your communication preferences via their secure and user-friendly online shareholder portal at [investorserve.com.au](https://investorserve.com.au).

**Save the date**  
In-person and livestream



23 October 2023  
12.30pm Adelaide time

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If you have any questions or comments about Argo Infrastructure, please don't hesitate to contact us by telephone on (08) 8210 9555 or by email to [invest@argoinfrastructure.com.au](mailto:invest@argoinfrastructure.com.au).

To receive Company news and financial results on the day they are announced, I encourage you to join our email distribution list by completing the 'subscribe' form found at the bottom of each page on our website at [argoinfrastructure.com.au](https://argoinfrastructure.com.au).

On behalf of the Board, I thank you for your ongoing and loyal support of Argo Infrastructure.

Yours faithfully,



Jason Beddow  
Managing Director