



ARGO GLOBAL LISTED INFRASTRUCTURE LIMITED

ABN 23 604 986 914

2017 Annual General Meeting MANAGING DIRECTOR'S ADDRESS

Delivered by Mr. Jason Beddow 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.

You will soon hear from the Senior Vice President and Portfolio Manager from Cohen and Steers, Bob Becker, about what is happening in infrastructure markets globally and in AGLI's portfolio.

However before that I would like to briefly comment on AGLI's improved investment performance and our focus on closing the share price discount to the underlying NTA value per share.

Portfolio Performance

We report performance numbers for AGLI based on the NTA performance of the company as a whole, that is after deducting all costs, fees and taxes incurred by the company. We think this a fair measure to assess AGLI by, as this represents the returns that shareholders in the company receive and is based on the funds initially invested.

However, as we have spoken about in different forums, comparing these returns to performance numbers from competitors or other LICs is not as simple, with many different measures being used to highlight performance. Some managers prefer to only quote the portfolio performance of the LIC, which is before any costs or taxes, others use a post-cost but pre-tax calculation, while others only measure performance from when the portfolio became fully invested in the strategy. So while we believe our conservative messaging and use of NTA performance figures is fair, we are perhaps understating to some extent the improvement in returns from the portfolio and AGLI in recent times.

The performance chart shows AGLI's returns for a range of more recent periods. We have also included the portfolio performance for comparison, which is the performance of the portfolio as managed by Cohen & Steers, before the costs to run AGLI and any taxes are deducted. What is welcome about these numbers is the improvement in the performance of the portfolio manager relative to the benchmark over the past 12 months and particularly this calendar year, following an initial period of underperformance which was due largely to a couple of big picture calls, one of which was the direction of the energy markets, but I will let Bob speak more about this in his presentation.

If we analyse performance since 31 July 2015, being the date the portfolio became fully invested in the infrastructure strategy, it also shows an improved relative performance versus the benchmark, as the IPO proceeds were invested in what was a strongly performing month.

Global listed infrastructure in general has produced favourable returns for a long period of time, performing in line or better than broader global equity markets. We feel this is very encouraging considering the volatility in global equity markets and we remain confident in the long-term prospects for the asset class.

AGLI is intended to be a long-term investment. We would not normally expect to fairly assess the performance of the portfolio manager after only two years, but we provide this analysis as we only have short-term performance data available so far.

Premium / Discount to NTA

As the Chairman mentioned earlier, the Board and management are totally focused on reducing the share price discount to NTA, which will improve the share price performance of AGLI. This is important for the longer term growth and success of the company.

There are a lot of factors which influence the share price of a listed company, some of which are out of our control due to the nature of a share market, but there are measures which we intend to implement to help the share price better reflect the underlying value of AGLI.

I would like to put the current share price discount of around 13% into context with the overall LIC industry, which now comprises over 100 stocks. LICs with a global strategy often trade at large discounts to NTA, due to a lack of yield support, and they tend to have more of a correlation to shareholder interest in the underlying strategy, in this case infrastructure, than with NTA performance.

We acknowledge the challenge that this presents and the efforts that will be required. We are likely to add some resources to increase our activities in the following areas to help reduce the discount to NTA.

Measures to reduce the share price discount to NTA

Marketing

We are continuing our efforts to increase awareness and understanding of the AGLI story, including educating potential investors about the benefits of diversification and about global listed infrastructure and AGLI specifically. I regularly present to retail brokers and financial planning groups. Due to the dispersion of retail investors and the financial planning industry in particular, we have also started sponsoring and presenting at conferences, including the Association of Independently Owned Financial Planners (AIOFP), the Australian Shareholders' Association and ExchangeSA.

In terms of research coverage, we willingly and regularly engage with brokers and ratings agencies to ensure that independent research on AGLI is widely available to potential investors. Bell Potter Securities and Independent Investment Research include AGLI in their LIC industry publications and AGLI is now officially rated by one of the major investment rating agencies, Lonsec Research. Our feedback from the retail broker networks and planning groups is that it is important for AGLI to have a rating from at least one of the major rating agencies.

Another aspect of improving the visibility and appeal of AGLI to potential new investors is our intention to simplify the performance benchmark (subject to shareholder approval today) by removing the 10%

allocation to fixed-interest securities from the mandate, so that AGLI is purely an equity exposure and the benchmark is simply the FTSE Global Core Infrastructure 50/50 Index (net return AUD).

Capital Management

We have approved the buying on-market of the shares required for allocation to Dividend Reinvestment Plan participants, if the share price is trading below NTA, to avoid excessive dilution and support the share price. This practice was first used with the September dividend.

We have also set up an on-market buy-back, which was announced with our full year result, and allows the Company to buy back AGLI shares and cancel them if they are trading at excessive discounts to NTA.

Shareholder communication

One of the benefits of listed investment companies is transparency. We encourage you to visit the website and register your email address to receive Company information including the monthly NTA and quarterly investment reports, white papers on the infrastructure sector from Cohen & Steers, research, ratings and any other relevant information. We currently service over 4,000 shareholders and potential investors in this way, who are receiving this information on the same day it is released to the ASX. It is also a very efficient and cost effective method of distribution compared to posting hard copy information.

Conclusion

We believe that the infrastructure sector is well positioned for steady long-term growth, with investors likely to continue to be drawn to the sector for its predictable cash flows and diversification benefits. We also believe that interest in infrastructure assets from institutional, sovereign and retail investors, particularly in markets where listed infrastructure is still a relatively new asset class, will continue to increase.

While it is true that listed infrastructure stocks will most likely trade like equities on the market over short time horizons, say less than one year, largely due to general equity investor sentiment and day to day movements in markets, over the longer term these stocks will reflect their more stable underlying asset and cash flow characteristics.

As such, infrastructure is an asset class that should be evaluated over the long-term, and it is only over longer time periods that the strong investment characteristics of the assets, as well as the skill of the manager, will become apparent. Cohen and Steers is one of the leading managers globally in the listed infrastructure sector and is receiving continued interest globally from new and existing investors. To support this they have continued to grow and strengthen their investment team.

I would also like to make a closing comment to acknowledge the efforts of our team at Argo, who are managing AGLI, and the contribution from the Non-executive Directors, who continue to advise and support us.