Quarterly Investment Update
December 2023

ARGO INFRASTRUCTURE

Market overview

Globally, broader equities rallied strongly in the final quarter of calendar year 2023 (up +5.4% in A$ terms), especially in December following the US Federal Reserve's monetary policy pivot – from a tightening to an easing stance. This was in response to reports of moderating inflation and an increasingly positive economic outlook.

Following some of the steepest interest rate increases in recent history, the central bank's abrupt change from a 'hawkish' to a more 'dovish' stance largely took investors by surprise unleashing a wave of optimism which sent shares sharply higher.

Infrastructure stocks also generated positive returns (up +4.9% in A$ terms) as fears of further rate rises and a 'higher for longer' rate environment started to ease.

The asset class was buoyed by falling bond yields which can improve the cost of capital for infrastructure businesses. This is because infrastructure assets can carry considerable debt as they generate reliable income streams from delivering essential services.

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All infrastructure subsectors generated a positive return. However, with the risk of a recession receding and the economic outlook improving, the more commercially-sensitive infrastructure subsectors were the best performers including Marine Ports, Railways (specifically freight railways), Airports and Communications (towers and data centres). In contrast, the infrastructure subsectors with more defensive attributes (such as electric and water utilities) trailed in the market rally.

Portfolio performance

Over the December quarter, Argo Infrastructure's portfolio outperformed the benchmark index and gained +5.7% (in A$ terms).

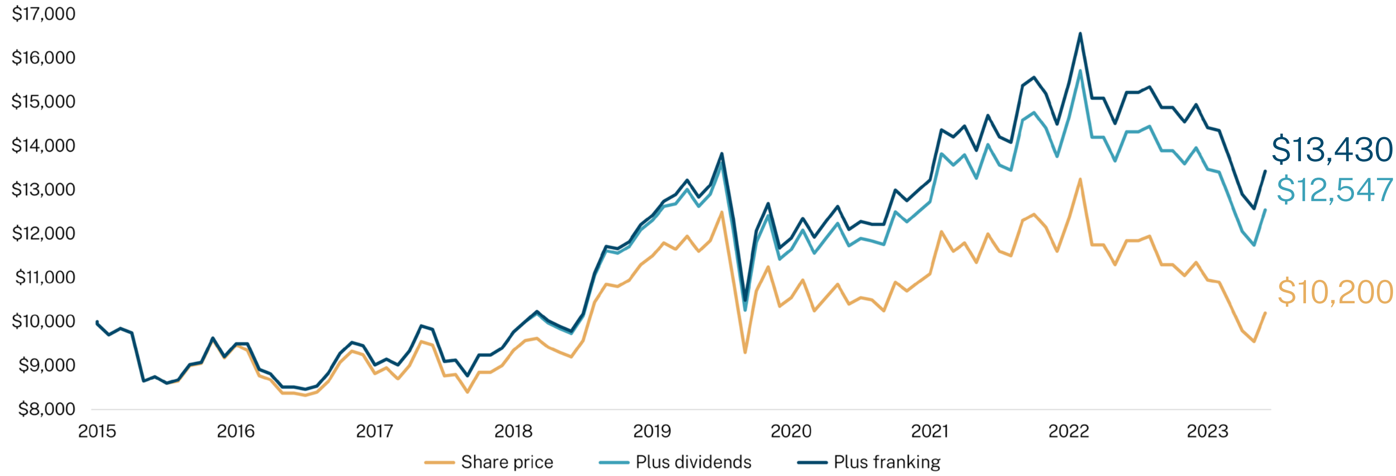
Exposure to the Communications subsector, specifically US cell tower companies, was the biggest contributor to the portfolio's positive performance. After languishing for much of calendar year 2023, a number of these companies posted strong gains in response to a number of factors, including healthy earnings reports.

Holdings among Marine Ports stocks also contributed positively to performance, as did Airports, including Mexico's third largest airport operator Grupo Aeroportuario del Sureste – its share price soared after receiving a favourable government ruling on tariff rates. See page three for our 'Stock Snapshot'.

	3 months	1 year	3 years (p.a.)	Since inception[4] (p.a.)
Portfolio[1]	+5.7%	+2.0%	+9.0%	+7.5%
Benchmark[2]	+4.9%	+1.6%	+8.1%	+6.9%
S&P/ASX 200[3]	+8.4%	+12.4%	+9.2%	+8.0%

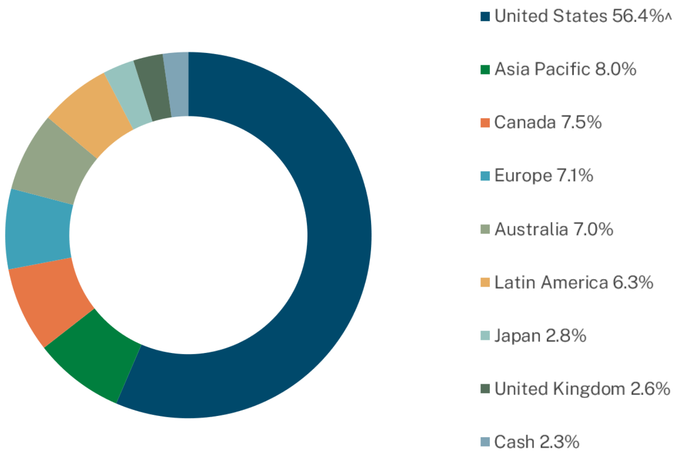
[1] Before fees [2] FTSE Global Core Infrastructure 50/50 Index (in A$) [3] Accumulation Index [4] July 2015

Total Returns value of $10,000 invested at inception



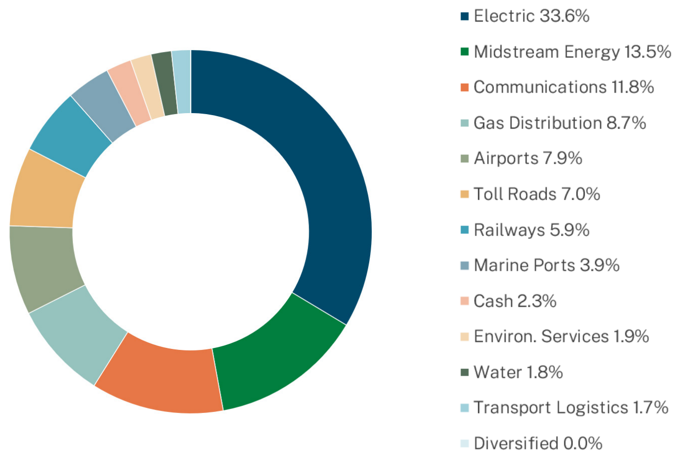
Portfolio

Geographic diversification*



* As a percentage of investment portfolio.

Sector diversification*



^ Many of the largest infrastructure companies are listed in the US, although their operations and earnings are often global.

Top 10 Holdings at 31 December 2023

Security name	Country of listing	Subsector	Portfolio (%)	Index (%)
American Tower	US	Communications	5.5	3.6
NextEra Energy	US	Electric	4.9	4.3
TC Energy	CAN	Midstream Energy	4.3	1.5
Cheniere Energy	US	Midstream Energy	3.4	1.5
CenterPoint Energy	US	Electric	3.2	0.7
PPL	US	Electric	3.0	0.8
Transurban	AUS	Toll Roads	2.9	4.6
Sempra Energy	US	Gas Distribution	2.9	1.8
Alliant Energy	US	Electric	2.7	0.5
Grupo Aeroportuario De Sur-B	MEX	Airports	2.7	0.9
			35.5	20.2

Stock Snapshot Grupo Aeroportuario del Sureste

Founded	1998
Headquarters	Mexico City
Dual-listed	New York Stock Exchange/ Mexico Stock Exchange
Market cap.	~$US8 billion
Total airports	16
Passenger traffic	43.5 million (in 2023)

- One of Argo Infrastructure's top 10 holdings, Grupo Aeroportuario del Sureste (ASUR) holds agreements to operate airports in Mexico, including tourist hot spot Cancún, as well as Colombia and Puerto Rico .
- The third largest airport operator in Mexico, ASUR has diversified exposure to both domestic and international travelers, accounting for 51% and 49% of passengers respectively. Passenger numbers across both markets have rebounded strongly since Covid travel restrictions were lifted – in fact, the company's annual passenger volumes across its portfolio of airports are now above pre-Covid levels.
- In addition to the ongoing post-Covid travel boom, the company's outlook is bolstered by several trends. These include a burgeoning Mexican middle class and exposure to the trend of 'nearshoring' supply chains by many US businesses due to Mexico's close proximity to North American markets.
- Last October, ASUR's share price fell on negative speculation that the Mexican aviation regulator would reduce income for the country's airport operators. However, last month the company announced it had received government approval to charge maximum tariffs with respect to each of its Mexican airports from 2024 to 2028. The news saw ASUR's shares soar more than +25%.
- More information: asur.com.mx

Outlook

Although the world's major economies appear to have dodged recession in favour of an economic 'soft-landing', the outlook from here is less than sanguine. Official interest rates are yet to be cut and, while lower bond yields have seen financing costs fall, the credit environment remains challenging, posing a headwind for certain infrastructure subsectors. That said, most infrastructure businesses can pass on rising costs to consumers over time.

In addition to the current conflicts, including in the Middle East, there are other potential geopolitical risks on the horizon with numerous national general elections being held across the world this year.*

Against this backdrop, Cohen & Steers continues to position the portfolio somewhat defensively with a bias towards infrastructure businesses that have strong balance sheets,with limited near-term debt maturities and manageable refinancing schedules.

* From an investment standpoint, these polls highlight the importance of having people 'on the ground' in different jurisdictions. Argo Infrastructure's Portfolio Manager, Cohen & Steers, has analysts based in various global regions to provide local insights and an understanding of the often-nuanced political atmosphere and the possible flow-on impacts on a nation's infrastructure assets.

About us

At a glance

ASX code	ALI
Listed	2015
Manager	Argo Investments
Portfolio Manager	Cohen & Steers
Market cap.	$362m
Shareholders	9,100
Hedging	Unhedged
Management fee	1.2%
Performance fee	Nil
Dividend yield^	4.2%

^ Historical yield of 6.0% (including franking) based on dividends paid over the last 12 months.

Company overview

Provides exposure to a diverse portfolio of global infrastructure stocks. The portfolio is actively managed by Cohen & Steers (NYSE: CNS), a leading specialist global real assets fund manager managing funds of over A$100 billion for institutional clients and sovereign wealth funds from offices worldwide.

How to invest

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

Share registry enquiries

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Shareholder benefits

Global diversification
Exposure across various geographies and both emerging and developed economies

Specialist global fund manager
Access to a world-leading, specialist infrastructure fund manager

Access infrastructure opportunities
New opportunities offshore through government privatisations

Proven investment approach
Experienced investment team with a long and successful track record

Enhance risk-adjusted returns
Less volatile than broader equities providing some relative downside protection

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

This announcement is authorised by Tim Binks, Company Secretary. Argo Global Listed Infrastructure Limited ACN 604 986 914