



**Global Listed  
Infrastructure**

**COHEN & STEERS**

Quarterly Investment Report / 31 March 2017

*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 shareholders with a mix of long-term capital growth and dividend income.*



## Overview

Equity markets around the world continue to march upwards. The global listed infrastructure sector is also making good gains. AGLI's portfolio returned 3.0% in the quarter ended 31 March 2017, ahead of its benchmark and the broader MSCI World Index. Infrastructure stocks were strongest in Europe and Asia.

Pleasingly, AGLI's NTA (net tangible asset backing per share) has also moved up and is now above the \$2.00 IPO price. AGLI releases weekly estimates of its NTA to the ASX, to help investors track the underlying value of AGLI shares. Although the share price is still trading below NTA, we expect this gap to narrow as AGLI's track record extends. The options which were issued to IPO participants have now expired.

In the US, where over half of AGLI's portfolio is located, expectations of expansionist, pro-business policy making under President Trump continues to drive positive investor sentiment. However, the momentum of the US market slowed somewhat when the Republican-dominated Congress recently failed to abolish the Obamacare health legislation, which raised doubts about the future of other reforms proposed by Trump, including his often-quoted promise to spend over US\$1 trillion on infrastructure.

The infrastructure sector initially lagged the sharp spike in equity markets that occurred in the weeks following Trump's election victory in November last year, but has since outperformed broader equity markets around the world. Investor expectations of changes in interest rates often affect infrastructure stocks, and concern about the pace of interest rate rises in the US has eased off slightly, which has benefited the sector.

Within the infrastructure sector, transport-related stocks led the way this quarter, including marine ports, toll roads and airports, all of which are responding to improving prospects for economic growth and trade.

It is interesting and pleasing to see that much of the improvement in transport infrastructure stocks came from European companies. It seems that after many years in the economic doldrums, investors in Europe are becoming more optimistic of improving conditions, including in labour markets. However, there are a number of major elections looming in European countries this year, including France, Germany and the UK, which may test investor sentiment.

### Argo Global Listed Infrastructure Limited

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## Outlook comments

In terms of geographic and infrastructure subsector positioning, we remain overweight in the US, based mostly on a positive view for the US freight railway, midstream energy and communications tower subsectors. We see freight railways improving their volumes and operating efficiencies, midstream energy (pipeline) companies should benefit from OPEC's production cuts putting a floor under the oil price, and communications tower owners are well positioned to benefit from strong and growing demand for wireless data services. However, we maintain a more cautious approach to utilities in the US, given their vulnerability to rising interest rates.

We have increased our weighting in Japan's passenger railways as we expect long-term weakness in the yen, which should lead to higher passenger volumes from overseas visitors.

On balance, we are slightly underweight in continental Europe due to relatively high political, social and economic risks, although we are looking for opportunities to add more European stocks to the portfolio when we believe that valuations fully reflect those risks.

## Stock snapshot



- OHL Mexico manages seven toll roads and one airport in and around Mexico City, one of the largest cities in the world, with a growing population of over 21 million people
- The Mexican stock market and currency fell sharply when Trump was elected in the US, but many investors saw this fall as a buying opportunity
- The stock has bounced back after a disappointing 2016 when fraud allegations (which were subsequently dismissed) appeared in the media and its results were impacted by traffic restrictions imposed in Mexico City due to high pollution levels
- OHL Mexico was one of AGLI's best performing stocks in the March quarter, largely on speculation that a significant investor may look to take a stake in the company
- [www.ohlmexico.com.mx/en](http://www.ohlmexico.com.mx/en)

## Investment objective

AGLI's investment strategy seeks to benefit from growing demand for infrastructure investment, historical underinvestment in infrastructure, and the continued privatisation of traditionally government-owned assets and services. In particular, the strategy seeks to maximise total return and provide stable dividend yields and low long-term correlation to other asset classes such as Australian equities.

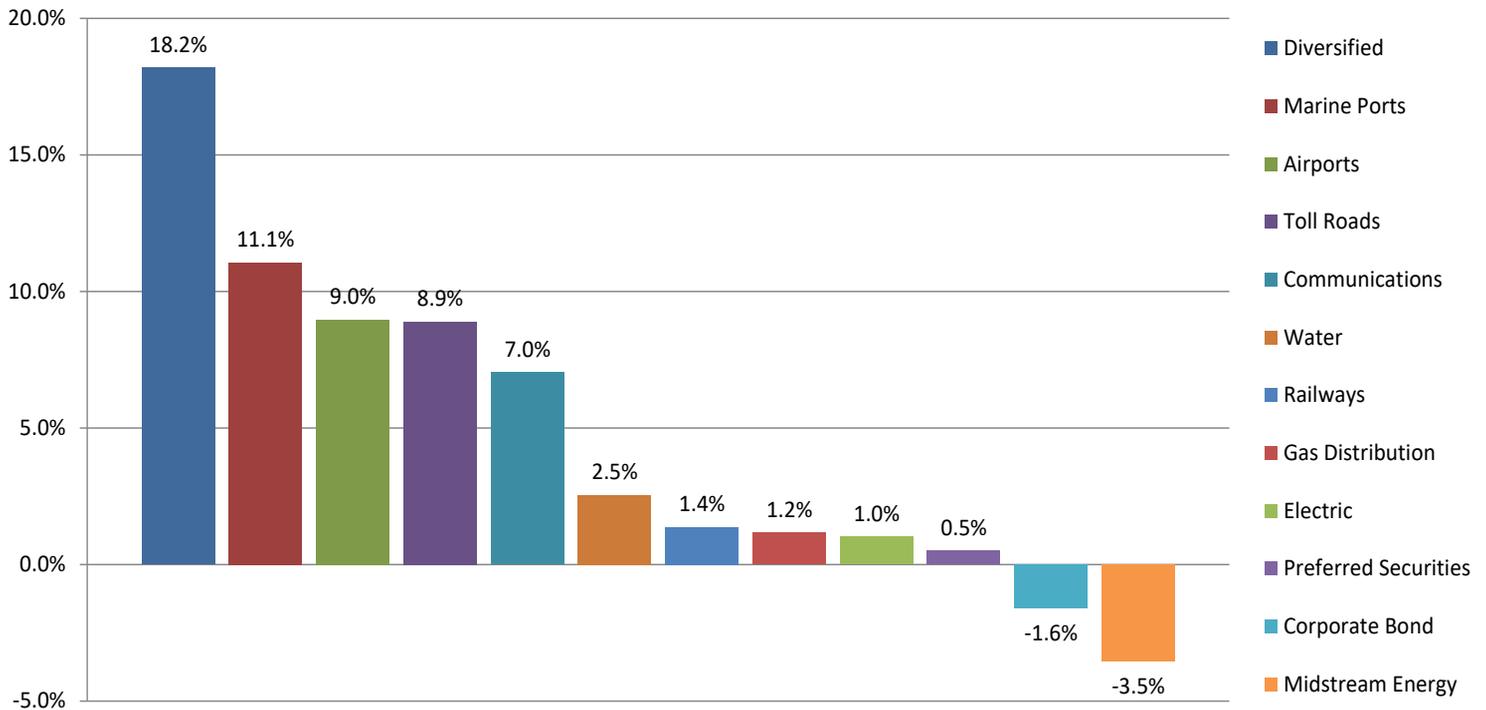
AGLI invests in infrastructure companies that not only enjoy the typical sector characteristics of direct infrastructure investment, but also have the additional benefits of being publicly listed, including liquidity, transparency, diversification and daily market pricing.

The global listed infrastructure universe allows exposure to a much broader range of industries than is available from Australian infrastructure stocks. AGLI invests in communications towers, pipelines, airports, marine ports, toll roads, railways, water, renewable energy and utilities. The individual companies within those subsectors are selected using fundamental research and valuation models.



**Index performance by subsector (A\$)**

for the quarter ended 31 March 2017



Index: Blended Benchmark: 90% FTSE Global Core Infrastructure 50/50 Net + 10% BofA ML Fixed Rate Preferred Index (in A\$)

Source: BI-SAM Technologies, Inc. This analysis is to provide insight into the various factors contributing to the total return against results of the index. These are not the official results of the index. The information presented above does not represent the performance of any fund or other account managed or serviced by Cohen & Steers, and there is no guarantee that investors will experience the type of performance listed above. An investor cannot invest directly in an index, and index performance does not reflect the deduction of fees, expenses or taxes. Data quoted represents past performance, which is no guarantee of future results.

**Top 10 portfolio holdings**

as at 31 March 2017

Security Name	Country of listing	Subsector	Portfolio %	Index %
NextEra Energy	US	Integrated Electric	4.2	2.6
American Tower	US	Communication Towers	3.7	2.7
Crown Castle International	US	Communication Towers	3.5	1.8
Transurban	AUS	Toll Roads	3.5	2.8
PG&E	US	Regulated Electric	3.3	1.4
TransCanada	CAN	Midstream Energy	3.2	2.1
Sempra Energy	US	Gas Distribution	3.0	1.2
Kinder Morgan	US	Midstream Energy	2.8	2.2
CMS Energy	US	Regulated Electric	2.7	0.5
Atlantia	ITALY	Toll Roads	2.5	2.2
			<b>32.4</b>	<b>19.5</b>



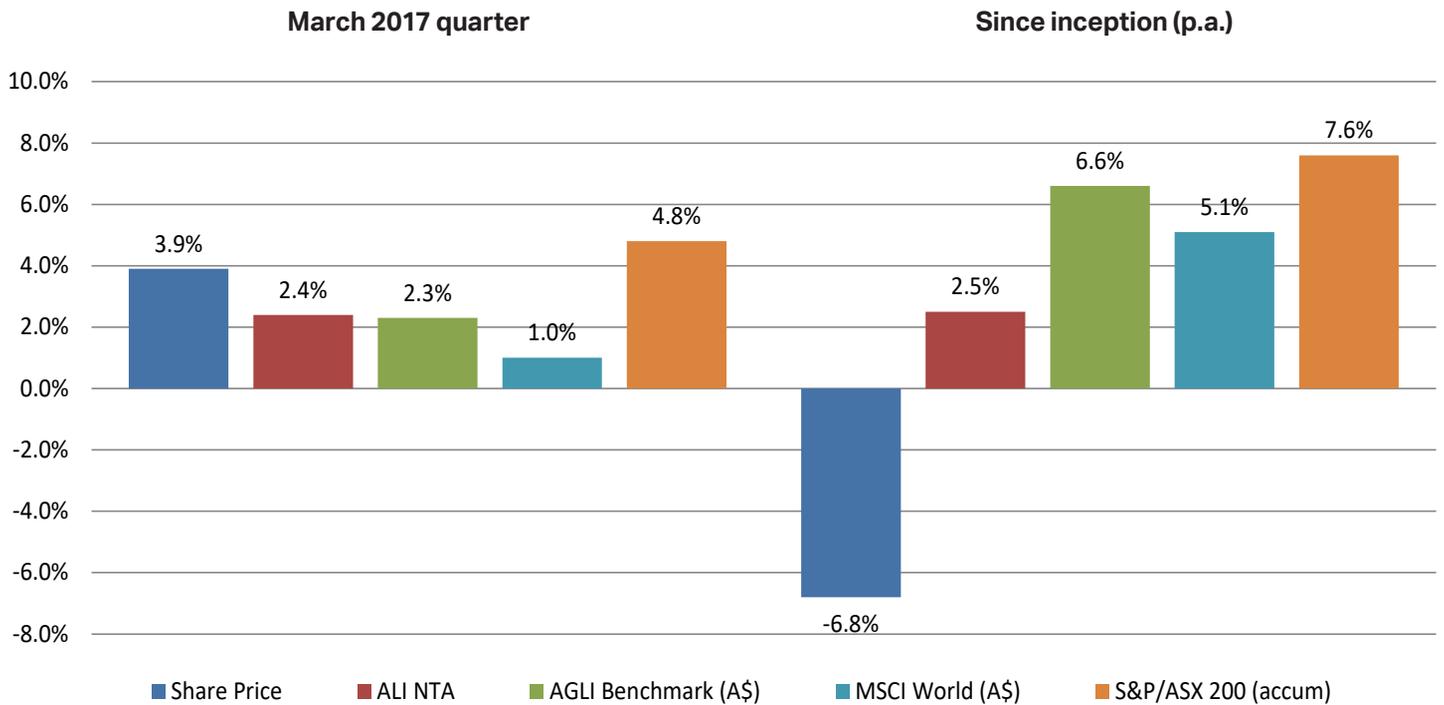


**Investment performance**

Global listed infrastructure continued to produce positive returns in the March 2017 quarter and AGLI outperformed its benchmark.

We remain confident in the long term growth prospects for AGLI, which provides a unique direct exposure to international listed infrastructure companies.

AGLI's investment performance is updated as part of the monthly NTA release and is also updated monthly on the website [www.argoinfrastructure.com.au](http://www.argoinfrastructure.com.au), which remains the best source for information on the company.



AGLI Benchmark - the A\$ blended benchmark of 90% of the FTSE Global Core Infrastructure 50/50 Index and 10% of the Merrill Lynch Fixed Rate Preferred Securities Index

Inception date is 3 July 2015.

Past performance is no guarantee of future results. The views and opinions in the preceding commentary are as of the date of publication and are subject to change. There is no guarantee that any market forecast set forth in this presentation will be realized. This material should not be relied upon as investment advice, does not constitute a recommendation to buy or sell a security or other investment and is not intended to predict the performance of any investment.

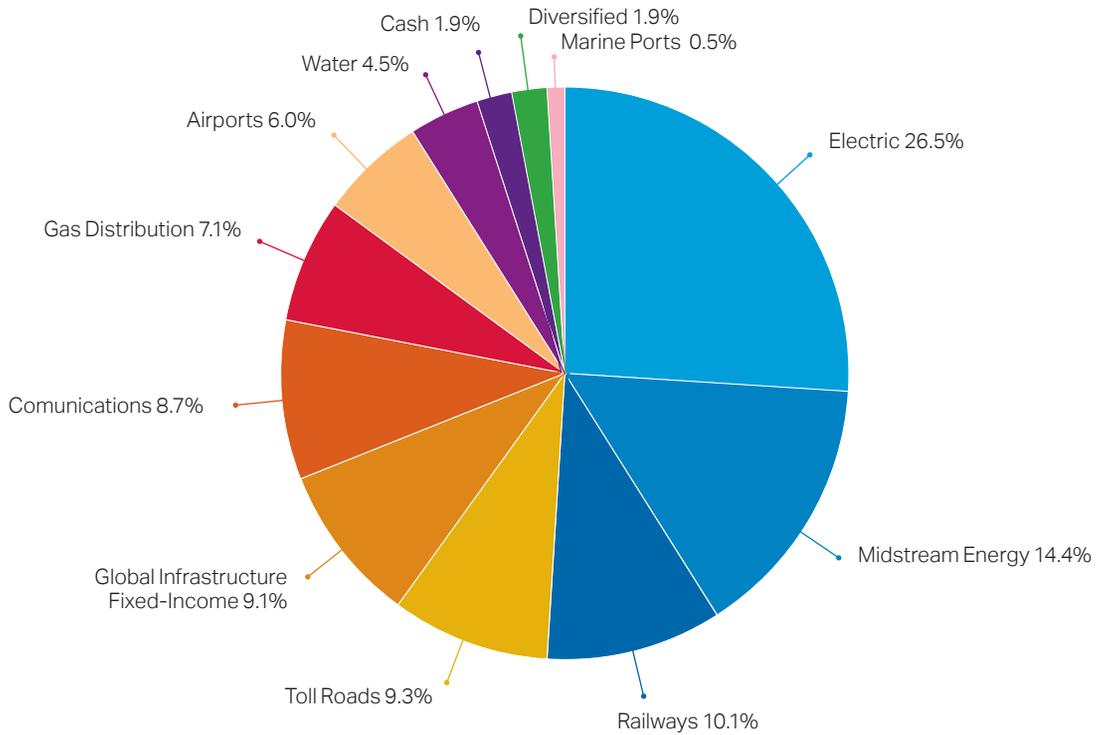
Sector classification of securities in the index determined by the investment advisor.

This index information is not representative of any Cohen & Steers account and no such account will seek to replicate an index. You cannot invest directly in an index.

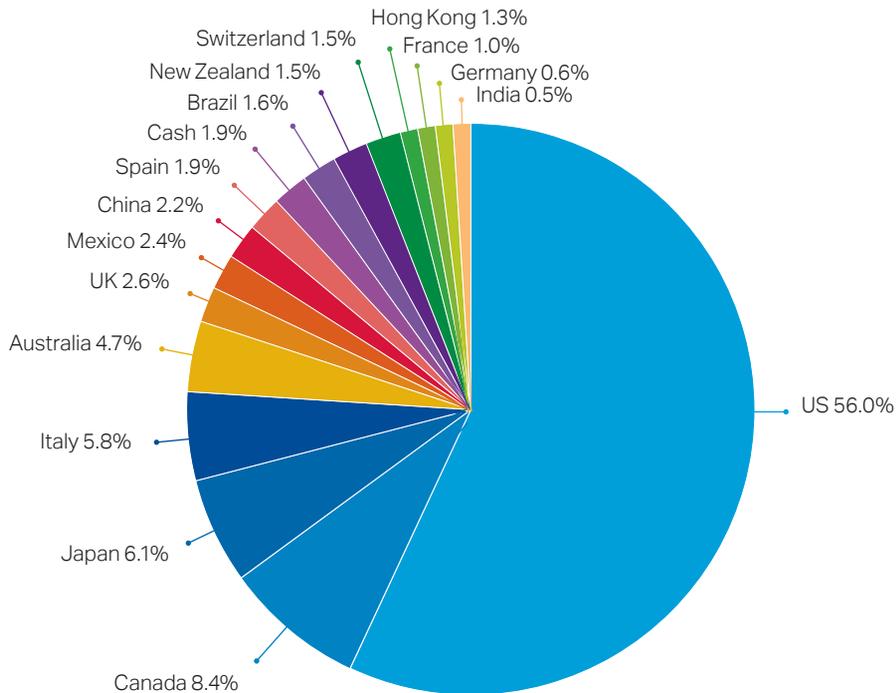




### Subsector diversification



### Geographic diversification by country of listing



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