Argo Global Listed Infrastructure

COHEN & STEERS

Quarterly Investment Report / 31 December 2016

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.



Investment review from the portfolio manager

The following commentary from the portfolio manager covers the global listed infrastructure universe for the calendar year ended 31 December 2016.

Global listed infrastructure produced a strong total return in 2016 and performed well compared with broader global stock markets. Late in the year, several forces combined to influence infrastructure stocks, most notably a sharp rise in interest rates, the US presidential election and an agreement reached by the Organization of the Petroleum Exporting Countries (OPEC) to cut production. President Trump's commitment to increased infrastructure spending, lower taxes, less regulation and a pro-business attitude in government drove up the broader equity markets, with some indexes hitting all-time highs. The impact on infrastructure securities appeared to be more diverse, with returns for the year varying widely by subsector.

The Midstream energy subsector had a total return of 44.5% (in A$) for the year, with sentiment improving amid higher oil prices as well as a belief that a new US administration will ease regulations on drilling and the pipeline approval process. Both bode well for a resumption of shale oil production growth in North America, as well as the continued infrastructure build to support that growth.

Railways also outperformed, led by freight rail operators that benefited from the expectation that economic conditions in the US and Canada will continue to strengthen. In addition, proposed corporate tax reforms could potentially raise some companies' earnings by as much as 25%. The subsector may also benefit from increasing US protectionism, assuming it leads to an increase in domestic manufacturing. Improving energy sentiment, including toward coal, was another tailwind.

Other transportation subsectors were mixed. Airports performance was roughly in line with the index, while toll roads had a relatively small gain. Certain European toll road companies underperformed amid questions about European unity related to Brexit and political developments in France, Austria and Italy.

Electric Utilities were strong performers in the first half of the year, favoured for their above-average yields and defensive characteristics. However, they gave back some gains later in the year when rising bond yields and expectations of improving economic growth lessened the subsector's appeal.

Within the Communications subsector, tower owners advanced as a group but underperformed, as these typically highly leveraged companies were restrained by the rise in interest rates in the period. Satellite operators

declined on increased competitive pressures and weaker guidance.

Portfolio performance

Factors that detracted from relative performance included our stock selection and overweight allocation in the Communications subsector. Eutelsat declined materially after warning that its 2017 earnings would be 20% to 30% below prior guidance due to competitive pressures in its data and video businesses. We were also overweight El Towers and Cellnex Telecom, both of which fell as investors were disappointed with the slower than anticipated pace of consolidation in the European mobile tower market.

Stock selection in Midstream energy also detracted. AGLI was underweight Spectra Energy and did not own Oneok, two of the more commodity price leveraged names that had sizable gains in the period.

Toll road and airport operator Ferrovial, whose operations include London's Heathrow Airport, underperformed due to concerns over the potential negative impact of the UK leaving the EU, concerns that we believe are exaggerated. Our overweight position and stock selection in gas distribution companies additionally hindered performance, in part due to our overweight in Spain based Enagas, which lost ground late in the period when bond yields rose.

The largest positive contributor to relative performance was our underweight position in Marine Ports, which struggled amid tepid global trade volumes. Favorable stock selection in the Diversified subsector also helped performance, aided by our position in Macquarie Infrastructure, a provider of a variety of infrastructure services to US customers. Our overweight in the Railways subsector contributed positively to relative returns as well.

Investment outlook

Year-end Macroeconomic Overview

After years of disappointing growth, we expect the global economy to accelerate in 2017, led by strength in the US, but with Europe and Japan also seeing improvement. The promise of tax reforms and increased fiscal spending under the Trump administration has lifted expectations for higher asset prices and yields in the US, but has also raised questions around global trade and geopolitical strategy. On balance, we expect the Trump effect to add to the growth and inflation trends that were already underway. This should help central banks back away from supporting the economy through unconventional monetary stimulus, although we expect interest rate hikes to be gradual in the interest of growth.

Subsector and Regional Positioning

We maintain a favorable view of midstream energy companies, in part based on our conviction that the global oil market is poised to shift into undersupply and that North America will gain market share as a global energy supply source. North American producers are cost competitive relative to most other producing regions, and the region has tremendous spare capacity. Over time, we believe midstream energy fundamentals should strengthen as commodity prices rise, volumes grow and the supply/demand for pipelines improves. To the extent OPEC maintains its discipline, the oil rebalancing process could be pulled forward, meaning that fundamentals for midstream energy may improve faster.

The ascendancy of President Trump notwithstanding, we believe the outlook for renewable energy remains viable. Utility scale wind and solar power has become cost competitive with traditional fossil fuel generation, and has the benefit of being perceived as "clean." Further, renewable mandates have largely been made at the state level, which would be a challenge to potentially overturn. Finally, renewable policy has received increasingly bipartisan support, as many traditionally Republican states have benefited from renewable development.

We have increased our allocations to the more economically sensitive subsectors and companies in light of our view of improving global growth prospects. We remain overweight the US, based on our outlooks for Freight rails, Towers and Midstream energy, and maintain our underweights in the more defensive subsectors that are at risk from further increases in interest rates. Because of the political uncertainties facing Europe and our views on valuations, we remain underweight the region. Our expectation for continued yen weakness has led us to increase our weighting in Japan's passenger railways, which we believe would likely see higher passenger volumes from an influx of overseas visitors. We have also narrowed our underweight in emerging markets.

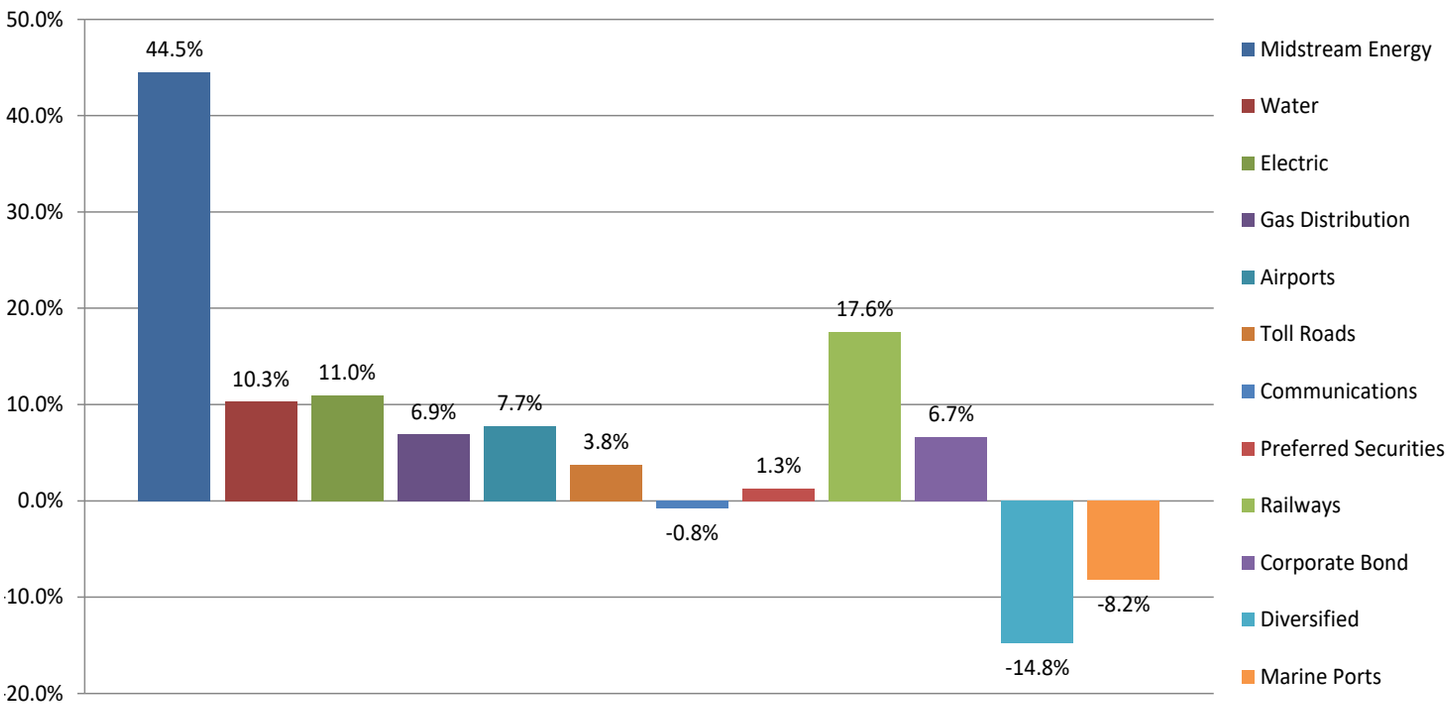
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Index performance by subsector (A$)

for the year ended 31 December 2016



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.

Top 10 portfolio holdings

as at 31 December 2016

Security Name	Country of listing	Sector	Portfolio %	Index %
NextEra Energy Inc.	US	Integrated Electric	4.2	2.6
TransCanada Corp.	CAN	Midstream- C Corp	3.8	2.2
Union Pacific Corporation	AU	Freight Rails	3.6	1.9
Crown Castle International Corp.	US	Tower	3.5	1.8
Transurban Group	AUS	Toll Roads	3.2	2.7
PG&E Corporation	US	Regulated Electric	3.2	1.4
American Tower Corporation	US	Tower	3.2	2.5
Sempra Energy	US	Gas Distribution	2.9	1.2
Kinder Morgan Inc.	US	Midstream- C Corp	2.9	2.2
CMS Energy Corporatiom	US	Regulated Electric	2.7	0.5
			33.2	**19.0**

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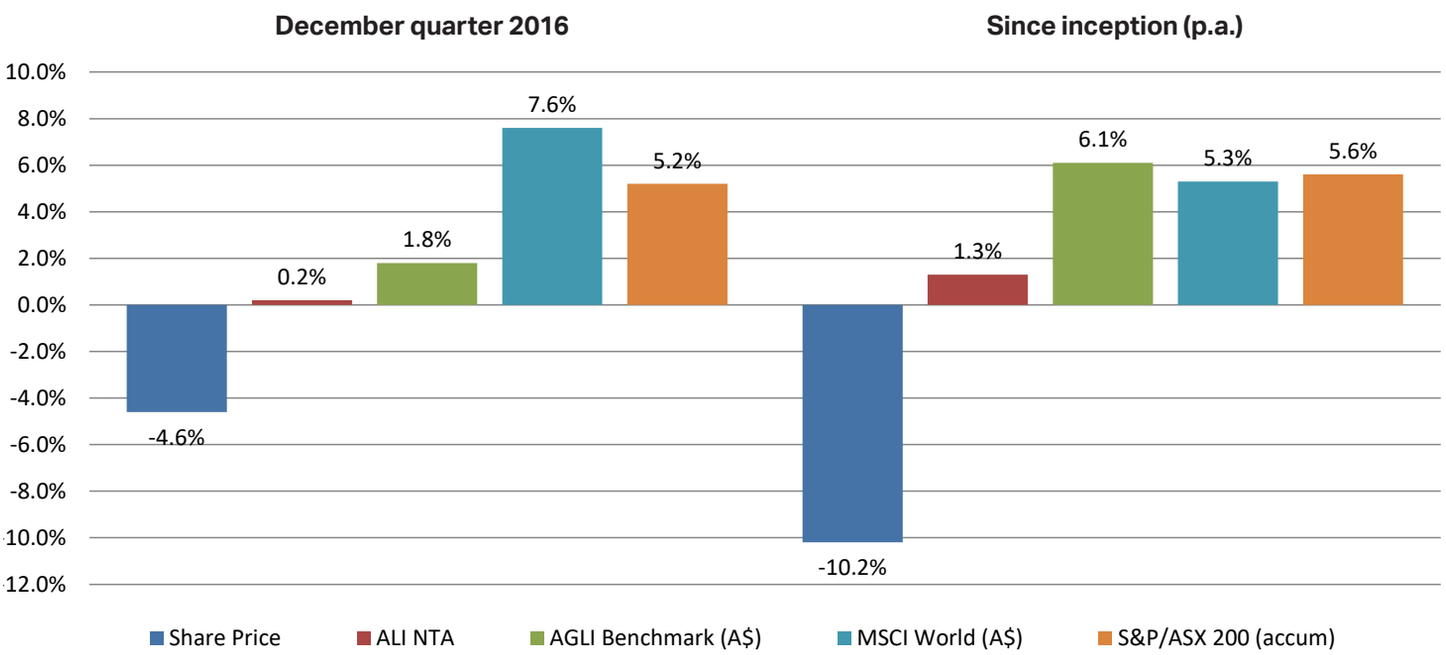
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Investment performance

Global listed infrastructure continued to produce positive returns in the December 2016 quarter, contributing to another solid year of returns.

We remain confident in the long term 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, 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.

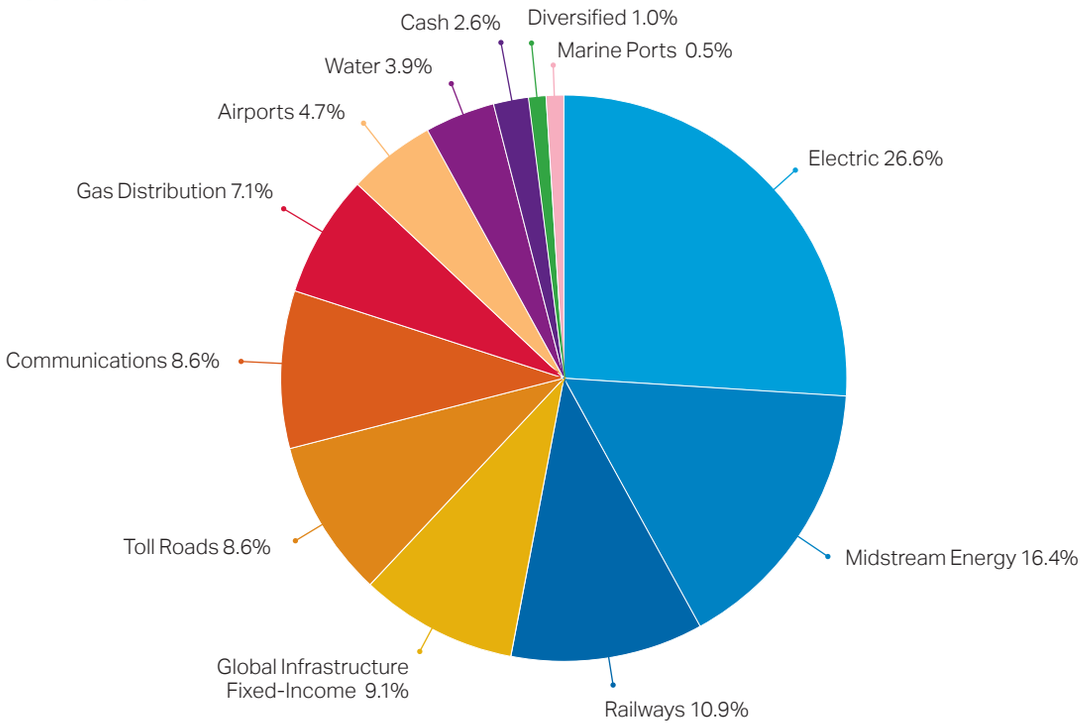
This index information is not representative of any Cohen & Steers account and no such account will seek to replicate an index. You cannot invest directly in an index.

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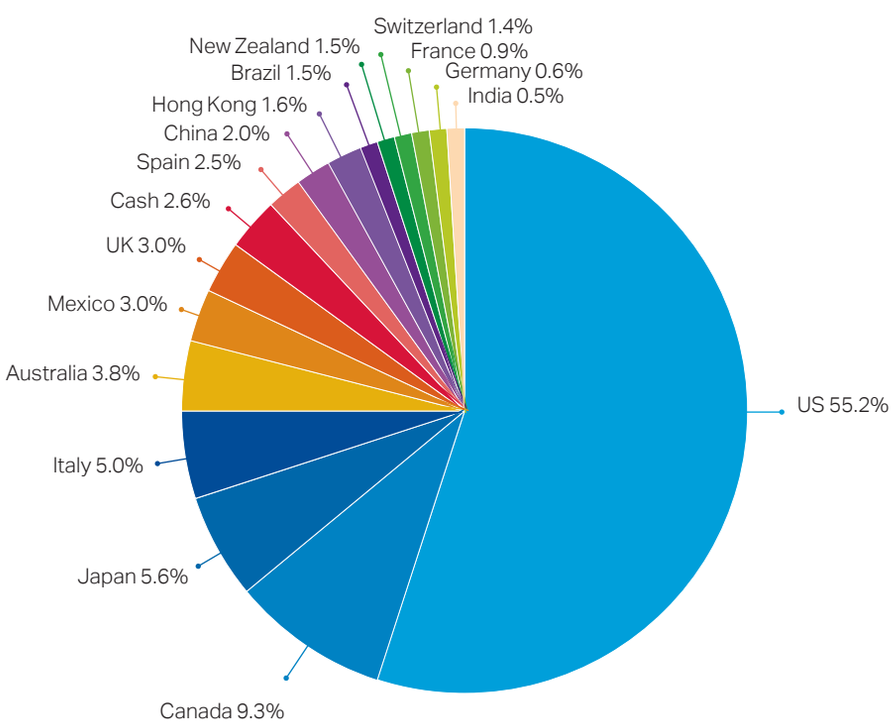
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Subsector diversification



Geographic diversification by country of listing



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