

# NTA & Investment Update

AT 31 OCTOBER 2020

## NET TANGIBLE ASSET (NTA) BACKING PER SHARE

	31 October	30 September
<b>NTA per share<sup>1</sup></b>	<b>\$7.25</b>	<b>\$7.15</b>
<b>NTA per share after unrealised tax provision<sup>2</sup></b>	<b>\$6.53</b>	<b>\$6.46</b>

<sup>1</sup> After all costs, including any tax payable.

<sup>2</sup> As required under the ASX Listing Rules, theoretical NTA per share after providing for estimated tax on unrealised gains/losses in the portfolio. That is, after tax that may arise if the entire portfolio was sold.

## MARKET COMMENTARY

Despite intra-month volatility, Australian shares rose in October with the S&P/ASX200 Accumulation Index ending the month +1.9% higher. Sentiment was bolstered by key measures announced in the Australian Federal Budget which further extended extraordinary levels of fiscal support to the economy. Investors were also buoyed by a sharp increase in consumer sentiment and falling coronavirus cases domestically. Interestingly, investors generally shrugged off negative overseas factors, including the tumultuous US Presidential race, increasing tensions with China and widespread second waves of coronavirus.

Financial services was among the best performing sectors with bank stocks a key driver of the positive overall market return for the month. Bank shares rose sharply in response to the mooted relaxation of responsible lending laws and an emerging view that provisioning for bad debts was generally overestimated. In our view, the profitability of the banks remains uncertain and is largely dependent on the outlook for the housing market, business resilience and the broader economy. In turn, a sustained economic recovery relies heavily on the course of the coronavirus, including the discovery of an effective vaccine.

## PORTFOLIO

### Top 20 investments\*

	%		%
CSL	6.1	Woolworths	2.3
Macquarie Group	5.9	Telstra	2.3
BHP	4.7	NAB	2.2
Wesfarmers	4.4	APA	2.2
CBA	4.1	Aust. United Investment	2.1
Westpac	4.0	Transurban	2.1
Rio Tinto	3.7	Sydney Airport	1.8
ANZ	3.5	Aristocrat Leisure	1.8
Ramsay Health Care	2.4	Coles	1.7
Sonic Healthcare	2.4	Amcor	1.6
<b>Cash and term deposits</b>	<b>2.9</b>	<b>Top 20 equity investments</b>	<b>61.3</b>

## ARGO INVESTMENTS LIMITED

ASX code	ARG
Founded	1946
Listed	1948
Market cap.	\$5.4bn
Shareholders	93,000
Dividend yield <sup>^</sup>	4.0%
MER	0.16%

<sup>^</sup> Historical yield of 5.7% (including franking) based on dividends paid over the last 12 months.

## COMPANY OVERVIEW

One of Australia's oldest and largest listed investment companies (LICs), Argo provides exposure to a professionally managed, diversified portfolio of ASX-listed companies.

## COMPANY OBJECTIVE

Maximise long-term returns to shareholders through a balance of capital and dividend growth, by investing in a diversified Australian equities portfolio which is actively managed in a tax-aware manner within a low-cost structure.

## INVESTMENT APPROACH

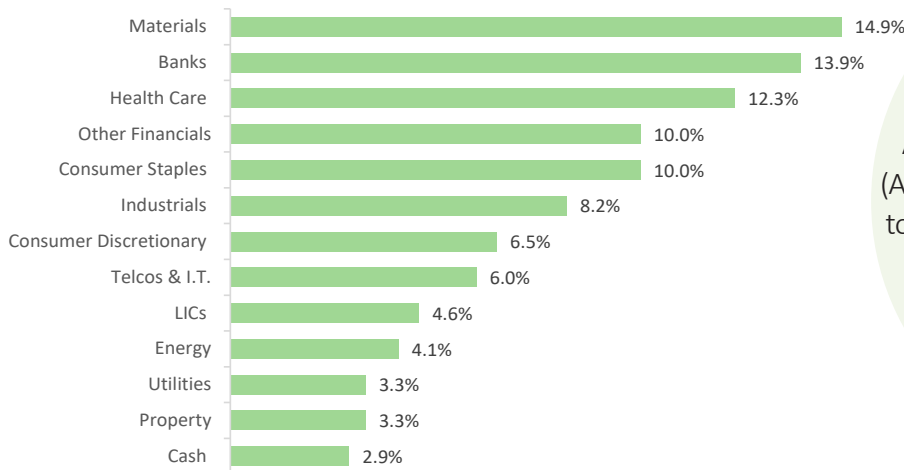
Extensive research and meetings to identify well-managed businesses in sound industries, with good cash flow and potential dividend growth. Argo buys or adds to holdings when prices compare favourably to long-term valuations.

## INVESTMENT TEAM

Jason Beddow	Managing Director
Andy Forster	Senior Investment Officer
Brydie Lloyd-Roberts	Analyst
Colin Whitehead	Analyst
Paul Frost	Analyst
Andrew Moller	Analyst

## PORTFOLIO

### Sector diversification\*



\* As a percentage of investment portfolio.

## VIRTUAL AGM

Thank you to everyone who attended Argo's virtual Annual General Meeting (AGM) last week. Pleasingly, we were able to answer all questions submitted and all resolutions were passed.

You can watch recordings from the AGM [here](#) and view the presentation slides [here](#).

## ARGO SHAREHOLDER BENEFITS



### Low-cost, internally managed

Internal management structure ensures low operating costs and no external fees



### Fully-franked, sustainable dividends

Dividends paid every year since inception in 1946 and fully franked since 1995



### Diversified and administratively simple

Exposure to a highly diversified portfolio of Australian equities through a single ASX trade



### Experienced board and management team

Highly experienced board and management team with strong governance and culture



### Long-term, proven investment approach

Resilience and growth through various market cycles and conditions over almost 75 years



### Strong balance sheet with no debt

Conservatively managed investment with a strong balance sheet and no debt

## CONTACT US

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## SHARE REGISTRY ENQUIRIES

Boardroom Pty Limited

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