



ARGO GLOBAL LISTED INFRASTRUCTURE LIMITED

ABN 23 604 986 914

2018 Annual General Meeting MANAGING DIRECTOR'S ADDRESS

Delivered by Mr. Jason Beddow at the 3rd Annual General Meeting of Argo Global Listed Infrastructure Limited (AGLI or Company) held at the Adelaide Oval on Monday 22 October 2018 at 1.00pm.

We remain very confident in the long-term outlook for global listed infrastructure. For Australian investors heavily exposed to the Australian share market, global listed infrastructure provides a valuable diversification opportunity and exposure to a long-term, defensive asset class with growth potential and dividends. We are confident in AGLI's ability to deliver these benefits to shareholders in time.

Listed Infrastructure

After numerous government privatisations in Australia over many years, infrastructure assets owned by listed companies are well understood and very familiar to Australian investors. A few of these have grown to be extremely large, successful Australian companies, including APA Group, Sydney Airport and Transurban Group. However, the domestic market has only 13 infrastructure stocks listed on the ASX, predominantly focused on toll roads, utilities and airports. In addition, the three largest stocks make up over 60% of the total \$94 billion of the domestic listed infrastructure universe available to investors. This concentration has led Australian listed infrastructure stocks to trade at a premium and be more expensive than their international peers.

Considerably more opportunities exist beyond our shores.

In contrast to Australia, the global listed infrastructure universe consists of 350 companies, across 16 countries, with an investable market capitalisation of approximately \$2.4 trillion. This is roughly twice the size of the entire Australian equity market. Investors also gain exposure to both developed and emerging markets.

Whereas Australian infrastructure investment opportunities are limited, all categories of infrastructure are available globally and Bob Becker of Cohen & Steers will speak to some of these in more detail shortly. With a wide variety of geographies and sectors, growth opportunities are considerable and growth rates are often higher outside of Australia. The trade-off is that global listed infrastructure companies generally have a lower yield than their Australian counterparts.

Global listed infrastructure offers all the characteristics of infrastructure with the added benefits of being exchange-listed stocks, which include:

→ Liquidity; which offers active investors considerable flexibility

- Transparency; as they are listed on exchanges and subject to various disclosure requirements
- Daily pricing; unlike long-term, private infrastructure investments
- Low volatility; relative to broader equity markets
- Low correlation to general equities; which provides a defensive layer to an investor's portfolio
- Diversification; by allocating funds across a number of stocks

Cohen & Steers

AGLI gives shareholders access to a specialist global fund manager in Cohen & Steers that is not otherwise directly available to Australian retail investors. The firm has greatly expanded its resources in the infrastructure investment team since AGLI began, offering a truly global reach and an experienced team that is 'on the ground'.

The performance of the manager over the past 12-18 months has been particularly good and is reflected in the strong appreciation of the net tangible assets (NTA) and the profitability of AGLI over the past 12 months. We are very pleased with this performance.

Shareholder Communication

The website and electronic communication of company information is an effective way to communicate with shareholders and we continue to encourage shareholders and potential investors to register their email address on the AGLI website. We currently service over 4,500 shareholders in this way and they receive company information on the same day it is released to the ASX.

The Chairman has spoken about the share price discount to NTA and some of the measures we are taking to reduce this. In recent months, we have also been very active in promoting awareness and understanding of AGLI in many forums to engage existing shareholders and encourage potential shareholders to understand the strategy of the company and its benefits. For example, in the last two weeks AGLI has participated in the well-attended Australian Shareholders' Association Listed Investment Company Showcase in three capital cities.

In addition, we have added to our internal resources by hiring Meredith Hemsley to lead our communications efforts. She spent many years working at Wilson Asset Management and brings some great ideas and enthusiasm to our efforts.

These things take time and we recognise the increased efforts still required, but we are confident that the progress we are making towards this objective is gaining momentum. In the six months to 30 September, the NTA rose 9.6% and the share price has increased 12.0%.

As I stated earlier, we believe the infrastructure sector is well-positioned for steady growth, with investors likely to continue to be drawn to the sector for its predictable cash flows and diversification benefits.

Before I hand over to Cohen & Steers, I would also like to make a closing comment to acknowledge the efforts of our small team at Argo who are managing AGLI, and the contribution from the Non-executive Directors.

I would also like to congratulate Russell Higgins on his new role as Chairman of AGLI and I look forward to working with him, as we work for you, the shareholders.

Lastly, I would like to congratulate Ian Martin for his meaningful contribution to the formation of AGLI and his experienced guidance as Chairman in the early stages of AGLI's life. I thoroughly enjoyed working with you Ian, both at Argo and in AGLI, and I wish you the best for any future endeavours.