

Quarterly Investment Update
September 2024

ARGO INFRASTRUCTURE

Market overview

Global infrastructure stocks made a strong start to the new financial year, gaining +9.4% (in A$ terms) over the quarter. The asset class outperformed both broader global and local equity markets, which rose +2.4% (in A$ terms) and +7.8%, respectively.

July accounted for the majority of the gains with the asset class increasing +8.8% for the month as speculation mounted that the US Federal Reserve would start cutting official interest within weeks.

Over the quarter, gains were broad-based with all global listed infrastructure subsectors recording positive returns. Communications and Electric Utilities posted the strongest gains with the long-awaited start to a new rate-cutting cycle propelling these particularly interest rate-sensitive stocks.

Optimism about the potential for increased demand for power and bandwidth from rapidly expanding data centres further supported the performance of Electric Utilities.

Amid an environment of geopolitical uncertainty and increased market volatility, Midstream Energy posted strong gains for the quarter. Investors sought out these companies for their generally solid fundamentals, healthy balance sheets and the prospect of delivering attractive earnings.

> The asset class has seen something of a reversal in fortunes amid growing expectations the US Fed would cut interest rate cuts.

Conversely, Marine Ports and Railways lagged considerably, as the prospect of slowing economic growth weighed on the relative performance of these subsectors.

Portfolio performance

Argo Infrastructure's portfolio outperformed the benchmark index, increasing +10.9% in A$ terms.

A substantial overweight position in Canadian-based oil and gas pipeline company TC Energy aided relative performance. The company's shares rose as management continued to make progress on its asset sale–driven deleveraging plan.

Given its focus on gas infrastructure, TC Energy is seen as well-positioned to benefit from the expected increase in gas demand needed to fuel the explosive growth in data centres and artificial intelligence applications.

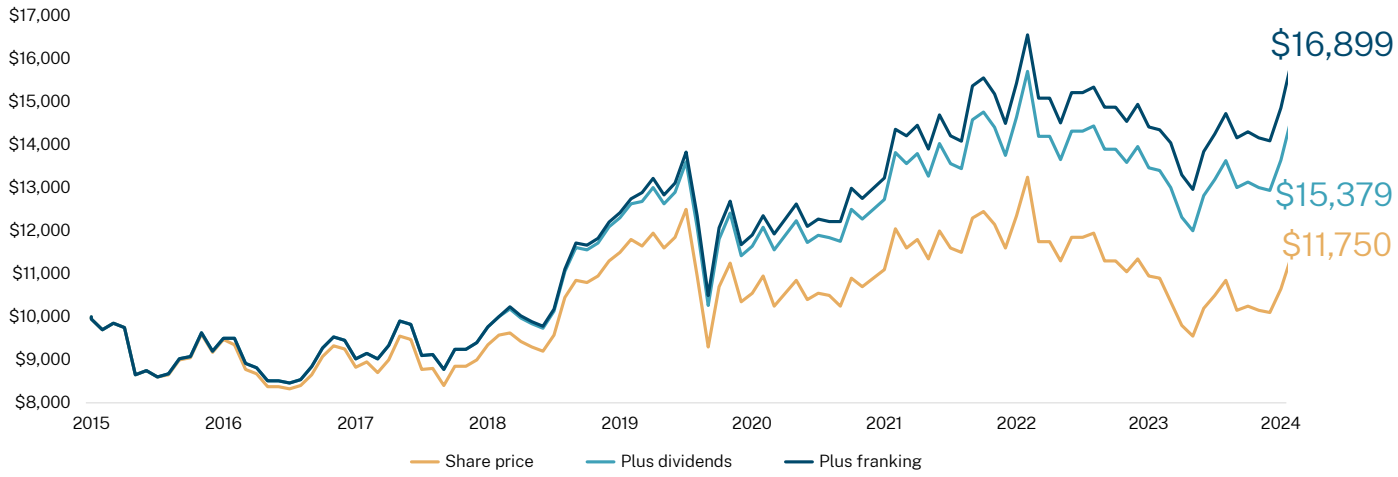
Argo Infrastructure's share price gained a remarkable +18.8% over the September quarter.

	3 months	1 year	3 years (p.a.)	Since inception[4] (p.a.)
Portfolio[1]	+10.9%	+24.0%	+9.6%	+8.7%
Benchmark[2]	+9.4%	+19.8%	+8.1%	+7.8%
S&P/ASX 200[3]	+7.8%	+21.8%	+8.5%	+8.7%

[1] Before fees [2] FTSE Global Core Infrastructure 50/50 Index (in A$) [3] Accumulation Index [4] July 2015

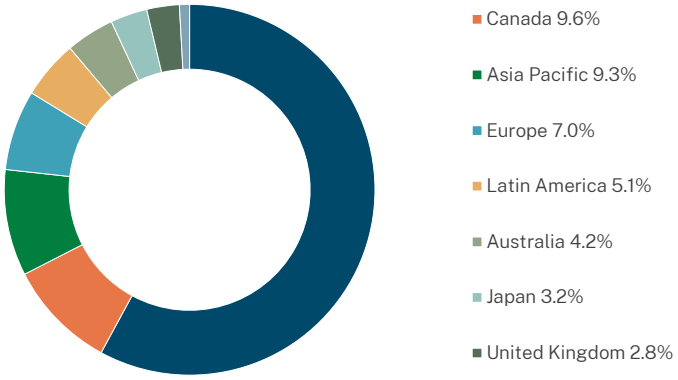


Total Returns value of $10,000 invested at inception

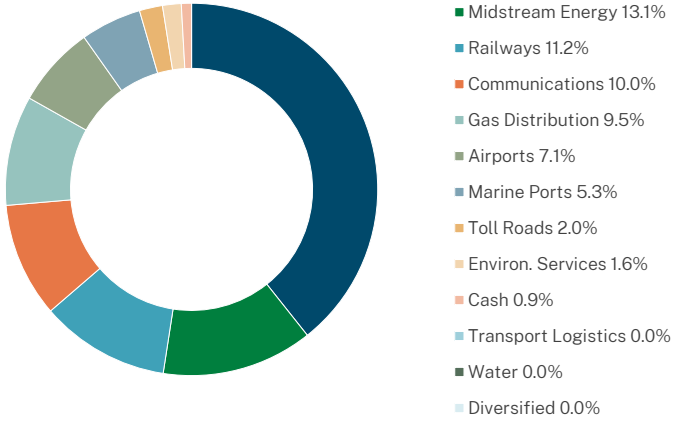


Portfolio

Geographic diversification*



Sector diversification*



* As a percentage of investment portfolio.

^ Many of the largest infrastructure companies are listed in the US, although their operations and earnings are often global.

Top 10 Holdings at 30 September 2024

Security name	Country of listing	Subsector	Portfolio (%)	Index (%)
NextEra Energy	US	Electric	5.7	5.2
American Tower	US	Communications	4.6	3.3
TC Energy	CAN	Midstream Energy	4.5	1.5
Duke Energy	US	Electric	4.3	2.9
Public Service Enterprise Group	US	Electric	3.5	1.5
NiSource	US	Gas Distribution	3.5	0.5
PG&E	US	Electric	3.0	1.4
Union Pacific	US	Railways	3.0	3.8
CSX	US	Railways	2.9	1.7
ICTSI	PHIL	Marine Ports	2.9	0.8
			37.9	22.6



2024 Annual General Meeting

Last week in Adelaide, we held Argo Infrastructure's ninth Annual General Meeting. Thank you to all those who attended. The team enjoyed the opportunity to again meet with some of our shareholders face-to-face.

If you weren't able to join us, various materials from the AGM are available via our website (please see details below).

AGM materials

See various AGM materials, including slides, recordings of the speeches and a video by Ben Morton from our Portfolio Manager, Cohen & Steers, on our website at the following link:

argoinfrastructure.com.au/agm

Q&A with our Managing Director

Following the AGM, Argo Infrastructure's Managing Director, Jason Beddow, discussed the recent performance of global listed infrastructure and trends for the asset class in a video interview with our Communications Manager, Meredith Hemsley.

To watch the interview, click on the image below, visit our website or watch here.



Outlook

After much anticipation, in September, the US Federal Reserve cut rates by a larger-than-expected 50 basis points marking the start of a new phase of monetary policy easing for the world's largest economy. A falling interest rate environment creates a significant tailwind for the global listed infrastructure sector, particularly Utilities, which can carry considerable debt due to their reliable cashflows.

While more than half of the infrastructure index consists of US stocks, most other major developed and emerging economies have also begun lowering rates, or are expected to in the near-term. Already, the asset class has responded positively, posting solid gains and outperforming broader global equity markets in recent months.

The asset class also remains poised to benefit from several other themes shaping the global economy. These include the expected surge in low-emissions energy demand to meet the needs of data centres which and will particularly benefit companies in the Midstream Energy and Electric Utilities subsectors.

Other secular and structural trends are also set to be a boon for the asset class and require ongoing private and public investment in infrastructure. For instance, the move towards reshoring of manufacturing and the urbanisation of emerging market populations.

Argo Infrastructure's Portfolio Manager, Cohen & Steers, maintains a generally balanced portfolio, although now with a more defensive tilt given continuing signs that the global economy may be slowing. Their focus continues to be on identifying higher-quality businesses that are able to perform in a softer economic environment. Despite the recent easing of financial conditions, Cohen & Steers continues to closely monitor the impact of the cost of capital and is focused on businesses with strong balance sheets.



About us

At a glance

ASX code	ALI
Listed	2015
Manager	Argo Investments
Portfolio Manager	Cohen & Steers
Market cap.	$418m
Shareholders	9,000
Hedging	Unhedged
Management fee	1.2%
Performance fee	Nil
Dividend yield^	3.8%

^ Historical yield of 5.3% (including franking) based on dividends paid over the last 12 months.

Company overview

Provides exposure to a diverse portfolio of global infrastructure stocks. The portfolio is actively managed by Cohen & Steers (NYSE: CNS), a leading specialist global real assets fund manager managing funds of over A$110 billion for institutional clients and sovereign wealth funds from offices worldwide.

How to invest

We are listed on the Australian Securities Exchange (ASX) under the ASX code 'ALI'. To become a shareholder, buy shares through your stockbroker, online broker, financial adviser or platform.

Share registry enquiries

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Shareholder benefits

Global diversification

Exposure across various geographies and both emerging and developed economies

Specialist global fund manager

Access to a world-leading, specialist infrastructure fund manager

Access infrastructure opportunities

New opportunities offshore through government privatisations

Proven investment approach

Experienced investment team with a long and successful track record

Enhance risk-adjusted returns

Less volatile than broader equities providing some relative downside protection

Simple global investing

Exposure to a large and complex asset class through one simple ASX trade

This report has been prepared as general information only and is not intended to provide financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances before making any investment decisions. Past performance is no guarantee of future results.
This announcement is authorised by Tim Binks, Company Secretary. Argo Global Listed Infrastructure Limited ACN 604 986 914