

Shareholder Update

Half-year ended 31 December 2024



Jason Beddow
Managing Director

Dear valued shareholder,

On behalf of the Board of Argo Investments Limited (Argo), I am pleased to report another solid half-year profit and a record high fully franked interim dividend of 17.0 cents per share.

Half-year profit result

Argo's profit for the half-year was \$121.2 million, a decrease of -3.2%.

Revenue rose, bolstered by better-than-expected dividends from a number of companies in the investment portfolio, as well as special dividends. However, this was largely offset by lower income from other activities and net losses from option writing and trading activities.

Summary of financial results	Half-year to 31 December 2024	Half-year to 31 December 2023
Revenue (dividends received)	\$137.5 million	\$132.6 million
Profit	\$121.2 million	\$125.3 million
Earnings per share	15.9 cents	16.5 cents
Interim dividend per share (fully franked)	17.0 cents	16.5 cents
Management Expense Ratio	0.15%	0.15%

Investment outperformance

In calendar year 2024, Argo gained +11.7% as measured by net tangible assets (NTA) return after all costs and adjusted for company tax paid, outperforming the S&P/ASX 200 Accumulation Index which increased +11.4% (with no allowance for any costs).

Over the six months to 31 December 2024, Argo returned +6.3%, slightly trailing the Index which rose +6.9%. The most significant positive contributor to performance over the half-year was our holding in Technology One with its share price up more than +65% during the period.

In contrast, Argo's underweight exposure to Commonwealth Bank (4.9% of the investment portfolio compared to 9.4% of the Index) detracted from performance.

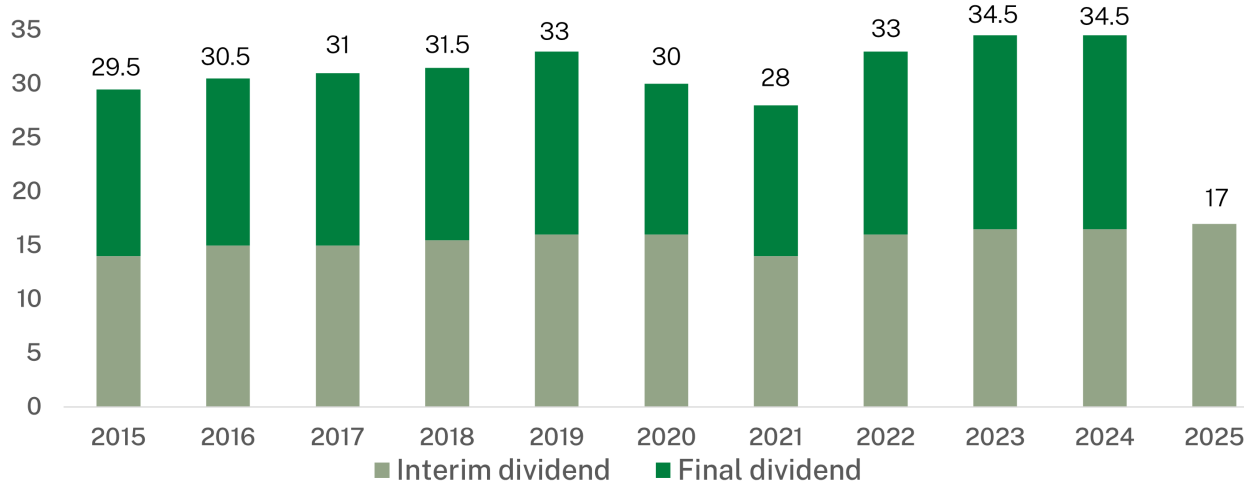
Record high fully franked interim dividend

Argo's Board declared a fully franked interim dividend of 17.0 cents per share.

We were able to pay an interim dividend of 17.0 cents per share, despite earnings per share of just 15.9 cents. This highlights an important benefit of our listed investment company (LIC) structure which allows us to draw on reserves of retained earnings and franking credits. This means we can effectively 'smooth' our dividends over time, providing our shareholders with a reliable income stream.

Argo is proud to have paid our shareholders dividends every year since the Company was founded in 1946. We remain one of only a handful of Australian listed companies with such a long track record.

Fully franked dividends (cents per share)



So far this financial year, only the interim dividend has been declared.

Portfolio movements

We made modest adjustments to the portfolio, primarily adding to our existing investments and reducing our exposure where we felt there was better value elsewhere in the market. Some stocks were removed from the portfolio due to takeovers. The larger movements in the portfolio during the period were:

Purchases

Worley
Steadfast Group
NAB
BHP Group
Westpac
Amotiv

Sales

Commonwealth Bank
Arcadium Lithium*
QANTM Intellectual Property*
Aristocrat Leisure
Macquarie Group
Computershare

* Fully exited position

Current share price discount to NTA

As you may be aware, Argo's share price has been trading at a discount to its per share NTA value. In our view, the data shows this is a cyclical trend which can be observed to fluctuate over many decades.

The relative appeal of cash

While the share prices of listed investment companies often underperform in strong markets as we have seen in recent years, we believe Argo's current discount is also driven by the increased relative appeal of cash.

As Australia's official cash rate rises, stocks providing stable and consistent dividends become relatively less attractive. Conversely, as interest rates fall, investors seeking consistent income are attracted to these companies. We saw this during COVID-19 when rates fell to just 0.1% and yield stocks, like Argo, attracted investors. This led to Argo's share price trading at a premium to NTA of +10.9% in early 2022. As Australia's monetary easing cycle progresses, resulting in lower returns from cash, we expect Argo's fully franked dividends will regain investor appeal, supporting our share price relative to NTA.

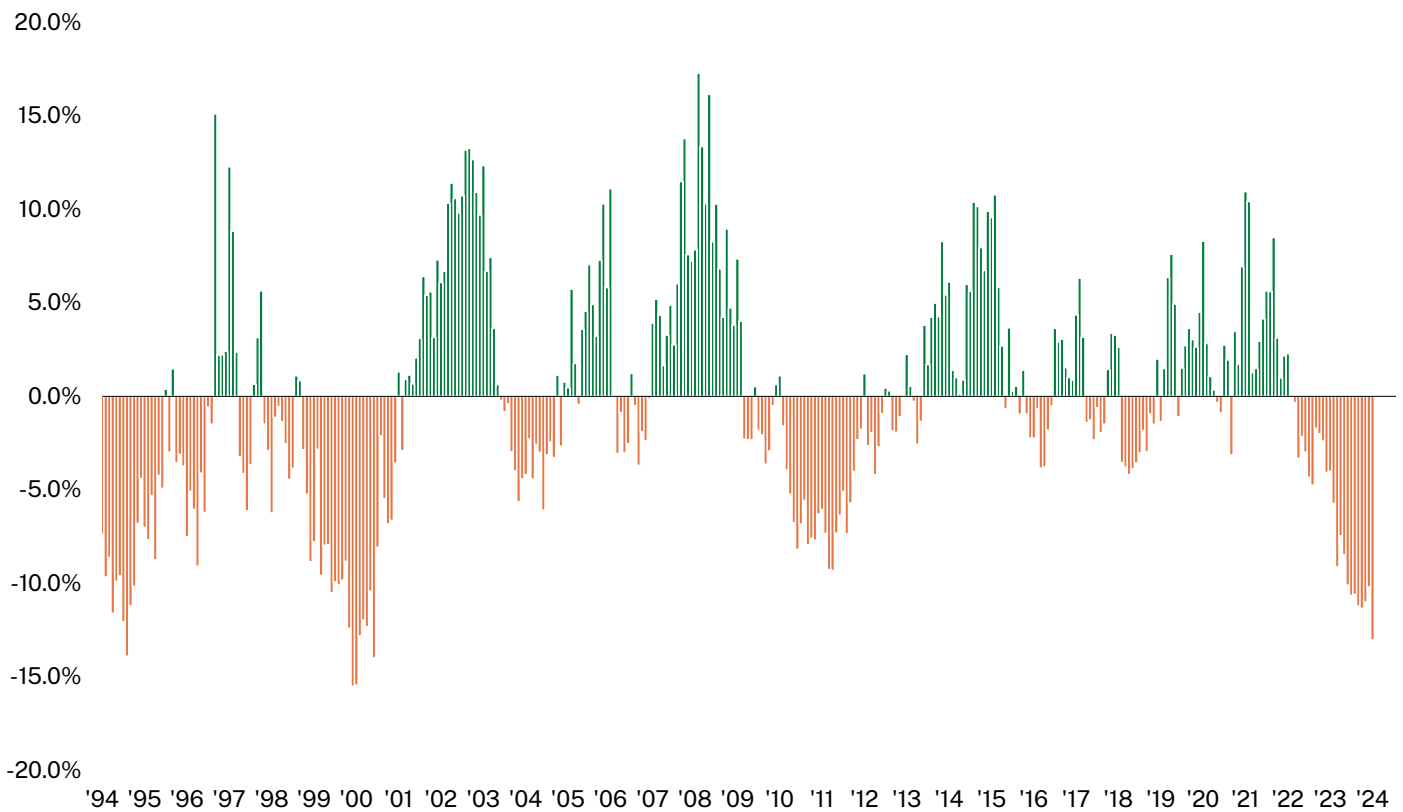
Proactive measures to narrow the discount

We are taking various steps to reduce the current share price discount to NTA, including the selective use of 'on-market' share buybacks. In addition, we neutralised the Dividend Reinvestment Plan and the Dividend Substitution Share Plan for the latest dividend by buying the shares required for participants 'on-market'.

Mean reversion over time

Historically, our share price trades close to its NTA. Over the last 30 years, Argo's share price has traded at an average of just 0.3% below the NTA value.

Share price premium/discount to NTA over 30 years



The chart above illustrates the cyclical nature of Argo's share price discounts and premiums.

IIR reaffirms 'highly recommended' rating

Independent research house, Independent Investment Research (IIR) recently reaffirmed its 'highly recommended' rating of Argo. This is the highest rating provided by IIR, indicating that Argo has exceeded the requirements of its review process across several key evaluation parameters.

You can read the full report and disclaimer on our website.

Market outlook

As widely anticipated, Donald Trump's re-election has triggered significant share market volatility. Looking ahead, we expect the new US administration's policies and pronouncements will continue to drive major market movements and play a pivotal role in reshaping the global economic and political landscape, including trade conditions and supply chains.

The recent corporate reporting season painted a mixed picture. Earnings and dividends were solid, but amid ongoing uncertainty, companies are scaling back capital expenditure. Increased regulatory and political headwinds were another key theme to emerge from the reporting season. Overall, businesses remained cautiously optimistic in their outlook. Share price reactions, both up and down, were dramatic when a company's results did not align with market expectations—a trend that has become particularly pronounced in recent years.

Despite recent market fluctuations, we remain generally optimistic about the outlook for the domestic economy. The jobs market remains strong, corporate balance sheets are robust, and expenditure has remained resilient. Cost of living pressures will hopefully begin to ease as inflation continues to moderate.

Although the Reserve Bank of Australia has commenced cutting interest rates, we expect it to be a shallow easing cycle.

With cash available to capitalise on short-term opportunities and a diversified portfolio, Argo is well-positioned to navigate the current investment landscape.



Save the date: Information meetings

We are looking forward to hosting our Company information meetings in May!

At these meetings, we will provide an update and overview of Argo, the investment portfolio and our view of the share market. We will also present on Argo Infrastructure (ASX code: ALI) with Argo Infrastructure's New York-based portfolio manager, Cohen & Steers.

You will also have the opportunity to meet with our team face-to-face and ask us questions.

Light refreshments will be provided. No RSVP is required.

Bring a friend!



You are welcome to invite friends and/or family members to come along to an information meeting.

City	Time	Date	Venue
Melbourne	10am	Monday 12 May	Sofitel Hotel Melbourne 25 Collins Street, Melbourne
Adelaide	10am	Tuesday 13 May	Adelaide Convention Centre North Terrace, Adelaide
Brisbane	10am	Wednesday 14 May	Sofitel Brisbane 249 Turbot Street, Brisbane
Sydney	2pm	Thursday 15 May	Marriott Hotel at Circular Quay 30 Pitt Street, Sydney
Canberra	10am	Friday 16 May	Hyatt Hotel Canberra 120 Commonwealth Avenue, Yarralumla

Details of our Perth meeting will be advised via email and on our website closer to the finalised date.

I would like to take this opportunity to welcome our new Chairman, Peter Warne. Peter has been a Non-executive Director of Argo since 2022 and is an experienced company director with extensive knowledge of the financial services and investment banking sectors, including as a former Chairman of Macquarie Group. Peter succeeds Russell Higgins AO, who retired from the Board on 31 December 2024 after 13 years of service, including over six years as Chairman.

On behalf of the Board, I thank you for your ongoing and loyal support of Argo.

Yours faithfully,

Jason Beddow
Managing Director