ARGO GLOBAL LISTED INFRASTRUCTURE LIMITED
ABN 23 604 986 914

2016 Annual General Meeting
CHAIRMAN'S ADDRESS

Delivered by Mr. Ian Martin AM at the 1st Annual General Meeting of Argo Global Listed Infrastructure Limited (AGLI or Company) held at the Adelaide Oval on Wednesday 26 October 2016 at 12.30pm.

On behalf of the Board, I am very pleased to welcome you to the inaugural Annual General Meeting of Argo Global Listed Infrastructure Limited.

Those of you that have been investors since the initial public offering last year will know that AGLI's short life so far has coincided with volatile conditions for equity markets globally. Global economic growth continues to be lacklustre, despite the unprecedented low interest rate environment. In addition political uncertainty, something that is particularly relevant to the infrastructure sector, is widespread.

Summary of financial results

However, against that backdrop, and considering the year was book-ended by the Greek debt crisis and the surprise Brexit vote in the UK, we were pleased to be able to pay dividends totalling 3.0 cents per share in our first year. There are no franking credits to pass on at this early stage, but we are hopeful that these will start to build up as we pay tax in Australia.

As we noted at the time of the result, AGLI's headline profit will be a relatively volatile number, as it includes the net gain/loss on the revaluation of the whole portfolio to market prices on balance date. Highlighting this, AGLI recorded an accounting loss for the half-year to 31 December of $9.7 million due to weak equity markets in that period. However, a recovery in markets in the second half of the financial year saw this figure move to a profit of $9.6 million for the full year.

The Directors consider it important to aim to provide a relatively consistent dividend stream to shareholders. As a general guide therefore, we have decided that when determining our dividends, we will reference the operating income of the Company, which is essentially the dividend revenue received from the investments in the portfolio less the expenses incurred by the Company, rather than the more volatile headline profit number.

Investment Performance

Although it is very early days for AGLI, I would like to briefly comment on the short-term investment performance, although the Managing Director will further analyse this later in the meeting.

So far, we have underperformed AGLI's benchmark, which is comprised of 90% of the FTSE Global Core Infrastructure 50/50 Index and 10% of the BofA Merrill Lynch Fixed Rate Preferred Securities Index, in Australian dollars. However, we have outperformed world equity markets in general, as measured by the MSCI World Index in Australian dollars, with the infrastructure sector holding up well amidst the volatility and exhibiting its defensive qualities in times of market weakness. In other words, despite being hampered by expectations that interest rates will rise, particularly in the US, the asset class is behaving as expected.

While we are disappointed that the shares are currently trading at a discount to NTA backing, resulting in share price performance figures which are lower than NTA performance, this is not unusual for the more recently listed investment companies on the ASX.

Obviously, we would have preferred a better start for AGLI, but it is really too soon to judge performance against our long-term investment objectives.

Infrastructure as an asset class

As I mentioned, AGLI started operations at a difficult time and has endured a volatile first 15 months since becoming fully invested on 31 July 2015. You will hear from the Company's Portfolio Manager, Cohen & Steers, later in the meeting about the specifics of the sector and its performance, but before that I would like to briefly revisit some of the broad fundamentals of the sector and remind you of the reasons that we were attracted to global listed infrastructure as an asset class in the first place.

Firstly, what exactly is infrastructure and how does the global infrastructure sector differ from the listed infrastructure companies that we are familiar with in Australia?

We define infrastructure assets as the physical framework that a society requires to function on a daily basis. The companies we invest in need to derive at least 70% of their revenue from, or commit at least 70% of their assets to, either:

- Construction, development or financing of infrastructure assets; and/or
- Management, ownership or operation of infrastructure assets

In Australia, our listed infrastructure sector is more narrowly based than the global universe. In addition to electricity and gas utilities, toll roads, pipelines and airports, AGLI also has international exposure to mobile phone towers, satellites, marine ports, renewable energy and water companies.

Secondly, when Argo decided to launch an externally managed listed investment company, why did we choose global listed infrastructure as the mandate?

The shareholder benefits of listed investment companies in general are well known, including being simple administratively, easily traded and transparent with regularly published NTA backing valuations. However in this case, we also wanted to use the LIC structure to provide straightforward access to a complex, global sector which would also provide important diversification benefits for Australian investors who are predominantly exposed to the local equity market. Infrastructure suited us well, as it is a relatively conservative sector with strong outlook for long-term growth. Developed and emerging economies will require ongoing infrastructure spending as they grow and expected standards of living rise. Governments will continue to privatise infrastructure assets as they cannot fund this growth alone.

However, it is all very well to have an appealing investment theme, but you still need a diversified portfolio to manage risk and a specialist portfolio manager with a strong track record and disciplined approach to make the right investment decisions. Cohen & Steers is one of the most highly respected and largest investors in listed infrastructure in the world, and they actively manage AGLI's portfolio positions as share prices, economic conditions, currencies, regulation and other factors change internationally.

Conclusion

AGLI has a long-term investment objective and we remain confident that global listed infrastructure has excellent prospects as an asset class and offers important diversification benefits to Australian investors.

In time, AGLI will establish a dividend payment history, a longer-term performance track record and will be able to consider capital management alternatives including buy-backs and share purchase plans, in addition to the existing dividend reinvestment plan.

In the shorter term, AGLI's next financial results, for the half-year ending 31 December 2016, will be released in mid-February 2017.

Following this, the options which were issued to shareholders at the time of the IPO will expire on 31 March 2017. In late February, all option holders will receive a notice of expiry from the share registry, together with an exercise form which can be returned to the registry with appropriate payment if you wish to convert your options into fully paid shares.

Finally, I would like to conclude by thanking the Argo team and Cohen & Steers for their efforts in achieving the successful IPO last year and also in managing the Company so far. I would also like to thank my fellow Board members.