ARGO GLOBAL LISTED INFRASTRUCTURE LIMITED

ABN 23 604 986 914

2017 Annual General Meeting
CHAIRMAN'S ADDRESS

Delivered by Mr. Ian Martin AM at the 2nd Annual General Meeting of Argo Global Listed Infrastructure Limited (AGLI or Company) held at the Adelaide Oval on Monday 23 October 2017 at 1.00pm.

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

Shortly after last year's AGM, Donald Trump was elected as President of the United States and whilst in the end that outcome itself was not a huge shock, the extent of the positive reaction of equity markets to the news did take many people by surprise. At the time, this investor optimism hindered the global listed infrastructure sector in a relative sense, due to its mostly defensive nature.

I would like to emphasise this characteristic of your investment in AGLI. A key reason for establishing AGLI was to provide Australian investors, who typically have most of their eggs in the Australian equity market basket, with an easy and low risk way of diversifying their investments by adding a reasonably conservative exposure to infrastructure globally, via an ASX-listed stock which filters out the administrative complexity of investing overseas.

As we noted at the time, we were conscious of the fact that the Australian share market tends to be concentrated around a narrow range of domestic industries, dominated by banking and resources. Although AGLI is an international exposure, the infrastructure sector is typically more defensive and less volatile than equities in general. However there will understandably be times when infrastructure underperforms broader equity markets, such as immediately after Donald Trump's election victory, but on the other hand we expect that it will be relatively resilient should the Australian market, and/or the A$, take a tumble.

In investment parlance, AGLI shares are expected to have a "low correlation" with Australian shares, and this has proved to be the case so far, in just over two years of operations.

Financial results and dividends

As I mentioned last year, AGLI's headline profit can 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 2016 of $4.2 million but a full year profit of $7.8 million. The full year profit is lower than last year's $9.6 million, but we have been able to modestly increase annual dividends from 3.0 cents per share to 3.5 cents. There are no franking credits to pass on at this stage, but we are hopeful that these will start to build up as we pay tax in Australia.

The Directors consider it important to provide a relatively consistent dividend stream to shareholders. For the time being, 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.

Performance

AGLI's Managing Director, Jason Beddow, will comment further on performance in a moment, but as an overview I will say that although we have slightly underperformed AGLI's benchmark since its July 2015 inception date, the 2017 calendar year so far has seen outperformance from our New York based portfolio manager, Cohen & Steers.

What has been disappointing for us is that AGLI shares continue to trade at a discount to NTA backing, resulting in share price performance figures which are lower than NTA performance. Although this is not unusual among the more recently listed investment companies on the ASX, particularly those investing internationally, the Board is extremely focused on developing measures to reduce the discount. The Managing Director will elaborate on this in his Address.

I won't go into detail about the outlook for the global listed infrastructure sector, as we have one of Cohen & Steers' portfolio managers, Bob Becker, here to speak to you directly, however I would like to briefly reiterate some of the reasons we were attracted to the sector in the first place.

Infrastructure companies own long-life assets that provide essential services and facilitate economic progress vital to everyday life. They tend to have more predictable income streams than global equities, which are often linked to inflation.

Australia was one of the early adopters of listed infrastructure allocations, as we were among the first to privatise transportation infrastructure assets, giving local investors greater familiarity with infrastructure owned by listed entities. A number of these entities have been very successful over a long period of time, growing into some of Australia's largest listed companies. We believe that the expansion of the listed infrastructure market is only beginning in other regions of the world and these are the opportunities to which AGLI can provide exposure.

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.

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.

Finally, I would like to conclude by thanking our management team for their efforts this year. I would also like to thank my fellow Board members.