



26 October 2020

The Manager  
Company Announcements  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

## **Annual General Meeting Chairman's Address**

Please find attached the Chairman's Address given by Mr. Russell Higgins AO at today's Annual General Meeting of Argo Global Listed Infrastructure Limited.

Yours faithfully,

T.C.A. Binks  
Company Secretary

## 2020 Annual General Meeting

### CHAIRMAN'S ADDRESS

*Delivered by Mr Russell Higgins AO at the 5th Annual General Meeting of Argo Global Listed Infrastructure Limited (Argo Infrastructure or Company) held online on Monday 26 October 2020 at 12.30pm Adelaide time.*

### INTRODUCTION

The period since our last Annual General Meeting (AGM) can only be described as extraordinary. A new coronavirus, with no known vaccine, has caused a once in 100-year worldwide pandemic. The crisis has been met with a range of government policy measures unparalleled in modern times. In addition to the health and economic impacts, the COVID crisis led to one of the steepest falls on record for global equities.

Despite the generally defensive nature of the asset class, global listed infrastructure was not impervious to the extreme market volatility, with some subsectors impacted significantly more than others by lockdowns and physical distancing measures. On the other hand, other infrastructure subsectors have in fact benefited in the current climate as we will discuss further today.

Amidst the considerable uncertainty and market volatility, Argo Infrastructure's investment approach and business model remained unchanged. Importantly, our people and operations were able to quickly transition to operating under COVID-19 safe conditions.

### FINANCIAL RESULTS

For financial year 2020, Argo Infrastructure reported a full year accounting loss of \$9.3 million. This was due to the downward revaluation of the investment portfolio to market value in the second half. It is important to understand that the Company's reported profit can be volatile as accounting standards require that investment income includes unrealised changes in the portfolio's value from one period to the next. Despite this accounting loss, Argo Infrastructure remains in a strong financial position with net assets of \$320 million at 30 June and no debt.

### RECORD FULLY FRANKED DIVIDEND

The Company was again able to raise dividends this year, increasing by +15.4% to 7.5 cents per share, fully franked, another record high payment to our shareholders. This is particularly pleasing in the current investment environment.

Argo Infrastructure has established a track record of generating sustainable total returns to shareholders with dividends to shareholders since inception totalling 24.25 cents per share. Furthermore, the FY2020 final dividend, marked the fifth consecutive *fully franked* dividend. This underscores a key benefit of investing in international assets through our Australian listed investment company (LIC) structure. Namely, the ability to generate franking credits from the company tax we pay in Australia.

Argo Infrastructure's dividends are derived from both realised gains on sales from the portfolio and from dividends received from companies in our investment portfolio. Dividends are not paid from unrealised gains. This helps safeguard the sustainability of future dividends as well as the capital position of the Company.

## **INVESTMENT PERFORMANCE**

Pleasingly, at the height of the market volatility, Argo Infrastructure's portfolio displayed its resilience in a crisis. Over the March quarter, when Australian shares plunged -23.1%, our portfolio of global infrastructure stocks fell just -6.5%, reflecting the outperformance achieved by our Portfolio Manager, Cohen & Steers and assisted by the sharp drop in the value of the Australian dollar, given the portfolio is unhedged.

Although the weaker Australian dollar served as a buffer when global markets reached their lows in March, the strong rebound in our currency weighed on the performance of Argo Infrastructure's asset backing in the final quarter of the year.

With confidence bolstered by the rapid and aggressive monetary and fiscal policy measures, broader global equity markets have staged a remarkable recovery since March. In the generally 'risk on' environment, investments offering more defensive attributes have been relatively out of favour with investors. This sentiment has led to the underperformance of global infrastructure stocks relative to broader equities. Unsurprisingly, when volatility re-emerged last month, this trend was reversed, and global infrastructure stocks outperformed broader equities by +2.4% in September.

## **EQUITY RAISINGS**

With a view to growing the size of the company, earlier this year we had launched a 1 for 6 share entitlement offer to shareholders, which was proceeding well until the COVID-19 crisis hit the world in mid-March. We withdrew the offer amid the extreme market volatility at the time.

More recently we completed the Company's first Share Purchase Plan (SPP). The SPP was well supported with 2,133 shareholders participating to raise \$23.2 million. These funds were invested almost immediately given the large and liquid nature of global listed infrastructure.

## **OUTLOOK**

July 3rd this year marked five years since Argo Infrastructure's initial public offering in 2015. Over this time, the portfolio has demonstrated its defensive nature in varying market conditions. As the Company has matured, we have built the dividend to a level that offers shareholders an attractive fully franked yield.

In addition to our fully franked dividend, a recent survey of new shareholders highlighted that investors are also attracted by Argo Infrastructure's international exposure, the infrastructure investment opportunities and access to our Portfolio Manager, Cohen & Steers.

Looking ahead, the outlook for global listed infrastructure is positive, supported by long-term, structural drivers including compelling demographic trends and historical underinvestment. In the more immediate-term, specific subsectors are expected to experience strong growth. Surging data usage supports continued demand for communications towers, and global decarbonisation trends will spur further investment in renewable energy infrastructure. Argo Infrastructure's highly diversified portfolio provides exposure to these opportunities across different markets through a simple, accessible and liquid investment structure.

With more than \$300 million of assets, a strong balance sheet and no debt, the Company has a positive outlook. The Board is committed to delivering sustainable dividends with minimal volatility. Argo Infrastructure is well-placed to provide a reliable and stable income stream to shareholders because our listed investment company structure allows us to effectively smooth dividends over time.

## **THANK YOU**

In conclusion, I would like to thank Jason Beddow and his team for their ongoing efforts. I also thank our Portfolio Manager, Cohen & Steers and the firm's team of investment professionals based in offices around the world.

I would like to thank my fellow Board members for their valuable contributions to the Company through what has been a challenging year.

Most importantly, I sincerely thank our loyal shareholders and to our new shareholders, welcome to Argo Infrastructure.