

Argo Global Listed Infrastructure Limited (AGLI) is a listed investment company which was established in 2015 to provide investors with exposure to a diversified portfolio of securities in the global listed infrastructure sector, contained within the simple and easily tradeable structure of an ASX-listed investment company. The investment objective is to provide a total return for long-term investors, consisting of capital growth and dividend income, and to provide important diversification benefits for Australian investors.



2018 AGM/roadshow wrap up

Last week we completed a series of investor presentations that began with the Annual General Meeting in Adelaide, followed by information meetings in Melbourne, Sydney, Brisbane and Canberra. We will also visit Perth next week. For more details, [click here](#).

Together with Bob Becker from Cohen & Steers – AGLI's New York-based specialist global infrastructure manager – we discussed a range of topics about AGLI and global listed infrastructure.

Key points discussed included:

- **Investment outperformance** For the six months to 30 September 2018, AGLI's portfolio returned +11.1%, comfortably outperforming the index return of +9.4%
- **Momentum growing** Now in its fourth year, AGLI's performance over the last 12-18 months in particular has been very pleasing. The per share NTA has increased and dividends have grown, with the most recent dividend fully franked
- **Reducing the share price discount to NTA** We continue to implement various initiatives aimed at reducing the share price discount to NTA including:
 - On-market buy-back through which AGLI has bought and cancelled over 1.7 million shares at a 15% discount to NTA, which improves the NTA value and earnings per share of the remaining shares
 - Buying the shares required for Dividend Reinvestment Plan (DRP) participants on-market, rather than issuing new shares at a discount to NTA
 - Increasing marketing and communication to improve awareness and understanding of AGLI, including recently appointing a Communications Manager

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- **Shareholder survey** A survey of our shareholders at last year's AGM, subsequent shareholder meetings and online, revealed the most important reason for investing in AGLI was for international equity exposure ie diversification away from Australian shares. Pleasingly, 92% of shareholders are long-term and intend to hold their shares for five or more years
- **Positive outlook** With a strong balance sheet and no debt, AGLI is well-positioned to benefit from the expanding global listed infrastructure sector

View the AGM recording and slides

If you weren't able to join us at the AGM or one of our shareholder meetings, you can watch the full AGM [here](#) and view the slides [here](#).

Overview

Global listed infrastructure continued to perform positively during the September quarter (up 2.6%) although it underperformed broader equity markets as investors maintained their appetite for riskier asset classes. The US economy remained particularly robust, supported by tax cuts and regulatory reforms. Across most economies growth remained strong, however momentum in the majority of regions slowed amid growing concerns about escalating US/China trade tensions, rising interest rates and stalled Brexit negotiations.

Despite ongoing low inflation, there were signs that inflationary pressures are building, with recent price data generally exceeding expectations globally. Continuing the normalisation of interest rates, the US Federal Reserve raised its short-term benchmark by 0.25%, as anticipated, and indicated it will continue to raise rates into calendar year 2019.

While listed infrastructure is a popular and well-understood investment in Australia, overseas investors are less familiar with the benefits of the asset class. However, this is changing rapidly as a growing number of institutional investors, including sovereign wealth funds, increase portfolio allocations to this asset class. According to the Global Listed Infrastructure Organisation, there are now over US\$85 billion of assets under management by specialist global listed infrastructure managers.

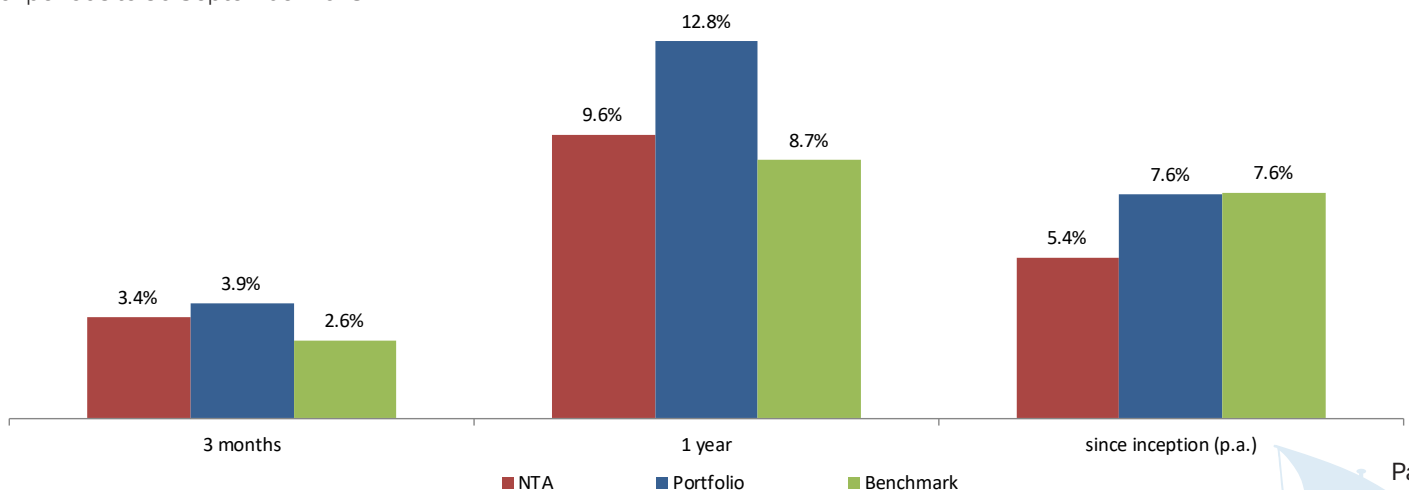
Performance

The AGLI portfolio recorded strong performance over the September quarter, up 3.9% to outperform the benchmark index return of +2.6%. The share price returned +8.3% for the quarter and +16.1% over six months. This has resulted from excellent portfolio management by Cohen & Steers, assisted by a lower Australian dollar.

The chart below shows that the last 12 months have also seen substantial outperformance by the portfolio manager.

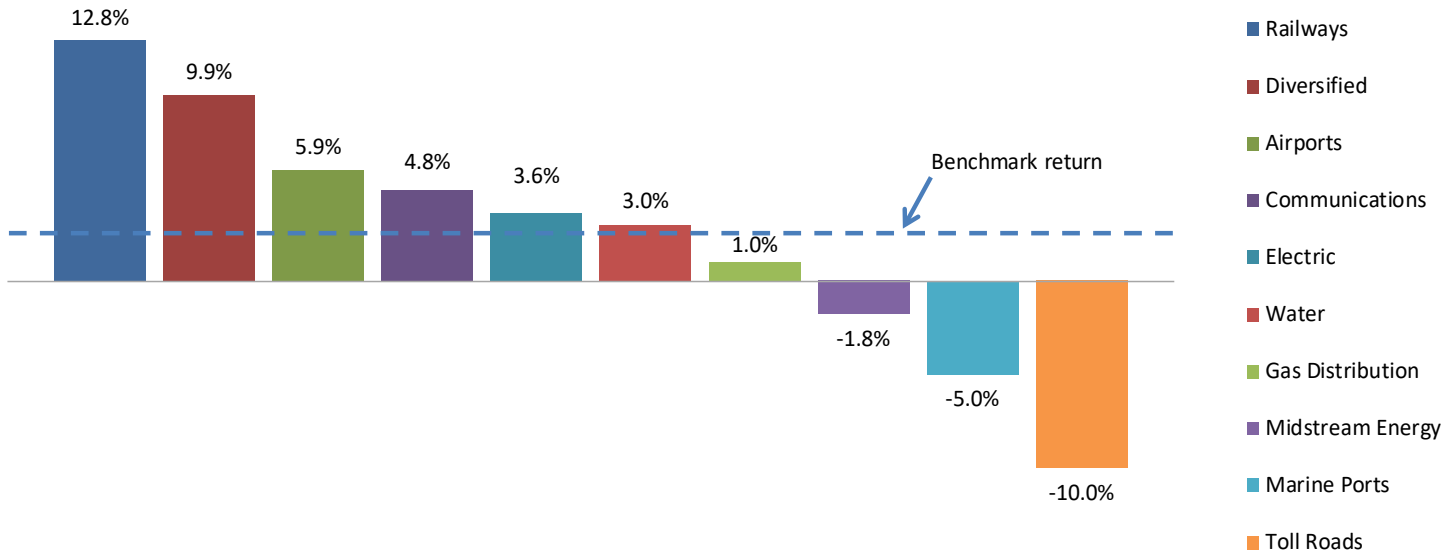
Total Returns

for periods to 30 September 2018



Index performance by subsector (A\$)

for the quarter ended 30 September 2018



AGLI Benchmark - FTSE Global Core Infrastructure 50/50 Index (net total return in A\$)

Top 10 portfolio holdings

as at 30 September 2018

Security Name	Country of listing	Subsector	Portfolio %	Index %
NextEra Energy	US	Integrated Electric	5.6	3.9
American Tower	US	Communication Towers	4.2	3.1
Enbridge	CAN	Midstream Energy	3.7	2.7
Crown Castle International	US	Communication Towers	3.2	2.2
Union Pacific	US	Freight Rails	3.0	2.1
Norfolk Southern	US	Freight Rails	2.9	0.9
Kinder Morgan	US	Midstream Energy	2.6	1.6
Firstenergy	US	Integrated Electric	2.5	0.9
Atmos Energy	US	Gas Distribution	2.5	0.5
American Water Works Company	US	Water	2.5	0.8
			32.7	18.7

Communications - tower companies

Two of AGLI's top five holdings are communications tower companies, being Crown Castle International and American Tower. They are both exposed to the exciting thematic of ever-expanding wireless data usage, as their networks of towers hold the infrastructure equipment through which wireless signals are transmitted. They earn their revenue by leasing space on the towers to the telecommunications companies and this revenue is growing dramatically as data usage continues to surge globally, driven by various factors including the increasing penetration of mobile devices and growing popularity of high definition video streaming. In addition, as the world transitions to 5G technology, this will require billions of dollars to be spent on wireless tower infrastructure. These businesses can be characterised by their high barriers to entry and long-term contracts with wireless technology providers, ensuring reliable cash flows.

Crown Castle has the biggest network of communication towers in the US, and American Tower has a more global reach. They are both very large companies with strong positioning as the incumbent in their markets. A stock snapshot for American Tower follows below:

Stock snapshot



American Tower Corporation (NYSE: AMT)

- Established in Boston in 1995 as a subsidiary of American Radio, and became separately listed when American Radio was taken over by CBS/Viacom
- 170,000 wireless and broadcast tower sites globally, predominantly in the US but also in Central and South America, Africa and India
- Listed on the New York Stock Exchange with a market capitalisation of approx. US\$70 billion
- Core business is leasing space on its wireless and other broadcast towers primarily to wireless carriers, government agencies and broadband data providers
- Benefitting from huge investment in wireless technology and other broadcast network equipment around the world
- AGLI's second largest holding, accounting for 4.2% of the portfolio
- www.americantower.com



Get in touch

We welcome all feedback. If you have any suggestions, including on how we can improve our communication and shareholder engagement, please get in touch with our staff on (08) 8210 9555 or by email to invest@argoinfrastructure.com.au.