



## **Argo Global Listed Infrastructure Limited**

ABN 23 604 986 914

---

### **Appendix 4D**

**Half-year Report**  
**for the period ended 31 December 2016**  
**(previous corresponding period from**  
**26 March 2015 to 31 December 2015)**

---

## Interim Report

This half-year report is for the reporting period from 1 July 2016 to 31 December 2016.

## Results for announcement to the market

				31 December 2016	31 December 2015
				\$A'000	\$A'000
Revenue from ordinary activities	up	74.0%	to	(2,780)	(10,711)
Profit/(loss) for the period	up (reduced loss)	56.4%	to	(4,219)	(9,679)

All comparisons are for the period 26 March 2015 to 31 December 2015.

## Dividends

The Company declared an unfranked final dividend of 2.5 cents fully paid ordinary per share for the year ended 30 June 2016 that was paid on 14 September 2016.

Since the end of the half-year, the Directors have declared an unfranked interim dividend of 1.0 cent per fully paid ordinary share to be paid on 24 March 2017.

### *Interim dividend dates*

Ex-dividend date	3 March 2017
Record date	6 March 2017
Election date for determining participation in the Dividend Reinvestment Plan	7 March 2017
Payment date	24 March 2017

## Dividend Reinvestment Plan (DRP)

The board of the Company has determined that the DRP will operate for the 2017 interim dividend as follows:

- Shares issued under the DRP will be priced at the volume-weighted average market price for the 4 trading days commencing from 6 March 2017 to 9 March 2017 inclusive.
- Shares issued under the DRP will rank equally in all respects with existing shares.

The DRP terms are reviewed prior to each dividend payment and the DRP terms that will apply to future dividends will be announced to the ASX at the relevant times.

The DRP Terms and Conditions can be accessed at the Company's website at [www.argoinfrastructure.com.au](http://www.argoinfrastructure.com.au)

## Net Tangible Asset (NTA) backing

	31 December 2016	31 December 2015
Pre-tax NTA per share	\$1.96	\$1.87
Post-tax NTA per share	\$1.97	\$1.90

These NTA figures are not adjusted for any dilution due to the outstanding options which are exercisable at \$2.00.

The post-tax figures take into account the provision for deferred tax on set-up costs and estimates of net tax provisions that would arise if the entire portfolio were disposed of at the end of the reporting period.



**ARGO GLOBAL LISTED INFRASTRUCTURE LIMITED** ACN 604 986 914

## **Media Release**

21 February 2017

### **AGLI increases interim dividend**

Argo Global Listed Infrastructure Limited (AGLI or Company) has declared an interim dividend of 1.0 cent per share unfranked, up from 0.5 cent per share for last year's interim dividend.

The Company recorded an accounting loss of \$4.2 million after the downward revaluation of the investment portfolio to market value at 31 December 2016.

#### **Summary of financial results by half-year since inception**

	<i>31 Dec 2015</i>	<i>30 June 2016</i>	<i>31 Dec 2016</i>
Profit *	-\$9.7 million	+\$19.2 million	<b>-\$4.2 million</b>
Dividend per share (unfranked)	0.5 cent	2.5 cents	<b>1.0 cent</b>
Net tangible asset backing (NTA) per share, pre-tax	\$1.87	\$2.03	<b>\$1.96</b>

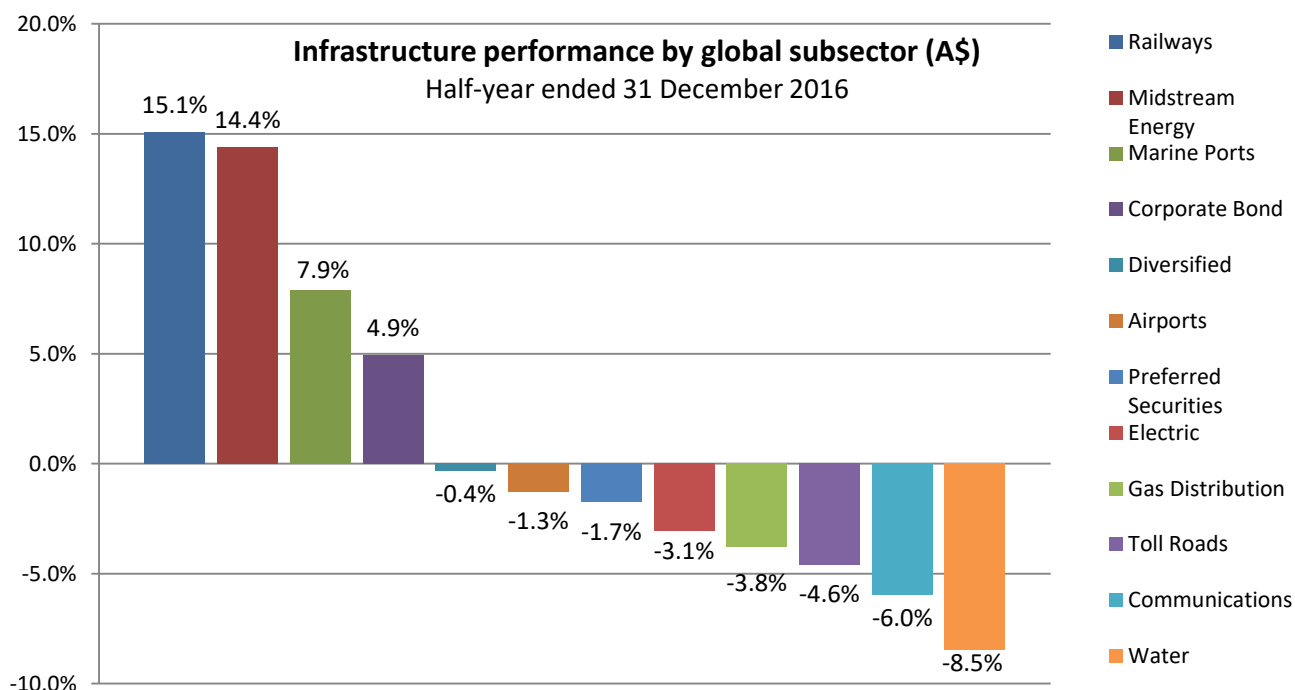
*\* under Australian Accounting Standards, AGLI's operating income and realised profits and losses are added to, or reduced by, changes in the market value of the Company's assets. This can lead to large variations in reported profit from any one period to the next.*

#### **Overview**

The global listed infrastructure sector was generally weaker in local currency terms during the half-year, although a weaker A\$ saw AGLI's benchmark finish flat for the period. The sector lagged the strong performance of broader equity markets.

AGLI's Managing Director, Jason Beddow, said "the unexpectedly positive reaction of equity markets to Donald Trump's victory in the US election resulted in a surge in cyclical stocks in the sectors which benefit from increased economic growth. In a relative sense, this optimism negatively impacted the infrastructure sector due to its mostly defensive nature."

"However, within the global listed infrastructure sector there are some subsectors which are more sensitive to economic activity, such as freight railways and marine ports. These subsectors improved during the half-year, mitigating the underperformance of the more defensive subsectors such as gas, electric and water utilities," said Mr Beddow.



### Investment portfolio performance

The following table provides return statistics for AGLI's portfolio, its infrastructure sector benchmark index and the broader global equity markets, in A\$ for various periods ended 31 December 2016. It should be noted that AGLI's total portfolio performance (measured by the movement in NTA per share assuming dividends paid are reinvested) is calculated after deducting all administration expenses and tax paid, whereas share market indices do not take account of these costs.

<i>Accumulated performance</i>	<i>6 months</i>	<i>1 year</i>	<i>since inception (per annum)</i>
AGLI portfolio return (based on pre-tax NTA after costs)	-2.1%	+6.6%	+2.0%
AGLI infrastructure sector benchmark index*	+0.0%	+10.5%	+9.2%
MSCI World equity index (A\$)	+9.8%	+8.0%	+8.0%

\* The AGLI benchmark is 90% of the FTSE Global Core Infrastructure 50/50 Index (net return AUD) and 10% of the BofA Merrill Lynch Fixed Rate Preferred Securities Index (POP1)(AUD).

It is still early days in terms of performance for AGLI, which has a long-term investment objective. The short-term performance so far is tracking behind the benchmark, and while this is disappointing, we have confidence that the portfolio manager's investment process and long-term track record of outperformance will deliver improvement as the measurement periods get longer.

In AGLI's first 18 months, markets have endured high levels of volatility, including the impact of significant political changes globally. Cautious investor sentiment in this environment has pushed the share prices of many listed investment companies to discounts to their underlying NTA per share, including AGLI. However, long-term investors may see AGLI's discount to NTA of approximately 10% as a buying opportunity and we are experiencing increased enquiries about the Company and the global listed infrastructure sector generally.

## Top 10 holdings at 31 December 2016

<i>stock</i>	<i>country of listing</i>	<i>subsector</i>	<i>% of portfolio</i>
NextEra Energy Inc.	US	Integrated Electric	4.2%
TransCanada Corp.	Canada	Midstream Energy	3.8%
Union Pacific Corporation	US	Freight Rails	3.6%
Crown Castle International Corp.	US	Communications	3.5%
Transurban Group	Australia	Toll Roads	3.2%
PG&E Corporation	US	Regulated Electric	3.2%
American Tower Corporation	US	Communications	3.2%
Sempra Energy	US	Gas Distribution	2.9%
Kinder Morgan	US	Midstream Energy	2.9%
CMS Energy Corporation	US	Regulated Electric	2.7%

## Options expiry

At the time of AGLI's initial public offering (IPO) in 2015, IPO subscribers were issued with one free option for every share subscribed for. Each option is exercisable into one fully paid ordinary share in the Company, upon payment of the exercise price of \$2.00 per share. These options expire on 31 March 2016 and all option holders will soon receive a letter advising them of their alternative courses of action prior to expiry.

At the time of writing, the last traded price of AGLI shares was \$1.675, indicating that investors who seek to increase their exposure to the Company should consider buying AGLI shares on market, rather than exercising their options at \$2.00. However, the market price should be monitored for any significant changes.

## Outlook

Infrastructure is very much on the political agenda in the United States, Europe and in Australia. In particular, infrastructure investment in the US may get a boost from President Trump's plan to spend up to US\$1 trillion repairing, upgrading and expanding US infrastructure. However, infrastructure investment is long duration and will take place over a number of years.

"We firmly believe that AGLI can bring important diversification benefits to Australian equity investors from an asset class, geographic and currency perspective," said Mr Beddow.

"AGLI is a closed-end listed investment company with no debt, and is well placed to benefit from the long-term growth and income potential of the global listed infrastructure sector which remains compelling."

## Media contact:

Jason Beddow

Managing Director

02 8274 4702 or 0409 900 709



# **Argo Global Listed Infrastructure Limited**

ABN 23 604 986 914

---

**Half-year Report  
31 December 2016**

---

<b>Contents</b>	<b>Page</b>
Directors' Report	2
Auditor's Independence Declaration	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	10
Directors' Declaration	16
Independent Auditor's Review Report	17

## **Directors' Report**

The Directors of Argo Global Listed Infrastructure Limited (AGLI or Company) present their report together with the financial statements of the Company for the half-year ended 31 December 2016.

### **Directors**

The following persons were Directors of the Company during the period and up to the date of this report:

Geoffrey Ian Martin AM, Chairman	Non-independent Director (appointed 26 March 2015)
Jason Beddow	Non-independent Director (appointed 26 March 2015)
Joycelyn Cheryl Morton	Non-independent Director (appointed 26 March 2015)
Gary John Simon	Independent Director (appointed 27 April 2015)
Andrea Elizabeth Slattery	Independent Director (appointed 27 April 2015)

### **Principal activities**

The Company is a listed investment company established to provide investors with the opportunity to invest in a diversified portfolio of listed global infrastructure securities, with the primary objective of providing shareholders with long-term capital growth and dividend income.

### **Review of operations**

The Company's investment portfolio is invested in global listed infrastructure securities, global infrastructure fixed income securities and cash.

The Company recorded a net loss after tax of \$4.2 million for the period to 31 December 2016, compared with a loss of \$9.7 million in the previous corresponding period. The Company generates operating revenue from dividends and distributions received from the investments in its portfolio. In addition to this operating income, AGLI's reported profit or loss includes gains and losses resulting from the sale of investments during the period and the revaluation to market value of the investments which are held at the end of the accounting period. This element of income is more volatile, as the whole portfolio is revalued at each period end, producing movements due to fluctuations in markets and currencies.

Net tangible asset (NTA) backing per ordinary share at 31 December 2016 pre-tax was \$1.96, compared with \$2.03 as at 30 June 2016 and \$1.87 as at 31 December 2015. The NTA backing per ordinary share at 31 December 2016 post-tax was \$1.97, compared with \$2.03 as at 30 June 2016 and \$1.90 as at 31 December 2015. The post-tax figures take into account the provision for deferred tax on set up costs and estimates of net tax provisions that would arise if the entire portfolio were disposed of at the end of the reporting period.

### **Dividends**

An unfranked final dividend of 2.5 cents per fully paid ordinary share for the year ended 30 June 2016 was paid on 14 September 2016.

On 21 February 2017, the Directors declared an interim unfranked dividend of 1.0 cent per fully paid ordinary share to be paid on 24 March 2017.

### **Matters subsequent to the end of the interim period**

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial period which has significantly affected or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years.



### **Rounding of amounts**

Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies to the Company and accordingly amounts have been rounded to the nearest one thousand dollars in accordance with that Instrument, unless otherwise stated.

### **Auditor's Independence Declaration**

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001*, is included on page 4.

This report is made in accordance with a resolution of the Board of Directors.

On behalf of the Board



G.I. Martin AM  
Chairman  
21 February 2017



## Auditor's Independence Declaration

As lead auditor for the review of Argo Global Listed Infrastructure Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'A.G. Forman'.

A.G. Forman  
Partner  
PricewaterhouseCoopers

Adelaide  
21 February 2017

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

Level 11, 70 Franklin St, ADELAIDE SA 5000, GPO BOX 418, ADELAIDE SA 5001  
T: +61 8 8218 7000, F: +61 8 8218 7999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation

Argo Global Listed Infrastructure Limited  
Statement of Profit or Loss and Other Comprehensive Income  
for the half-year ended 31 December 2016

**Statement of Profit or Loss and Other Comprehensive Income**

		Half-year ended 31 December 2016 \$'000	Period from 26 March 2015 to 31 December 2015 \$'000
	Note		
<b>Investment income</b>			
Dividends and distributions		4,080	4,183
Interest		138	333
Net foreign exchange losses		(53)	(1,238)
Change in fair value of financial instruments held at fair value through profit or loss (realised and unrealised)		(6,945)	(13,989)
<b>Total investment income</b>		<u>(2,780)</u>	<u>(10,711)</u>
<b>Expenses</b>			
Management fees		(1,689)	(1,731)
Custody and administration fees		(130)	(146)
Directors' fees		(82)	(115)
Registry fees		(74)	(55)
Transaction costs		(110)	(426)
Other expenses		(158)	(121)
<b>Total expenses</b>		<u>(2,243)</u>	<u>(2,594)</u>
<b>Loss before income tax</b>		(5,023)	(13,305)
Income tax benefit		804	3,626
<b>Loss after income tax</b>		<u>(4,219)</u>	<u>(9,679)</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<u>(4,219)</u>	<u>(9,679)</u>
<b>Earnings per share</b>		cents	cents
Basic earnings per share	2	(2.9)	(10.2)
Diluted earnings per share	2	(2.9)	(10.2)

*To be read in conjunction with the accompanying notes*

**Statement of Financial Position**

		<b>31 December 2016 \$'000</b>	<b>30 June 2016 \$'000</b>
	Note		
<b>Current Assets</b>			
Cash and cash equivalents		6,381	1,713
Receivables		1,063	1,225
Receivables – trade settlements		160	1,713
Financial assets held at fair value through profit or loss	3	<u>274,569</u>	<u>288,600</u>
<b>Total Current Assets</b>		<u>282,173</u>	<u>293,251</u>
<b>Non-Current Assets</b>			
Deferred tax asset		<u>601</u>	-
<b>Total Non-Current Assets</b>		<u>601</u>	-
<b>Total Assets</b>		<u>282,774</u>	<u>293,251</u>
<b>Current Liabilities</b>			
Payables		360	353
Payables – trade settlements		-	2,197
Financial liabilities held at fair value through profit or loss		<u>-</u>	<u>2</u>
<b>Total Current Liabilities</b>		<u>360</u>	<u>2,552</u>
<b>Non-Current Liabilities</b>			
Deferred tax liability		<u>-</u>	699
<b>Total Non-Current Liabilities</b>		<u>-</u>	<u>699</u>
<b>Total Liabilities</b>		<u>360</u>	<u>3,251</u>
<b>Net Assets</b>		<u>282,414</u>	<u>290,000</u>
<b>Equity</b>			
Contributed equity	4	281,362	281,151
Profit reserve		4,793	8,371
Retained earnings		<u>(3,741)</u>	<u>478</u>
<b>Total Equity</b>		<u>282,414</u>	<u>290,000</u>

*To be read in conjunction with the accompanying notes*

**Statement of Changes in Equity**

	Note	Contributed equity \$'000	Profit reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Balance as at 1 July 2016</b>		281,151	8,371	478	290,000
Total comprehensive income for the period		-		(4,219)	(4,219)
Dividend paid	5	-	(3,578)	-	(3,578)
Dividend reinvestment plan	4	141	-	-	141
Shares issued on exercise of options	4	70	-	-	70
<b>Balance as at 31 December 2016</b>		<u>281,362</u>	<u>4,793</u>	<u>(3,741)</u>	<u>282,414</u>

**for the period from 26 March 2015 to 31 December 2015**

	Note	Contributed equity \$'000	Profit reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Balance as at 26 March 2015</b>		-	-	-	-
Total comprehensive income for the period		-	-	(9,679)	(9,679)
Shares issued at IPO	4	286,127	-	-	286,127
Shares issued on exercise of options	4	38	-	-	38
Cost of shares issued net of tax	4	(5,054)	-	-	(5,054)
<b>Balance as at 31 December 2015</b>		<u>281,111</u>	<u>-</u>	<u>(9,679)</u>	<u>271,432</u>

*To be read in conjunction with the accompanying notes*

**Statement of Cash Flows**

	Half-year ended 31 December 2016 \$'000	Period from 26 March 2015 to 31 December 2015 \$'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments held at fair value through profit or loss	66,134	61,520
Purchase of financial instruments held at fair value through profit or loss	(59,727)	(334,380)
Net foreign exchange loss	(53)	(1,234)
Interest received	209	275
Dividends and distributions received	3,786	2,790
GST recovered	190	65
Management fees paid	(1,687)	(1,435)
Other expenses paid	(817)	(982)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>8,035</u>	<u>(273,381)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares at IPO	-	286,127
Proceeds from exercise of options	70	38
Dividend paid – net of Dividend Reinvestment Plan	(3,437)	-
Share issue transaction costs	-	(7,646)
<b>Net cash (outflow)/inflow from financing activities</b>	<u>(3,367)</u>	<u>278,519</u>
Net increase in cash and cash equivalents	4,668	5,138
Cash and cash equivalents at the beginning of the period	1,713	-
Effect of foreign currency exchange rate changes on cash and cash equivalents	-	(4)
<b>Cash and cash equivalents at the end of the period</b>	<u>6,381</u>	<u>5,134</u>

*To be read in conjunction with the accompanying notes*

**Contents of notes to the financial statements**

	Page
1 Basis of preparation of half-year report	10
2 Earnings per share	10
3 Financial assets held at fair value through profit and loss	11
4 Contributed equity	11
5 Dividends	12
6 Segment information	12
7 Fair value measurement	13
8 Events occurring after the reporting date	15

## 1. Basis of preparation of half-year report

The general purpose financial report for the half-year ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this half-yearly report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Argo Global Listed Infrastructure Limited (Company) during the half-year, in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half-year financial report was authorised for issue by the Directors on 21 February 2017.

Where appropriate, comparative disclosures have been reclassified/amended to be consistent with the current period's presentation.

## 2. Earnings per share

	Half-year ended 31 December 2016 number '000	Period from 26 March 2015 to 31 December 2015 number '000
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	143,168	94,706
	\$'000	\$'000
Earnings used in the calculation of basic and diluted earnings per share	(4,219)	(9,679)
	cents	cents
Basic earnings per share	(2.9)	(10.2)
Diluted earnings per share	(2.9)	(10.2)

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue for the period.

Diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue and ordinary shares that the Company expects to issue through the exercise of outstanding options for the reporting period. In the calculation of diluted earnings per share, options are not considered to have a dilutive effect, as the average market price of ordinary shares of the Company during the period did not exceed the exercise price of the options.



### 3. Financial assets held at fair value through profit or loss

	31 December 2016 \$'000	30 June 2016 \$'000
<b>Designated at fair value through profit or loss:</b>		
Equity securities	243,396	251,313
Unit trusts	21,514	28,901
Interest bearing securities	9,659	8,377
	<u>274,569</u>	<u>288,591</u>
<b>Held for trading:</b>		
Derivatives	-	9
	<u>-</u>	<u>9</u>
<b>Total</b>	<u>274,569</u>	<u>288,600</u>

As at 31 December 2016, the Company did not hold any security that accounted more than 5% of its total investments.

The Company has not used hedging to reduce the impact of volatility in currency exposures on the investment portfolio.

The Company is a listed investment company that invests in tradeable global listed infrastructure securities. Due to the nature of its business, the Company will always be subject to market risk as it invests its capital in securities which have fluctuating market prices. The Company's portfolio is diversified to reduce risk but market risk cannot be completely eliminated.

### 4. Contributed equity

#### (a) Ordinary shares

Ordinary shareholders are entitled to receive dividends as declared and also entitle shareholders to one vote per share at shareholders' meetings.

	Half-year ended 31 December 2016 number	Period from 26 March 2015 to 31 December 2015 number	Half-year ended 31 December 2016 \$'000	Period from 26 March 2015 to 31 December 2015 \$'000
Opening balance	143,104,638	-	281,151	-
Shares issued on incorporation	-	100	-	-
Share issued at IPO	-	143,063,214	-	286,127
Dividend reinvestment plan <sup>(1)</sup>	79,106	-	141	-
Options exercised at \$2.00 per share	35,000	19,000	70	38
Cost of issued capital, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,054)</u>
Closing balance	<u>143,218,744</u>	<u>143,082,314</u>	<u>281,362</u>	<u>281,111</u>

(1) On 14 September 2016, 79,106 shares were allotted at \$1.78 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend for the period ended 30 June 2016.

**(b) Options**

On 3 July 2015, as part of the IPO of the Company, 143,063,214 options to acquire ordinary shares in the Company at an exercise price of \$2.00 were issued. Each ordinary share issued in the IPO received an attaching option on a one for one basis which is exercisable at any time before 31 March 2017. The options are not entitled to dividends. Ordinary shares issued on exercise of the options rank equally with all other ordinary shares from the date of exercise. The options trade on the ASX under the code ALIO.

	Half-year ended 31 December 2016 number	Period from 26 March 2015 to 31 December 2015 number
Opening balance	143,030,214	-
Options issued in IPO	-	143,063,214
Options exercised	<u>(35,000)</u>	<u>(19,000)</u>
Closing balance	<u>142,995,214</u>	<u>143,044,214</u>

Options are measured at the fair value of the options at the date of issue within equity.

**5. Dividends**

Dividends are recognised during the half-year when declared.

	Half-year ended 31 December 2016 \$'000	Period from 26 March 2015 to 31 December 2015 \$'000
<b>(a) Dividends paid during the half-year</b>		
Final dividend for the period ended 30 June 2016 of 2.5 cents unfranked, paid on 14 September 2016 (2015: nil)	<u>3,578</u>	<u>-</u>
<b>(b) Dividend declared after balance date</b>		
Since the end of the financial half-year, the Directors have declared the following dividend which has not been recognised as a liability at the end of the financial half-year:		
Interim dividend for the year ending 30 June 2017 of 1.0 cent unfranked, payable 24 March 2017 (2015: 0.5 cents unfranked)	<u>1,432</u>	<u>715</u>

**6. Segment information**

The Company is managed as a whole and is considered to have a single operating segment, being investment in global listed infrastructure securities. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

The Company is domiciled in Australia and derives its revenue from its international investment portfolio through the receipt of dividends, distributions, interest and any profits on the revaluation or sale of its investments.

The portfolio of global listed infrastructure securities has the following geographical diversification as at 31 December 2016 and 30 June 2016:

	31 December 2016		30 June 2016	
	AUD		AUD	
	equivalents	Weight	equivalents	Weight
	\$'000	%	\$'000	%
United States of America	154,805	56.4	160,360	55.6
Canada	26,284	9.6	25,555	8.9
Japan	16,576	6.0	13,542	4.7
Italy	14,101	5.1	16,696	5.8
Australia	10,729	3.9	15,607	5.4
Other countries	52,074	19.0	56,840	19.6
Total	274,569	100.0	288,600	100.0

## 7. Fair value measurement

The Company discloses fair value measurements by level of the following fair value hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### (a) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Company is the last traded price.

The Company values its investments in accordance with the accounting policies set out in Note 2 (b) to the financial statements in the Annual Report. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

### (b) Valuation techniques used to derive level 2 and level 3 fair value

The fair value of financial assets and liabilities that are not exchange-traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

**(c) Recognised fair value measurement**

The table below sets out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2016 and 30 June 2016.

**As at 31 December 2016**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss:				
Equity securities	243,396	-	-	243,396
Unit trusts	21,514	-	-	21,514
Interest bearing securities	-	9,659	-	9,659
Total	<u>264,910</u>	<u>9,659</u>	<u>-</u>	<u>274,569</u>

**As at 30 June 2016**

**Financial assets**

Financial assets designated at fair value through profit or loss:

Equity securities	251,313	-	-	251,313
Unit trusts	28,901	-	-	28,901
Interest bearing securities	-	8,377	-	8,377
Financial assets held for trading:				
Derivatives	-	9	-	9
Total	<u>280,214</u>	<u>8,386</u>	<u>-</u>	<u>288,600</u>

**Financial liabilities**

Derivatives	-	2	-	2
Total	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(i) Transfers between levels**

There were no transfers between the levels for the fair value hierarchy for the period ended 31 December 2016.

**(ii) Fair value measurements using significant unobservable inputs (level 3)**

The Company did not hold any financial instruments with fair value measurements using significant unobservable inputs during the period ended 31 December 2016.

**(iii) Fair values of other financial instruments**

The Company did not hold any financial instruments which were not measured at fair value in the Statement of Financial Position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

**8. Events occurring after the reporting date**

No matters or circumstances have occurred subsequent to the reporting date that has significantly affected, or may affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent periods.

**Directors' Declaration**

In the opinion of the Directors of Argo Global Listed Infrastructure Limited (Company):

- (a) The half-year financial statements and notes set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii. giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) There are reasonable grounds to believe that Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



G.I. Martin AM  
Chairman

Adelaide  
21 February 2017



## **Independent auditor's review report to the members of Argo Global Listed Infrastructure Limited**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Argo Global Listed Infrastructure Limited (the Company), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

#### *Directors' responsibility for the half-year financial report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 31 December 2016 and its performance for half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Argo Global Listed Infrastructure Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

Level 11, 70 Franklin St, ADELAIDE SA 5000, GPO BOX 418, ADELAIDE SA 5001  
T: +61 8 8218 7000, F: +61 8 8218 7999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation



**Independent auditor's review report to the members of Argo Global Listed Infrastructure Limited  
(continued)**

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Argo Global Listed Infrastructure Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'A.G. Forman'.

A.G. Forman  
Partner

Adelaide  
21 February 2017

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

Level 11, 70 Franklin St, ADELAIDE SA 5000, GPO BOX 418, ADELAIDE SA 5001  
T: +61 8 8218 7000, F: +61 8 8218 7999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation