Annual Report

ARGO INVESTMENTS

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2023 overview

Profit

$271.7m

$251.2m in 2022
(Excl. one-off, non-cash income)

Earnings per share

36.1c

34.3c per share in 2022
(Excl. one-off, non-cash income)

Full year dividends

34.5c

Fully franked per share
33.0c per share in 2022

Total assets

$6.9b

$6.4b in 2022

Management expense ratio

0.155%

0.141% in 2022

Argo shareholders

95,600

96,100 shareholders in 2022

Letter from the Chairman

Russell Higgins AO
Chairman

Dear valued shareholder,

It is my great pleasure to present Argo Investments' 2023 Annual Report.

Against a backdrop of market volatility and ongoing macroeconomic challenges, I am pleased to report that Argo reported a solid profit and delivered shareholders record fully franked annual dividends.

Argo's full year profit of $271.7 million represents an increase of +8.2% when excluding the one-off, non-cash income received in the prior year. Several of the largest companies in our portfolio increased their dividends, bolstering Argo's income. These higher dividends were partially offset by lower dividends from BHP Group and Rio Tinto, reflecting softer commodity prices, particularly iron ore.

The Board was pleased to declare a final dividend of 18.0 cents per share, bringing dividends for the full year to 34.5 cents per share, fully franked – up +4.5% on the previous year. Significantly, both the interim and final dividends for financial year 2023 represent record highs for Argo.

Argo has now paid dividends to our shareholders for 77 consecutive years. Since the introduction of Australia's imputation system in the late 1980s, every Argo dividend has had franking credits attached. Furthermore, since 1995 every dividend has been fully franked.

This is an enviable track record. Our priority remains providing sustainable and tax-effective dividend income and capital growth for our shareholders by consistently applying our conservative, long-term investment approach within our low-cost business model.

On behalf of the Board, I would like to thank you, our loyal shareholders, for your ongoing support of Argo. I would also like to extend a warm welcome to shareholders who are new to the Company.

Yours faithfully,

Russell Higgins AO
Chairman
7 September 2023

Letter from the Managing Director

Jason Beddow
Managing Director

Dear valued shareholder,

The Australian share market defied consensus expectations in financial year 2023, displaying resilience in the face of steep interest rate increases, historically high inflation and a sombre global growth outlook, with the S&P/ASX 200 Accumulation Index climbing +14.8% over the 12 months to 30 June 2023.

Although the share market's performance was punctuated by periods of considerable volatility, investors were generally unperturbed by the economic headwinds. The Reserve Bank of Australia's decision to begin aggressively raising interest rates, coupled with high inflation, saw sentiment falter sending shares lower in the first quarter. However, optimism soon prevailed as investors ultimately 'looked through' these and other challenges and shares rebounded sharply later in the year.

All industry sectors ended the year in positive territory. After experiencing falls over the prior period, technology stocks were the standout performers – the sector surged more than +30% as interest in the future applications of artificial intelligence rapidly gathered momentum. The Utilities and Health Care sectors were the share market's laggards, gaining just +2.3% and +5.7% respectively as investors overlooked stocks with more defensive attributes.

Argo's investment performance, measured by the Net Tangible Assets (NTA) return after all costs and adjusted for company tax paid, was +11.4%. Argo's relative underperformance this year reflects investor sentiment pivoting back to growth-style investments, particularly in the technology space, whereas our investment process favours more mature businesses that can maintain and grow their dividends so we can pay sustainable dividend income to our shareholders. Our focus on this objective sometimes impacts our portfolio performance compared to the Index.

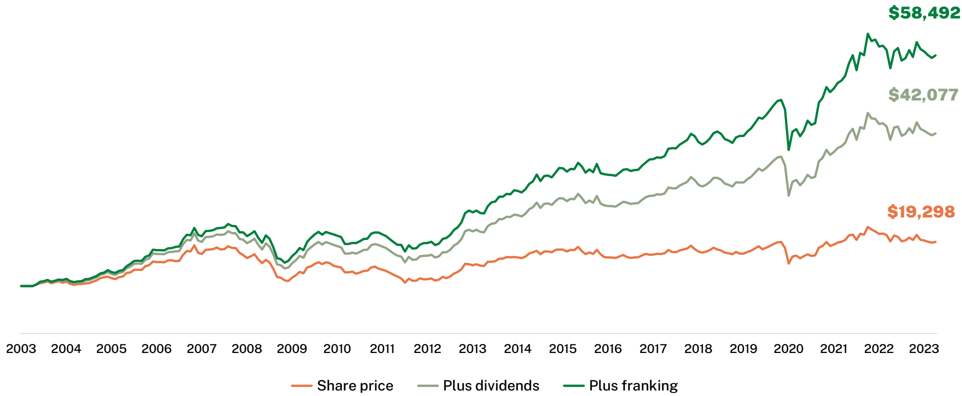
Looking ahead, with no debt, cash available and a diversified portfolio, Argo is well-positioned to navigate any further volatility and variable conditions.

Yours faithfully,

Jason Beddow
Managing Director
7 September 2023

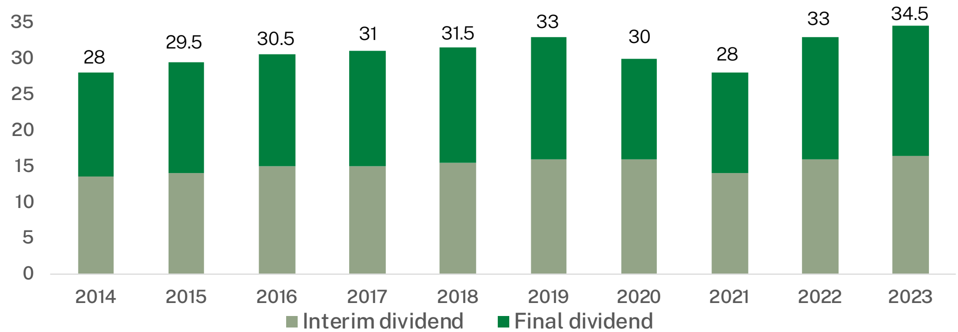
Shareholder returns

Long-term returns – $10,000 invested over 20 years

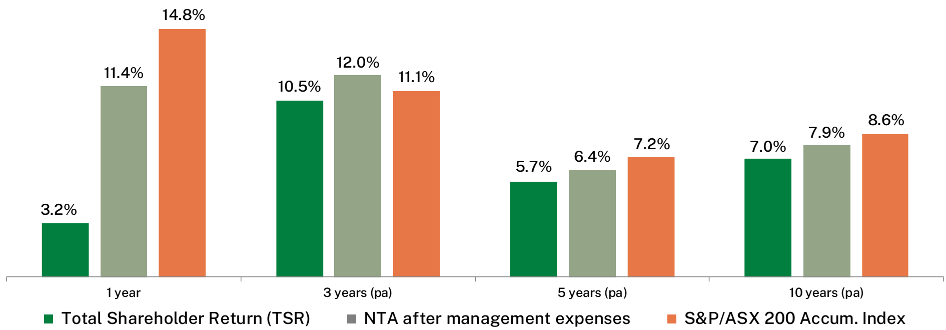


A $10,000 investment in Argo shares on 1 July 2003 would have grown to a value of $42,077 (+7.4% per annum) at 30 June 2023. The tax effective value taking into account franking credits is $58,492 (+9.2% per annum).

Annual dividends paid (cents per share)



Total returns



All figures are to 30 June 2023.

About Argo Investments

Argo Investments is one of Australia's oldest and largest listed investment companies (LICs). We offer investors low-cost, conservative and diversified exposure to approximately 90 Australian listed companies.

Through various economic cycles and disruptive events since Argo was founded in 1946, our long-term investment approach and straightforward business model has proven resilient.

Today, Argo is one of the ASX's top 100 companies, investing approximately $6.9 billion on behalf of more than 95,000 shareholders from across Australia and around the world.

Argo has a strong track record of delivering capital appreciation and has paid shareholders dividends every year since being established.

Low-cost, straightforward business model

Argo generates revenue primarily from dividends and distributions received from the companies in our investment portfolio. The majority of that income is paid out to our shareholders as fully franked dividends.

Our operating costs are relatively stable and are significantly lower than most other managed investment products. Argo has few employees and is internally managed, meaning no fees are paid to external managers.

Our efficient business model also benefits from economies of scale with costs remaining relatively stable, even as Argo's assets increase.

Simple to invest

Argo shares are bought and sold on the ASX. There are no upfront, ongoing or exit fees to invest in Argo. The only costs to invest are stockbroking charges to buy or sell shares.

Argo's history

Adelaide-based chartered accountant Alf Adamson and lawyer Kevin Ward QC founded Argo in 1946 with £10,000 of capital invested on behalf of a small group of South Australian shareholders. From a boutique investment firm, Argo steadily grew through acquisitions of listed and unlisted companies, new share issues and capital appreciation.

Over 77 years of investing, Argo has weathered various market cycles and disruptive events including the oil crises of the 1970s, the 1987 share market crash, the Tech Wreck, the Asian Economic Crisis, the Global Financial Crisis and, more recently, the COVID-19 pandemic.

Our name

The name Argo comes from to the Greek myth of *Jason and the Argonauts* who sailed in their ship the Argo in search of the golden fleece. The ancient ship has long been incorporated into our visual brand and has come to represent Argo's journey over time, safely navigating through various conditions.

Our objective

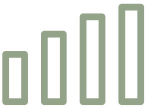
Maximise long-term shareholder returns through reliable fully franked dividend income and capital growth.

Actively managing a diversified portfolio of Australian shares with a low-cost, internally managed business model, we apply a conservative, long-term investment approach which has proven resilient since 1946.

Shareholder benefits

Low-cost, internally managed

Internal management structure ensures low operating costs and no external fees. For the year ended 30 June 2023, total operating costs were 0.155% of average assets at market value.

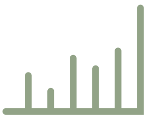


Fully-franked, sustainable dividends

Dividends paid every year since inception in 1946 and fully franked since 1995. In addition, dividends sometimes include a LIC capital gain component which provides a tax deduction for eligible shareholders.

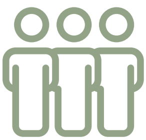
Diversified and administratively simple

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



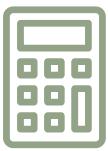
Long-term, proven investment approach

Resilience and growth through various market cycles and conditions over 77 years of investing in Australia.



Experienced board and management team

Highly experienced board and management team with strong governance and conservative culture.



Strong balance sheet with no debt

Conservatively managed company with a strong balance sheet and no debt.

Dividend Reinvestment Plan (DRP)

Argo's DRP gives shareholders the opportunity to reinvest their dividends. In addition, Argo has a Share Purchase Plan (SPP) which, when offered, gives shareholders the opportunity to acquire additional shares (up to $30,000) with no brokerage or transactions costs.

Investment approach

Since 1946, Argo has invested in Australian listed companies, applying a patient and conservative approach navigating through various market cycles, events and conditions.

Investment philosophy

We strongly believe in the cumulative effect of investing in quality companies for the long-term, while avoiding the temptation to seek short-term gains in higher-risk situations.

Investment process

Our investment process helps us identify companies with a strong market position, disciplined business strategy, a strong board and management team and an established track record of delivering earnings and dividend growth.

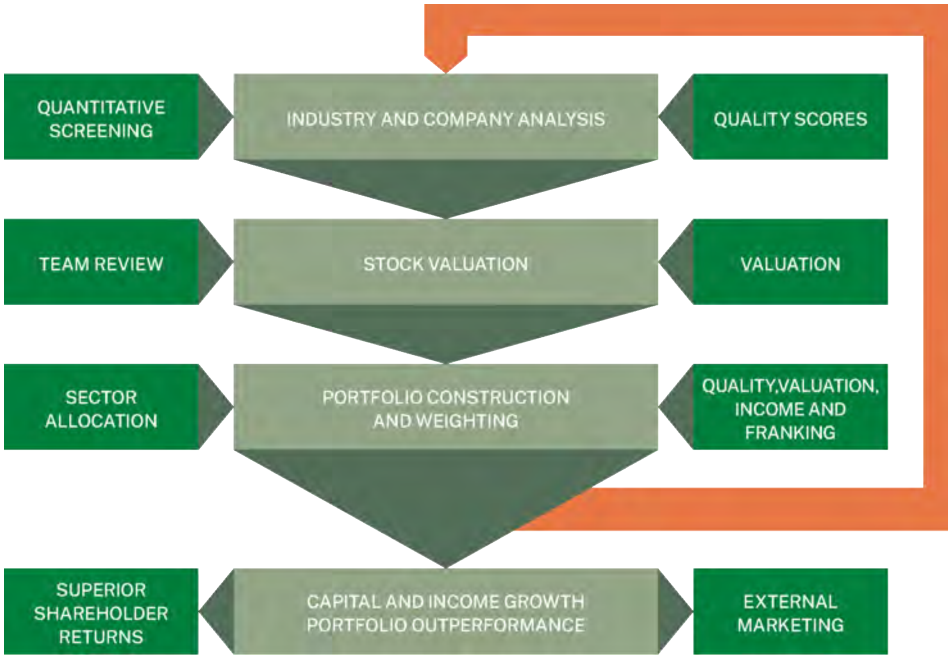
We undertake extensive qualitative and quantitative research before we invest any of our shareholders' capital in a company.

We review external information, although primarily conduct our own research to ensure independence. Based on a detailed analysis of a company's financial metrics, we construct a valuation. Being long-term and patient investors, we only buy a stock when it is trading below our valuation.

The investment team continually monitors and reviews all investments to ensure our portfolio meets our investment objective.

ESG integration

Analysis of environmental, social and governance (ESG) factors are inherent to our assessment of a company's risk profile and impacts on its long-term value. For more detail see our ESG Investment Statement on our website.



Portfolio overview

Comprising approximately 90 Australian companies across a range of industries, offering both capital growth and consistent and growing dividends, our investment portfolio is focused on quality and diversification.

Highly diversified

Many of our shareholders invest in Argo because we offer an easy and effective way to gain exposure to a diverse portfolio of Australian listed companies.

Our portfolio is not overly exposed to any one sector of the economy. Importantly, it includes exposure to Australian companies with overseas operations providing further diversification.

This diversification helps reduce volatility.

Quality companies

Our portfolio is weighted towards established companies with reliable cashflows and sustainable dividends which we pass through to our shareholders as fully franked dividends. Importantly, Argo's portfolio is made up of companies that have sound long-term growth prospects. These tend to be at the larger end of the share market and include many household names. In addition, we own some smaller, growing companies with attractive long-term prospects and the potential to become future leading Australian listed companies.

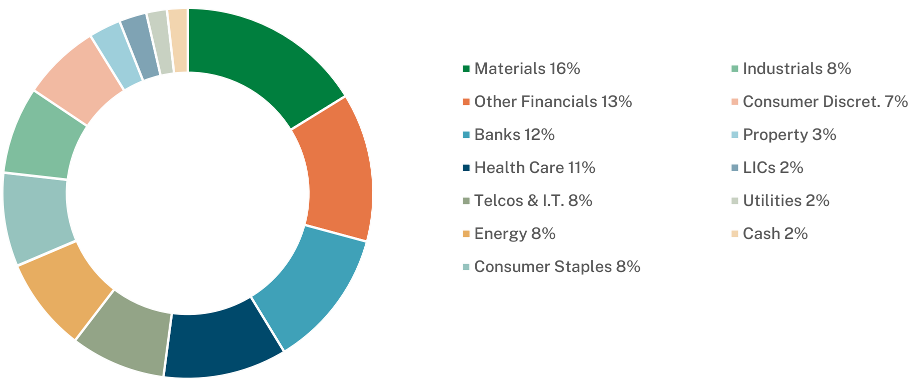
Superior structure

Argo's close-ended, listed investment company structure insulates our portfolio from inflows and outflows of capital. Unlike managed investment funds with an open-ended structure, this means that Argo is not forced to sell any of our investments to fund redemptions when investors want to exit.

Having a stable pool of money to invest means our investment team can take a long-term approach to investment decisions.

We can also take advantage of market volatility to buy stocks when their share prices trade below their inherent valuations.

Sector diversification



Figures above are at 30 June 2023.

Top 20 investments

Argo's 20 largest investments at 30 June 2023 are listed below. We announce our top 20 investments every month via the ASX and on our website.

	$m	% of portfolio
Macquarie Group	464.3	6.8
BHP	414.7	6.1
CSL	347.7	5.1
CBA	276.1	4.0
Rio Tinto	252.0	3.7
Wesfarmers	248.7	3.6
Telstra	208.6	3.0
ANZ	196.0	2.9
Santos	192.5	2.8
Westpac	179.4	2.6
NAB	156.5	2.3
Aristocrat Leisure	153.6	2.2
QBE Insurance	149.5	2.2
Woolworths	138.2	2.0
Sonic Healthcare	132.5	1.9
Transurban	131.0	1.9
Computershare	127.6	1.9
APA Group	120.0	1.8
Woodside Energy	114.4	1.7
Ramsay Health Care	113.9	1.7
Top 20 equity investments	**4,117.2**	**60.2**
Cash and cash equivalents	**125.3**	**1.8**

Portfolio holdings

Argo's portfolio of long-term investments, including the value of each holding and total number of shares held, can be found on page 73 of this Annual Report.

Directors' Report

The Directors present their 77th Annual Report together with the financial report of the consolidated entity, consisting of Argo Investments Limited and its controlled entities (Argo or Company), for the financial year ended 30 June 2023 including the Independent Auditor's Report.

Directors

At the date of this report, the Board comprised six Non-executive Directors and the Managing Director. The Directors in office during or since the end of the financial year are as follows:

Russell Higgins AO
Independent Non-executive Director and Chairman
BEc, FAICD
Joined the Board in 2011, appointed Chairman in 2018
Audit & Risk Committee member

Experience
Experienced company director who has also held several senior government positions in industry, science and energy, and in economic and fiscal policy, in Australia and overseas.

ASX directorships, current
Argo Global Listed Infrastructure (since 2018, Chairman)

ASX directorships, last 3 years
-

Other directorships
Telstra Foundation (Chair), Argo Service Company (Chair)

Lianne Buck
Independent Non-executive Director
BCom, MAcc, GAICD
Joined the Board in 2022
Audit & Risk Committee member (Chair)

Experience
Australian and international experience in global investment markets as a Non-executive Director and executive.

ASX directorships, current
-

ASX directorships, last 3 years
Spark Infrastructure Group (2021)

Other directorships
Argo Service Company, AusNet Services, ISPT, St George Community Housing

Christopher Cuffe AO
Independent Non-executive Director
BCom, FCA, FFin, FAICD
Joined the Board in 2016
Audit & Risk Committee member

Experience
Extensive experience in the wealth management and philanthropic sectors, including as CEO of Colonial First State and Challenger Financial Services, and Chairman of UniSuper.

ASX directorships, current
Hearts and Minds Investments (since 2018, Chair), Global Value Fund (since 2014)

ASX directorships, last 3 years
Class (2017–2020), Antipodes Global Investment Company (2016-2021)

Other directorships
Australian Philanthropic Services (Chair), Realside Financial Group, Third Link Investment Managers, The James Fairfax Foundation

Roger Davis
Independent Non-executive Director
BEc(Hons), MPhil(Oxon), FCPA
Joined the Board in 2012
Remuneration Committee member (Chair)

Experience
Experienced director and former Rhodes Scholar with extensive executive experience in banking and investment banking in Australia, Japan and the US.

ASX directorships, current
Charter Hall Retail (since 2018, Chair)

ASX directorships, last 3 years
-

Other directorships
NSW National Parks & Wildlife Conservation Trust (Chair)

Elizabeth Lewin
Independent Non-executive Director
GAICD
Joined the Board in 2018
Remuneration Committee member

Experience
Extensive background in the financial services sector, including wealth management, investment banking and superannuation, in Australia and the UK.

ASX directorships, current
-

ASX directorships, last 3 years
-

Other directorships
Australian Chamber Orchestra, Kaldor Public Art Projects

Peter Warne
Independent Non-executive Director
BA(Actuarial Studies), FAICD
Joined the Board on 1 November 2022
Remuneration Committee member

Experience
Experienced company director with extensive knowledge of the financial services and investment banking sectors. Former Chair of Macquarie Group.

ASX directorships, current
IPH (since 2021, Chair)

ASX directorships, last 3 years
Macquarie Group (2007–2022), ASX (2006–2020)

Other directorships
UniSuper, Allens, NSW Net Zero Emissions and Clean Economy Board

Jason Beddow
Non-Independent Managing Director
BEng, GdipAppFin (SecInst), GAICD
Joined the Board in 2014

Experience
Started his career in mining engineering before moving into the investment industry, working in broking, research and funds management. Joined Argo in 2001 as an Investment Analyst, became Chief Investment Officer in 2008 and Chief Executive Officer in 2010.

ASX directorships, current
Argo Global Listed Infrastructure (since 2015, Managing Director)

ASX directorships, last 3 years
-

Other directorships
Argo Service Company (Managing Director)

Retired director

Anne Brennan
Independent Non-executive Director
BCom(Hons), FCA, FAICD
Joined the Board in 2011
Audit & Risk Committee member (Chair)
Retired on 24 October 2022

Experience
Experienced company director with executive experience in a variety of financial roles with large corporates and chartered accounting firms, particularly in audit, corporate finance and transaction services.

ASX directorships, current (24.10.22)
Endeavour Group (since 2022), GPT Group (since 2022), The Lottery Corporation (since 2022)

ASX directorships, last 3 years
Charter Hall Group (2010–2021), Nufarm (2011–2020), Spark Infrastructure Group (2020-2022), Tabcorp Holdings (2020-2022)

Other directorships
Argo Service Company (until 24.10.22), Rabobank New Zealand, NSW Treasury Corporation

Directors' relevant interests

The Directors' relevant interests in shares and executive performance rights, as notified to the ASX in accordance with the *Corporations Act 2001*, at the date of this report are as follows:

	Shares	Performance Rights
R.A. Higgins AO	118,734	-
L.M. Buck	10,184	-
C.E. Cuffe AO	15,000	-
R.A. Davis	33,773	-
E.A. Lewin	14,711	-
P.H. Warne	-	-
J. Beddow	415,495	366,971

Board and Committee meetings

At the date of this report, the Board has an Audit & Risk Committee and a Remuneration Committee.

There were seven Board meetings, four Audit & Risk Committee meetings and four Remuneration Committee meetings held during the financial year. The number of meetings attended during the financial year by each of the Directors while in office were:

	Board		Audit & Risk Committee		Remuneration Committee	
	No. of meetings held while a Director	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended
R.A. Higgins AO[(a)]	7	7	3	4*	2	4*
A.B. Brennan	2	2	1	1	-	-
L.M. Buck	7	7	4	4	-	-
C.E. Cuffe AO	7	7	4	4	-	-
R.A. Davis	7	7	-	3*	4	4
E.A. Lewin	7	7	-	3*	4	4
P.H. Warne	5	4	-	1*	2	-
J. Beddow	7	7	-	4*	-	4*

(a) Mr. Higgins was a member of the Remuneration Committee until 24 October 2022. He became a member of the Audit & Risk Committee on that date when Ms. Brennan retired from the Board.

* Includes meetings attended as non-members

Secretary

Tim Binks *BEc, CA, FGIA, GAICD* held the role of Company Secretary during the year and at the date of this report.

Mr. Binks joined the Company in 2007 and is an experienced governance executive with a background in accounting, funds management and stockbroking. He was appointed Company Secretary in 2010 and Chief Operating Officer in 2015, while still maintaining the company secretarial duties.

Principal activities and state of affairs

The principal activities of the Company during the financial year were the investment of funds in Australian listed securities and short-term interest bearing securities. The Company's wholly owned subsidiary also provides management services to an external listed investment company under an Australian Financial Services Licence. More details are provided in the Operating and Financial Review below.

Operating and financial review

Summary of business model

Argo is a listed investment company which seeks to maximise shareholder returns through reliable fully franked dividend income and capital growth.

Actively managing a diversified portfolio of Australian shares within a low-cost, internally managed business model, we apply a conservative, long-term investment approach which has proven resilient since 1946.

Argo generates the majority of its income by 'harvesting' the dividends received from the companies in our investment portfolio. Additional income is derived from interest earned on cash deposits, premium income from selling exchange-traded options, a small amount of share trading activity and fee income from managing an external listed investment company.

Argo's operational costs are relatively stable and are lower than those of most other managed investment products due to our internally managed listed investment company structure. In the 2023 financial year, the Company's total operating costs were equivalent to 0.155% of average assets, which is very low by industry standards. Argo's main expense items are remuneration, share registry fees, insurance, software and office rent.

The above characteristics make for an efficient business model which benefits from economies of scale. The low proportion of variable costs implies that in general, profit will fluctuate according to the performance, and in particular the dividend payout policies, of each of the companies in the investment portfolio.

At balance date there were 89 different stocks in the portfolio, providing the Company with dividend income from a diverse range of industries.

The majority of Argo's profit is paid out as dividends to our shareholders, with fully franked dividends a priority. Argo has paid dividends every year since it was established.

Argo shares offer investors a professionally managed, diversified and easily traded exposure to the Australian equity market, without the need to pay fees to an external investment manager.

For the last 10 years, the Company has produced a compound investment return of +7.9% per annum, as measured by the movement in net tangible asset (NTA) backing per share, assuming dividends paid are reinvested. This return is after management expenses and adjusted for company tax paid, and compares to a return of +8.6% per annum from the S&P/ASX 200 Accumulation Index, although the index does not take into account any costs. Argo's total shareholder return (TSR) based on the share price over the same 10-year period was +7.0% per annum, and +8.8% including the franking credits attached to the dividend payments.

In addition to managing Argo's portfolio and operations, the Company's wholly owned subsidiary, Argo Service Company, manages an external listed investment company, Argo Global Listed Infrastructure (ALI). The management activities include administration, financial reporting, company secretarial duties and supervision of ALI's share registry, asset custodian and its US-based portfolio manager.

Investment process

The investment team, led by the Managing Director, is responsible for constructing and maintaining an appropriately diversified portfolio which generates dividend income and long-term capital growth.

The investment process, which involves the monitoring and review of existing investments as well as analysing potential new investments, includes extensive research, company visits and industry studies, as well as economic analysis to help identify emerging trends and assist with the timing of transactions.

The closed-end structure of a listed investment company is ideally suited to building a long-term portfolio, as Argo does not experience investor redemptions which might otherwise force desirable long-term holdings to be sold. Instead, shareholders wishing to liquidate their holding in Argo simply sell their shares on the share market. This stability allows Argo to take advantage of short-term market fluctuations in order to buy or add to holdings when prices trade below the long-term valuations calculated by the investment team.

Review of activities and events during the year

The Australian equity market rebounded from last year's decline, with the S&P/ASX 200 Accumulation Index returning +14.8% over the financial year ended 30 June 2023.

After a weak first quarter, the full year return was stronger than expected given that a range of concerns continued to hang over global markets, producing considerable volatility. The main driver of market fluctuations during the year was macroeconomic news flow, as central banks globally attempted to calibrate the pace of interest rate rises in order to control soaring inflation without tipping their economies into recession. Other issues of investor concern included the ongoing war in Ukraine, the pace of China's belated reopening after COVID, bank failures in the US and rising costs of living for consumers.

In Australia, all industry sectors delivered positive returns for the year. Technology was the best performing sector with +32%, regaining lost ground from last year and boosted by investor optimism around potential productivity gains due to the use of artificial intelligence. The Materials sector returned +22%, with particular pockets of strength in lithium and gold stocks, and Energy rose +20%. Health Care and Utilities were the laggard sectors, although still marginally positive.

Although the Reserve Bank of Australia raised interest rates at 10 of its 11 meetings during the year, increasing the cash rate from 0.85% to 4.1%, the strong performance of the share market overall indicates that investors now expect that this has been largely successful in taming inflation.

The larger moves in Argo's portfolio during the financial year included:

<u>Purchases</u>
Allkem*
BHP Group
CSL
G.U.D. Holdings
IDP Education
Macquarie Group
Santos
Stanmore Resources
Viva Energy

** new portfolio position*

<u>Sales</u>
Australian United Investment Co.
Diversified United Investments
Insurance Australia Group
Pact Group**
Tabcorp Holdings**
Tassal Group (takeover)**

*** fully exited position*

Overall, $198 million of investment purchases were made during the year and $124 million was raised from investment sales. The total number of holdings in the portfolio reduced from 93 to 89.

Argo's full year portfolio return after deducting management costs and adjusting for company tax paid was +11.4%, underperforming the S&P/ASX 200 return of +14.8% although the index does not take account of any costs. This reflects the outperformance of higher-risk, growth-orientated stocks, such as in the technology and lithium sectors, compared to dividend-producing, value-orientated stocks.

Argo's share price return of +3.2% was lower as the share price moved from a premium to NTA of 4.1% to a discount of 3.0%. This movement was consistent with many listed investment companies, as the relative appeal of cash investments improved markedly, particularly for retirees, due to rapidly rising interest rates during the year.

There was a change to the composition of the Board of Directors during the financial year. Ms. Anne Brennan retired at the AGM on 23 October 2022 after 12 years' service and Mr. Peter Warne was appointed on 1 November 2022.

Discussion of results and financial position

Argo's full year profit increased by 8.2% to $271.7 million, excluding last year's non-cash demerger dividends. Earnings per share rose by 5.2%, in part diluted by the additional equity on issue following the Share Purchase Plan in March 2022.

Due to last year's reported profit being boosted by non-cash dividend income of $61.7 million from the merger of BHP's oil and gas portfolio with Woodside Energy and Tabcorp's demerger of The Lottery Corporation, this year's profit was 13.2% lower than last year's headline reported profit of $312.9 million.

Income from Argo's portfolio was boosted by increased dividends from several of the companies in our top 20 holdings, including Macquarie Group, Commonwealth Bank, National Australia Bank, Santos, QBE Insurance Group and Transurban Group, while dividends from BHP Group and Rio Tinto were lower than last year's elevated levels.

Interest income on cash deposits increased from $0.6 million to $5.0 million due to the rapidly rising interest rates during the year. In addition, income from trading and writing exchange-traded options increased from $5.6 million to $22.8 million. Administration expenses rose by 9.2%.

Argo's balance sheet remains strong, with total assets increasing by 7.2% to $6.9 billion, with the investment portfolio increasing in value as the equity market rose.

Argo has no debt and cash on hand of $125 million. Cash levels fluctuate through the year according to the timing of dividends received in the portfolio, investment purchases and disposals, dividends paid out to shareholders and any capital raisings.

Despite the market volatility and macroeconomic concerns, Argo delivered another solid and profitable year, and increased its fully franked annual dividends paid to shareholders by 1.5 cents per share (or 4.5%). Both the interim and final dividends are record highs for Argo.

About a third of Argo's shareholders automatically reinvest their dividends into more Argo shares, building their holding through the Dividend Reinvestment Plan.

Future prospects, strategies and risks

The Company has cash available for additional investments in the share market and will continue to focus on producing results in accordance with its stated investment objective.

The results of Argo's future investment activities will depend primarily on the performance of our investee companies, their resulting share price movements and the dividends we receive from these companies.

Those prospects may be impacted by a variety of risks and economic conditions in the future, with current issues including rapidly rising inflation, interest rates and the unwinding of government stimulus, as well as the ongoing health and social effects of the pandemic.

The effects of ever-changing conditions on the companies in our portfolio is difficult to predict, especially when combined with company-specific issues such as management competence, capital strength, industry trends and competitive behaviour.

The benefit of a large, diversified portfolio is that different companies will be affected in different ways, helping to balance out some of the short-term impacts. Actively managing the portfolio allows changes to be made quickly to its composition if we see long-term issues or opportunities developing.

Although the constantly changing nature of markets and other investment conditions requires Argo to diligently appraise any opportunities that may present themselves, we do not envisage any significant changes to Argo's business model which has stood the test of time since 1946.

Matters arising since year end

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year which has significantly affected or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years except as stated elsewhere in this report.

Dividends

A fully franked interim dividend of 16.5 cents per share was paid on 10 March 2023.

On 14 August 2023, the Directors declared a fully franked final dividend of 18.0 cents per share to be paid on 15 September 2023, which does not include a listed investment company (LIC) capital gain component.

Total fully franked dividends for the year amount to 34.5 cents per share. This compares with 33 cents per share last year.

The final dividend paid by the Company for the financial year ended 30 June 2022 of $127.5 million and referred to in the Directors' Report dated 15 August 2022 was paid on 16 September 2022.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) raised $49.1 million of new capital for investment during the year.

The DRP will operate for the 18.0 cents per share dividend payable on 15 September 2023 and the Directors have resolved that the shares will be allotted to participating shareholders at the market price of Argo shares, as defined by the DRP. No discount will apply.

Share buy-back

The Company has an on-market share buy-back facility in place, in order that its shares can be bought back and cancelled where they can be purchased at a significant discount to the net tangible asset backing per share. Any such purchases have the effect of increasing the value of the remaining shares on issue. No share buy-backs occurred during the year.

Indemnification of Directors and Officers and insurance arrangements

The Company indemnifies its past, present and future Directors and Officers against liabilities arising out of their position with the Company, except where the liability arises out of conduct involving a lack of good faith. The deed stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid a premium in respect of a Directors' and Officers' insurance policy covering the liability of past, present or future Directors and Officers. The terms of the policy prohibit disclosure of the details of the amount of insurance cover and the premium paid.

Non-audit services

Details of the amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services provided during the year are set out in Note 28 to the financial statements on page 70 of this report.

The Board has considered the position and, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

(a) all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

(b) the non-audit services provided do not undermine the general principles relating to audit independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

The Auditor's Independence Declaration, as required under Section 307C of the *Corporations Act 2001*, is set out on page 43.

Environmental regulations

The Company's operations are not directly affected by environmental regulations.

Rounding of amounts

Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies to the Company and accordingly amounts have been rounded to the nearest one thousand dollars in accordance with that Instrument, unless otherwise stated.

Remuneration Report

This Report explains how the Board structures remuneration to motivate and reward executives for delivering performance that drives the achievement of Argo's business objectives and creates value for shareholders.

It provides remuneration information regarding the Key Management Personnel (KMP) for the financial year ended 30 June 2023.

KMP are those people who have authority and responsibility for planning, directing and controlling the activities of Argo. This includes the Non-executive Directors and the key executives.

The Non-executive Directors during the year were Mr. R.A. Higgins AO (Chairman), Ms. A.B. Brennan, Ms L.M. Buck, Mr. C.E. Cuffe AO, Mr. R.A. Davis, Ms. E.A. Lewin and Mr. P.H. Warne.

Mr. J. Beddow (Managing Director) was an executive Director during the financial year. Other key executives were Mr. T.C.A. Binks (Chief Operating Officer) and Mr. A.B. Hill (Chief Financial Officer).

Contents

Section 1 Principles of remuneration

The Board recognises that remuneration plays an important role in the delivery of Argo's business objectives and ongoing performance. The Board seeks to achieve the right balance of motivation, challenge and reward for its executives to encourage sustainable delivery of shareholder returns.

The key principles of Argo's remuneration strategy are:

- Align remuneration structure with shareholder interests
- Attract, retain and reward talent
- Link a significant component of remuneration with the creation of shareholder value through relative outperformance
- Ensure remuneration is competitive and fair

Alignment of the long-term interests of shareholders and executives is achieved by a significant component of executive pay being performance based. This encourages executives to take a long-term approach to decision making and business success without taking excessive risks.

The equity component of any Short-term Incentive (STI) reward is deferred for a two year period and performance under the Long-term Incentive (LTI) is measured over a four year period. The actual remuneration received by executives is subject to Board discretion and reflective of the ongoing performance of the Company over an extended period.

Remuneration reward is measured on a relative basis, reflecting the Company's profitability relative to its peer group and its investment performance relative to the ASX 200 share market index.

Section 2 Executive remuneration structure

The remuneration structure to reward the Company's executives includes a mix of fixed remuneration and short and long-term performance based 'at risk' remuneration which reflects both Company and individual performance. The amount of 'at risk' remuneration earned (if any) depends on the extent that key performance conditions are met or exceeded.

	Fixed	At risk	
	Fixed annual remuneration (**FAR**)	Short-term Incentive (**STI**)	Long-term Incentive (**LTI**)
Description	Base salary including superannuation	Reward for strong individual and Company performance over one year	Reward for strong Company performance over four years
Designed to	Attract and reward talented executives	Motivate superior executive performance during the year and retain talent	Align executive and shareholder interests over the long-term and retain talent
Achieved by	Ensuring competitive and appropriate compared to market benchmarks	Setting challenging key Company and individual performance indicators that align with business objectives	Only vesting into shares to the extent that the Company outperforms the S&P ASX 200 Accum. Index and its peer group over a four year period

Fixed annual remuneration (FAR)

What is FAR?	All executives receive a FAR component that is not performance based and is inclusive of statutory superannuation and any agreed salary sacrifice arrangement
How is FAR assessed?	The Board and Remuneration Committee review the levels of FAR annually, taking into account industry benchmarking, market factors and independent advice

Short-term incentive (STI)

What is the STI?	The STI is performance-linked remuneration awarded annually to executives and is determined by reference to both the Company’s financial performance and an executive’s individual performance
What is the performance period?	One year
What is the value of the STI?	The STI ranges from 0-80% of an executive’s fixed annual remuneration (FAR). It comprises an STI cash component of up to 40% of FAR and a deferred STI performance rights component of up to 40% of FAR The value of each executive’s STI will depend upon their individual performance and the Company’s financial performance over the one year performance period
What does deferred mean?	The STI performance rights component vests into Argo shares two years after grant, subject to continued service with the Company
What are the performance indicators?	Performance indicators comprise both key Company financial and individual objectives

What are the Company financial performance indicators?	1. TPR Performance: the Total Portfolio Return (TPR)* of the Company, adjusted for company tax paid or payable, must exceed the movement in the S&P ASX 200 Accumulation Index over the performance period 2. EPS Performance: the Company must achieve a superior one year earnings per share (EPS)** performance relative to its approved listed investment company (LIC) peer group * *independently calculated and based on the movement in net tangible asset backing per share before providing for tax on unrealised gains in the portfolio and assuming dividends paid are reinvested* ** *the Company's non-dilutive earnings per share which is measured as the profit for the year of the consolidated entity divided by the weighted average number of shares on issue over the performance period and as calculated by the Board on a comparable basis*
What are the individual performance indicators?	Individual performance indicators are uniquely set for each executive, depending on their role and responsibilities Indicators may include strategic direction, analyst stock recommendations, risk management, succession planning, marketing, communication with internal and external stakeholders and management of Argo Global Listed Infrastructure
How does the STI align with shareholder interests?	The STI is designed to challenge, motivate and reward executives to improve the Company's performance by meeting or exceeding business objectives, both financial and non-financial The STI supports the retention of high performing executives as the award comprises deferred STI performance rights which vest into shares two years later, subject to continued service The STI provides executives with the opportunity to hold equity in the Company, better aligning their interests with those of shareholders
How is STI achievement assessed?	STI achievement is measured annually by the Board and the Remuneration Committee

Long-term incentive (LTI)

What is the LTI?	The LTI is performance linked remuneration offered annually to executives and is determined by reference to the Company's financial performance over the performance period It is issued in three tranches, each subject to different performance hurdles
What is the performance period?	Four years
What is the value of the LTI?	LTI performance rights are granted to the value of 100% of the Managing Director's fixed annual remuneration (FAR) and 50% of the other executives' FAR Maximum annual incentive opportunity - percentage of FAR Managing Director: Tranche 1-TPR 40%; Tranche 2-EPS 40%; Tranche 3-TSR 20%; **100%** Other executives: Tranche 1-TPR 20%; Tranche 2-EPS 20%; Tranche 3-TSR 10%; **50%** The value of each executive's LTI will depend on the quantity of LTI performance rights that actually vest into shares due to the Company's financial performance against the performance hurdles of each tranche over the four year performance period
How is the LTI aligned with shareholder interests?	The LTI is designed to create a strong link between the long-term performance of the Company relative to the S&P ASX 200 Accumulation Index and relative to the performance of its listed investment company peer group LTI grants are based solely on financial performance, closely aligning shareholder value and executive reward

What are the performance hurdles?	Tranche 1 — TPR Performance: the Total Portfolio Return (TPR)[1] of the Company, adjusted for company tax paid or payable[2], must meet or exceed the movement in the S&P ASX 200 Accumulation Index over the performance period Tranche 2 — EPS Performance: the Earnings Per Share (EPS)[3] over the performance period must meet or exceed the average of the EPS performance of those member companies of the Australian Listed Investment Companies Association, excluding the Company, which have Australian equity portfolios Tranche 3-TSR performance: the 10-year Total Shareholder Return (TSR) of the company must exceed the movement in the S&P ASX 200 Accumulation Index 10-year return. The performance will be measured over the 10-year period to 30 June of the fourth year 1. *independently calculated and based on the movement in net tangible asset backing per share before providing for tax on unrealised gains in the portfolio and assuming dividends paid are reinvested* 2. *adjusted to compare with index returns which are not subject to company tax* 3. *the Company's non-dilutive earnings per share which is measured as the profit for the year of the consolidated entity divided by the weighted average number of shares on issue over the performance period and as calculated by the Board on a comparable basis*
Why were these performance hurdles chosen?	The S&P ASX 200 Accumulation Index is the benchmark index that tracks the combined returns (including dividends paid) of the largest 200 listed companies in Australia. It is the most appropriate measure of the Company's investment performance relative to the broader market EPS gauges how profitable the Company is per share and is therefore indicative of the Company's ability to pay dividends that will grow over time

How does the LTI vest?	The LTI is tested four years after grant, and any performance rights that do not vest at the performance measurement date, lapse without value

Level of performance condition achieved	% of Performance Rights to vest into shares
Tranche 1 — TPR Performance	
Underperform condition	Nil
Achieve (meet) condition	40% vesting
Outperform condition by up to 100 bps	40–100% straight-line pro-rata vesting
Tranche 2 — EPS Performance	
Underperform condition	Nil
Achieve (meet) condition	25% vesting
Outperform condition by 0-30%	25–100% straight-line pro-rata vesting
Tranche 3 — TSR Performance	
Underperform / meet condition	Nil
Outperform condition	100% vesting

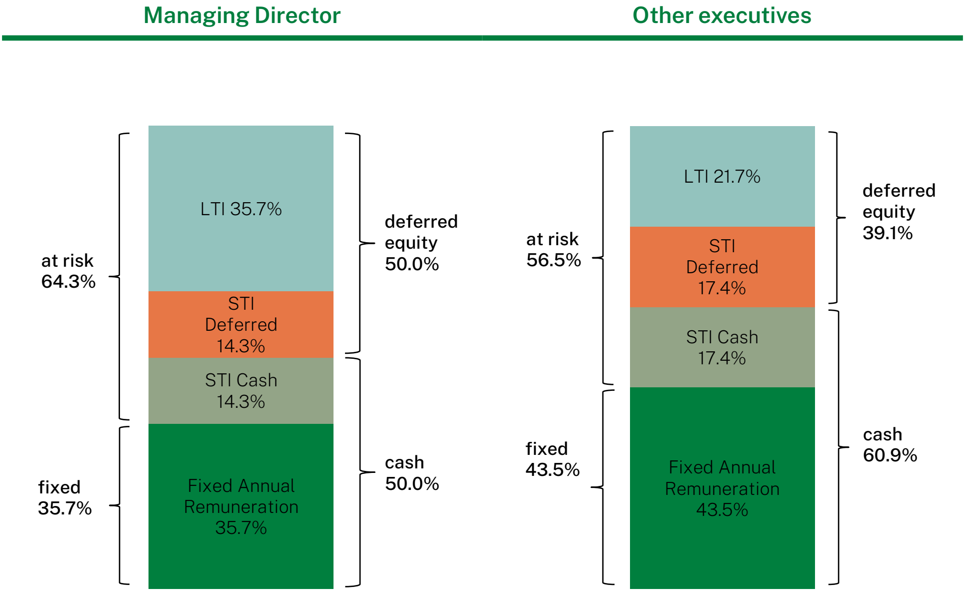
The final vesting proportions of TPR and EPS performance may be reduced, subject to Board discretion, in the event of negative absolute returns as follows:

- If the Company's absolute TPR is negative, only a maximum of 50% of the TPR Performance Rights can vest
- If the Company's absolute EPS growth is negative, none of the EPS performance rights will vest

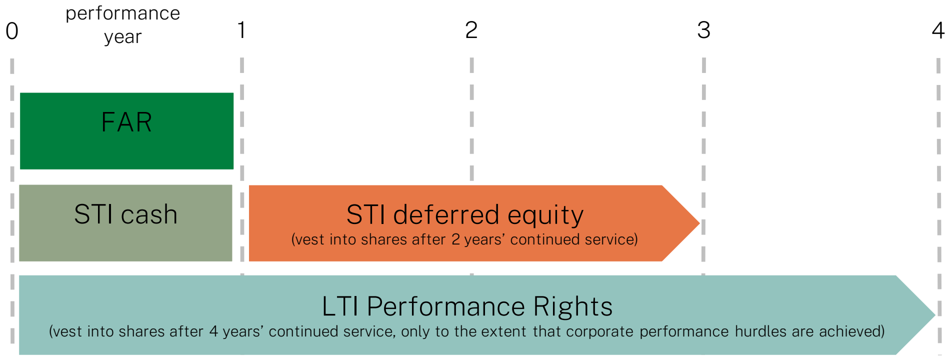
Upon vesting, shares are purchased on market and allocated to executives

Total target remuneration mix for year ended 30 June 2023

The following illustration is modelled on the executives' maximum remuneration opportunity for the year under review. Actual remuneration for executives will differ due to the variable nature of the 'at risk' remuneration components.



Remuneration vesting profile



Other remuneration benefits

Argo Employee Share Ownership Plan

All employees other than the Directors are offered up to $1,000 per year in Company shares at market value. The costs of acquiring the shares on market are paid by the Company. Any shares acquired cannot be disposed of or transferred until the earlier of three years from the acquisition date or the date the employee ceases employment.

Additional conditions applying to Performance Rights

Service condition discretion

A service condition applies to the STI and LTI performance rights, which means vesting is subject to the individual executives remaining in service. The Board has discretion however to allow the Performance Rights to vest in certain circumstances which could include death, incapacity, redundancy and retirement.

Clawback of executive remuneration

The Board has the discretion to cancel unvested performance rights if, after they have been granted, a material misstatement is discovered in the Company's accounts.

Prohibition of hedging

The Company's Securities Trading Policy prohibits executives from entering into arrangements which limit the economic risk of unvested Performance Rights.

Section 3 Relationship between remuneration and Company performance

The Company's remuneration structure includes short-term and long-term incentives to align executive remuneration outcomes with the interests of shareholders. The Company's objective of maximising long-term returns to shareholders through a balance of capital and dividend growth is reflected in the STI and LTI performance indicators.

The table and charts below show relevant aspects of the Company's annual results and how they translate into executive remuneration outcomes when measured over the periods applicable to STI and LTI. The Company's relative performance as compared to its Australian listed investment company peers and the S&P ASX 200 Accumulation Index is closely linked to remuneration actually received by executives as the STI and LTI performance indicators comprise these relative measures.

Table A: Linking remuneration outcomes to Company performance

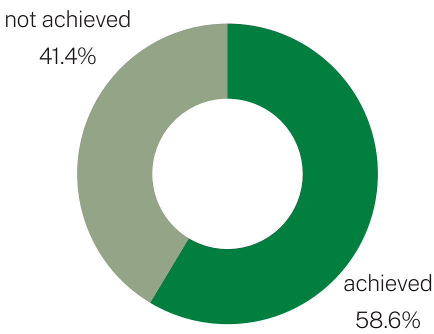
Summary of annual results	2023	2022	2021	2020	2019
Profit ($m)	271.7	312.9	174.0	199.5	292.7
Earnings per share (cents)	36.1	42.7	24.1	27.8	41.1
Dividends ($m)	260.2	243.9	202.7	215.7	235.5
Dividends per share (cents, fully franked)	34.5	33.0	28.0	30.0	33.0
Management expense ratio (% of average assets)	0.155	0.141	0.141	0.159	0.149
Share price at 30 June ($)	8.76	8.80	8.93	7.19	8.12
Share price movement ($)	-0.04	-0.13	+1.74	-0.93	+0.15

One year performance — links to STI awards	2023	2022	2021	2020	2019
Earnings per share growth	-15.5%	+77.5%	-13.4%	-32.4%	+31.3%
— relative to peer group	over	over	over	over	over
Investment (NTA) return adjusted for tax paid/payable[a]	+11.4%	-2.3%	+29.3%	-10.1%	+9.1%
— relative to ASX 200 accum. index[a]	under	over	over	under	under
Dividends per share growth	+4.5%	+17.9%	-6.7%	-9.1%	+4.8%
Average % of maximum STI achieved[b]	58.6%	77.9%	79.4%	30.8%	65.7%

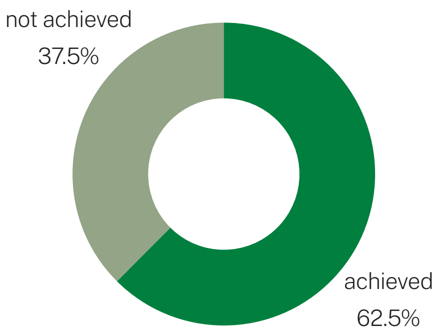
(a) For 2019 the former performance condition compared NTA return to index, both grossed up for franking credits.

(b) Includes non-financial performance measures.

STI outcomes — 2023



STI outcomes — 5 year average

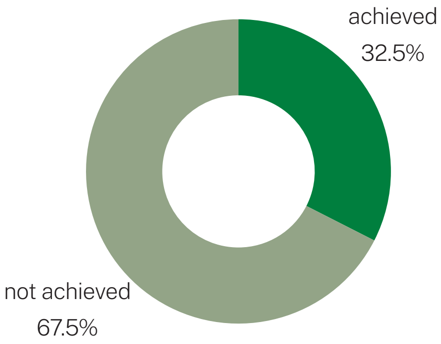


Four year performance* — links to LTI awards	2022	2021	2020	2019	2018
Earnings per share growth	8.1%	-5.9%	-3.5%	+4.6%	+1.0%
— relative to peer group	over	over	under	over	over
Investment (NTA) return after all costs (pa)[a]	+6.4%	+9.9%	+6.5%	+9.1%	+8.7%
— relative to ASX 200 accum. index[a]	under	under	under	under	under
Dividends per share growth (pa)	0.0%	-2.8%	-0.8%	+2.0%	+1.7%
% of maximum LTI achieved	32.5%	25.5%	0.0%	50.0%	39.4%

* 2023 LTI outcomes have not yet been tested and will be reported in next year's Annual Report.

(a) Adjusted for franking credits.

LTI outcomes — 2022



LTI outcomes — 5 year average

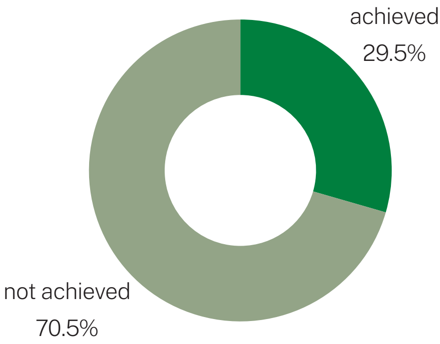


Table B: Actual executive remuneration outcomes (non-statutory disclosure)

		Total fixed remuneration[(a)] $	Annual STI to 30 June[(b)] $	Loan repayment[(c)] $	Prior years rights vested[(d)] $	Total received $
Managing Director						
J. Beddow	**2023**	**770,000**	**161,700**	**-**	**310,665**	**1,242,365**
	2022	730,000	212,060	7,761	398,271	1,348,092
Other Key Management Personnel						
T.C.A. Binks	**2023**	**318,000**	**77,590**	**-**	**78,823**	**474,413**
	2022	300,000	87,150	-	123,100	510,250
A.B. Hill	**2023**	**248,000**	**60,510**	**-**	**62,665**	**371,175**
	2022	237,000	66,770	-	98,257	402,027
Total	**2023**	**1,336,000**	**299,800**	**-**	**452,153**	**2,087,953**
	2022	1,267,000	365,980	7,761	619,628	2,260,369

(a) Base remuneration including superannuation and any salary sacrificing arrangements.

(b) Comprises the cash portion of the STI performance for the 12 months to 30 June and is paid in September. The STI deferred component for the year ended 30 June 2023 will be issued on 7 September 2023 as STI performance rights and will vest two years after grant, subject to the executive having continued service with the Company (2022: issued 6 October 2022).

(c) Comprises the amount of dividends received to repay the interest free loan pursuant to the superseded Argo Investments Executive Share Plan. The loan was repaid in the year ending 30 June 2022.

(d) The value of STI and LTI performance rights exercised during the year is based on the market price of shares of the Company on the date the performance rights were exercised.

This table clarifies payments actually received by the executives for the year under review.

These amounts are different to the statutory remuneration as Accounting Standards require a value to be placed on performance rights at the time of grant which is expensed over the life of the rights, even though the executives may not realise all (or any) actual value from the performance rights if performance and/or service conditions are not met, or are only partly met. Remuneration details prepared in accordance with statutory obligations and Accounting Standards are contained in Section 6 of this Report.

Section 4 Non-executive Directors’ remuneration

Non-executive Directors (NEDs) are awarded fixed fees, allowing for objectivity and independence in their assessment of Company and executive performance. However, the Board has a policy that all NEDs should, within three years of their initial appointment, establish and maintain a shareholding in the Company which is at least equivalent in value to one year's directors’ fees, to further align their interests with those of other shareholders.

The Board, after taking into account the recommendations of the Remuneration Committee, determines the amount of Board and Committee fees having regard to the level of fees paid to NEDs of companies of comparable size and complexity. The fees are within the aggregate annual limit approved by shareholders at the Annual General Meeting held in October 2015 ($1,100,000).

For the year ended 30 June 2023, the Chairman received $257,700 inclusive of Committee and subsidiary company appointments. The base fee for each of the other NEDs was $109,200 with additional fees of $3,800 for Committee membership and subsidiary company board appointments, and $7,200 for Committee Chairs. Statutory superannuation payments are contributed on behalf of NEDs with any superannuation guarantee exemption being paid as Directors' fees. Further details of the Non-executive Directors' remuneration are provided in Section 6, Table C on page 36 of this report.

Following a review of NED remuneration, a 4.5% increase is being applied for the year ending 30 June 2024 including a 0.5% increase in the superannuation guarantee contribution.

A performance evaluation process for NEDs is undertaken each year and is described in the Corporate Governance Statement, which is available on the Company’s website.

Section 5 Remuneration governance

Remuneration Committee

The Remuneration Committee provides support and advice to the Board on setting appropriate remuneration levels, determining the remuneration structure and assessing performance.

Remuneration review

The Remuneration Committee periodically engages independent external advisers to review and assist with aspects of the remuneration structure.

In the year ended 30 June 2022, the Remuneration Committee engaged an external executive remuneration consultant to assist it with a comprehensive review of executive remuneration compensation relating to fixed remuneration, STI and LTI plans. The changes, as a result of this review, detailed in the Company's 2022 Annual Report, have been applied for the financial year ending 30 June 2023.

Executive service agreements

Key features of the service agreements for the executives include:

- Employment continues until terminated by either the executive or Argo
- Notice periods are six months for the Managing Director and three months for other executives
- A lump sum in lieu of notice may be paid
- If an executive commits a breach such as serious misconduct, wilful neglect or criminal offence, their services may be terminated immediately, without notice
- If the Company commits any serious or persistent breach, an executive may terminate immediately
- Unless stated otherwise above, no termination payments are provided for under the service agreements
- Compliance with policies of the Company including the Code of Conduct

Section 6 Remuneration disclosure tables

Table C: Non-executive Directors' remuneration

		Short-term		Post-employment	
		Directors' fees $	Committee fees $	Superannuation[a] $	Total $
Non-executive Directors					
R.A. Higgins AO	**2023**	**233,213**	**-**	**24,487**	**257,700**
	2022	223,273	-	22,327	245,600
A.B. Brennan[i]	**2023**	**34,308**	**3,456**	**3,965**	**41,729**
	2022	104,500	10,500	11,500	126,500
L.M. Buck[ii]	**2023**	**109,232**	**8,738**	**12,387**	**130,357**
	2022	-	-	-	-
C.E. Cuffe AO	**2023**	**109,232**	**3,800**	**11,868**	**124,900**
	2022	104,582	3,600	10,818	119,000
R.A. Davis	**2023**	**109,271**	**7,200**	**12,229**	**128,700**
	2022	104,555	6,900	11,145	122,600
E.A. Lewin	**2023**	**109,232**	**3,800**	**11,868**	**124,900**
	2022	104,582	3,600	10,818	119,000
J.C. Morton[iii]	**2023**	**-**	**-**	**-**	**-**
	2022	115,400	3,600	-[b]	119,000
P.H. Warne[iv]	**2023**	**72,667**	**2,533**	**7,896**	**83,096**
	2022	-	-	-	-
Total	**2023**	**777,155**	**29,527**	**84,700**	**891,382**
	2022	756,892	28,200	66,608	851,700

(i) Retired 24 October 2022

(ii) Appointed 1 July 2022

(iii) Retired 30 June 2022

(iv) Appointed 1 November 2022

(a) Superannuation contributions made on behalf of Non-executive Directors to satisfy the Company's obligations under the Superannuation Guarantee Charge legislation.

(b) Superannuation guarantee exemptions applied with exemption amounts paid as Directors' fees.

Table D: Executive remuneration (statutory disclosures)

		Short-term		Post-employment	Share based[e]		
		Salaries[a] $	STI[b] $	Super-annuation $	STI[f] $	LTI[g] $	Total $
Managing Director							
J. Beddow	**2023**	**743,213**	**134,200**[c]	**27,500**[c]	**204,092**	**176,083**	**1,285,088**
	2022	766,810	184,560[c]	27,500[c]	173,480	146,117	1,298,467
Other Key Management Personnel							
T.C.A. Binks	**2023**	**308,099**	**77,590**[d]	**27,500**	**80,862**	**33,470**	**527,521**
	2022	255,752	87,150[d]	23,568	65,964	27,477	459,911
A.B. Hill	**2023**	**229,776**	**60,510**[d]	**27,500**	**62,748**	**26,938**	**407,472**
	2022	209,061	66,770[d]	27,500	52,287	22,286	377,904
Total	**2023**	**1,281,088**	**272,300**	**82,500**	**347,702**	**236,491**	**2,220,081**
	2022	1,231,623	338,480	78,568	291,731	195,880	2,136,282

(a) Salaries include the movement in the provision for annual leave and long service leave and any salary sacrifice arrangements.

(b) STI cash payments are paid in September.

(c) The STI of $161,700 was paid $134,200 in cash and $27,500 as a superannuation contribution (2022: $212,060 of which $184,560 was paid in cash and $27,500 as a superannuation contribution).

(d) The STI was paid in cash.

(e) The Accounting Standards require that the expense relating to the share based incentive instruments be reflected over the performance period, regardless of whether the executive ever receives any actual value from them. If the performance rights lapse, the expense is reversed and the amount previously recognised for individual executives is also reversed.

(f) Argo Investments Limited Executive STI Performance Rights:
The values of the STI performance rights are calculated and allocated to each reporting period from the commencement of the performance period to the vesting date. The value of STI performance rights for the current reporting period, which are yet to be issued to executives, has been estimated.

(g) Argo Investments Limited Executive LTI Performance Rights:
The fair value of the LTI performance rights granted was calculated by estimating the value of dividends an award recipient would not receive during the performance measurement period and subtracting this amount from the value of the grant date share price, and applying the Monte Carlo simulation.

Argo Employee Share Ownership Plan:
Employees received $1,000 of Company shares at market value pursuant to the Argo Employee Share Ownership Plan.

Directors' and Officers' liability insurance contract

The Directors' and Officers' liability insurance contract does not specify premiums in respect of individual Directors and Officers and the policy also prohibits disclosure of the premium paid.

Table E: Executive performance percentages

		Actual STI as % of STI opportunity	% of STI opportunity not achieved	Share based remuneration as proportion of remuneration(1)	Total performance related remuneration
J. Beddow	**2023**	**52.5%**	**47.5%**	**29.6%**	**42.2%**
	2022	83.0%	17.0%	24.6%	40.9%
T.C.A. Binks	**2023**	**61.0%**	**39.0%**	**21.7%**	**36.4%**
	2022	83.0%	17.0%	20.3%	39.3%
A.B. Hill	**2023**	**61.0%**	**39.0%**	**22.0%**	**36.9%**
	2022	80.5%	19.5%	19.7%	37.4%

(1) These percentages are based on the Accounting Standard disclosures and reflect the net effect of the various outcomes described in (f) and (g) above.

Table F: Executive Performance Rights(1) — granted

	Number	Grant date	Fair value per right at grant date	Earliest vesting date	Expiry date	Number yet to vest	Accounting value yet to vest Min.(2) $	Accounting value yet to vest Max.(3) $
J. Beddow								
STI	26,752	7/10/21	$8.14	7/10/23	-	26,752	-	18,056
	26,145	6/10/22	$7.93	6/10/24	-	26,145	-	80,570
	-	-	-	-	-	-	-	148,050(4)
LTI								
TPR/EPS	78,260	8/10/19	$6.56	8/10/23	23/10/23	78,260	-	10,527
TPR/EPS	83,000	8/10/20	$6.11	8/10/24	22/10/24	83,000	-	46,609
TPR/EPS	69,750	7/10/21	$7.29	7/10/25	21/10/25	69,750	-	92,311
TPR/EPS	66,452	6/10/22	$7.10	6/10/26	20/10/26	66,452	-	73,183
TSR	16,612	6/10/22	$2.62	6/10/26	20/10/26	16,612	-	37,690
	366,971					366,971	-	506,996

	Number	Grant date	Fair value per right at grant date	Earliest vesting date	Expiry date	Number yet to vest	Accounting value yet to vest Min.[2] $	Accounting value yet to vest Max.[3] $
T.C.A. Binks								
STI	9,906	7/10/21	$8.14	7/10/23	-	9,906	-	6,686
	10,744	6/10/22	$7.93	6/10/24	-	10,744	-	33,110
	-	-	-	-	-	-	-	61,140[4]
LTI								
TPR/EPS	14,310	8/10/19	$6.56	8/10/23	23/10/23	14,310	-	1,883
TPR/EPS	15,180	8/10/20	$6.11	8/10/24	22/10/24	15,180	-	8,340
TPR/EPS	12,740	7/10/21	$7.29	7/10/25	21/10/25	12,740	-	16,496
TPR/EPS	13,722	6/10/22	$7.10	6/10/26	20/10/26	13,722	-	14,782
TSR	3,430	6/10/22	$2.62	6/10/26	20/10/26	3,430	-	7,613
	80,032					80,032	-	150,050
A.B. Hill								
STI	7,877	7/10/21	$8.14	7/10/23	-	7,877	-	5,316
	8,232	6/10/22	$7.93	6/10/24	-	8,232	-	25,368
	-	-	-	-	-	-	-	47,680[4]
LTI								
TPR/EPS	11,380	8/10/19	$6.56	8/10/23	23/10/23	11,380	-	1,581
TPR/EPS	12,070	8/10/20	$6.11	8/10/24	22/10/24	12,070	-	7,000
TPR/EPS	10,060	7/10/21	$7.29	7/10/25	21/10/25	10,060	-	13,747
TPR/EPS	10,700	6/10/22	$7.10	6/10/26	20/10/26	10,700	-	12,167
TSR	2,676	6/10/22	$2.62	6/10/26	20/10/26	2,676	-	6,269
	62,995					62,995	-	119,128
Total	509,998					509,998	-	776,174

Refer Table G for footnotes.

Table G: Executive Performance Rights[1] — vested, exercised and lapsed

		Grant date	Number of rights vested during the year	Number of shares purchased on exercise	Value at exercise date[5] $	Number of rights lapsed during the year[6]	Value at lapse date[7] $
J. Beddow	STI	8/10/20	11,067	11,067	97,500	-	-
	LTI	15/10/18	24,141	24,141	213,165	50,139	313,870
			35,208	35,208	310,665	50,139	313,870
T.C.A. Binks	STI	8/10/20	4,553	4,553	40,112	-	-
	LTI	15/10/18	4,384	4,384	38,711	9,106	57,004
			8,937	8,937	78,823	9,106	57,004
A.B. Hill	STI	8/10/20	3,621	3,621	31,901	-	-
	LTI	15/10/18	3,484	3,484	30,764	7,236	45,297
			7,105	7,105	62,665	7,236	45,297
Total			51,250	51,250	452,153	66,481	416,171

(1) The STI and LTI performance rights granted do not have an exercise price and no amount is payable by the recipient.

(2) The minimum value of STI and LTI performance rights yet to vest is $nil as the performance and service conditions may not be met and consequently the STI and LTI performance rights may not vest.

(3) The maximum value yet to vest of STI performance rights has been determined as the amount of the fair value of the STI performance rights from the commencement of the performance period to the vesting date that is yet to be expensed. The maximum value of LTI performance rights yet to vest has been determined as the amount of the grant date fair value of the LTI performance rights that is yet to be expensed. Ultimately, the value received from STI and LTI performance rights will be determined by the quantity of rights that vest and the market value.

(4) The maximum value yet to vest of STI performance rights which are expected to be granted on 7 September 2023 has been determined as the estimated fair value of the STI performance rights yet to be expensed.

(5) The value of STI and LTI performance rights exercised during the year is calculated as the market price of shares of the Company on the date the performance rights were exercised.

(6) The 2018 LTI performance rights lapsed on 15 October 2022 because the performance condition was not satisfied.

(7) The value of LTI performance rights that lapsed during the year represents the benefit forgone, and is calculated at the date the rights lapsed assuming the performance condition had been satisfied. Rights granted 15 October 2018 have a fair value of $6.26.

Table H: Key Management Personnel equity holdings

The number of ordinary shares and performance rights in the Company held or controlled by key management personnel or their related parties during the financial year:

(a) Shareholdings

	Opening balance	Changes during the year	Closing balance
R.A. Higgins AO	114,450	4,284	118,734
J. Beddow	380,287	35,208	415,495
A.B. Brennan	20,656	-	n/a
L.M. Buck	-	10,184	10,184
C.E. Cuffe AO	15,000	-	15,000
R.A. Davis	33,773	-	33,773
E.A. Lewin	14,181	530	14,711
P.H. Warne	n/a	-	-
T.C.A. Binks	44,638	(3,980)	40,658
A.B. Hill	141,246	8,175	149,421

(b) STI performance rights holdings

	Opening balance	Granted as remuneration	Vested and exercised	Lapsed	Closing balance
J. Beddow	37,819	26,145	(11,067)	-	52,897
T.C.A. Binks	14,459	10,744	(4,553)	-	20,650
A.B. Hill	11,498	8,232	(3,621)	-	16,109

(c) LTI performance rights holdings

	Opening balance	Granted as remuneration	Vested and exercised	Lapsed	Closing balance
J. Beddow	305,290	83,064	(24,141)	(50,139)	314,074
T.C.A. Binks	55,720	17,152	(4,384)	(9,106)	59,382
A.B. Hill	44,230	13,376	(3,484)	(7,236)	46,886

Corporate Governance Statement

The Corporate Governance Statement for the year ended 30 June 2023 can be accessed in the Corporate Governance section of the Company's website at argoinvestments.com.au.

Relevant governance charters, policies and codes are also available in this section of the website.

This report is made in accordance with a resolution of the Board of Directors.

On behalf of the Board

R.A. Higgins AO
Chairman

7 September 2023

Auditor's Independence Declaration

As lead auditor for the audit of Argo Investments Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(a) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Argo Investments Limited and the entities it controlled during the year.

Julian McCarthy
Partner
PricewaterhouseCoopers

Adelaide
7 September 2023

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Consolidated Statement of Profit or Loss

for the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Dividends and distributions	2	273,060	326,217
Other income		7,487	5,828
Net gains on trading investments		22,765	5,628
Income from operating activities		303,312	337,673
Administration expenses	3	(10,489)	(9,610)
Profit before income tax expense		292,823	328,063
Income tax expense thereon	4	(21,116)	(15,135)
Profit for the year		271,707	312,928
		cents	cents
Basic and diluted earnings per share	5	36.1	42.7

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2023

	2023 $'000	2022 $'000
Profit for the year	271,707	312,928
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Revaluation of long-term investments	420,737	(474,678)
Provision for deferred tax (expense)/benefit on revaluation of long-term investments	(128,724)	138,650
Other comprehensive income/(loss) for the year	292,013	(336,028)
Total comprehensive income/(loss) for the year	563,720	(23,100)

(To be read in conjunction with the accompanying notes)

Consolidated Statement of Financial Position
at 30 June 2023

	Note	2023 $'000	2022 $'000
Current Assets			
Cash and cash equivalents	6	125,255	134,718
Receivables	7	36,890	30,649
Investments	8	10,452	14,406
Other financial cash assets	9	-	25,000
Total Current Assets		172,597	204,773
Non-Current Assets			
Investments	8	6,713,768	6,218,850
Property, plant and equipment	10	599	992
Total Non-Current Assets		6,714,367	6,219,842
Total Assets		6,886,964	6,424,615
Current Liabilities			
Payables	11	1,487	1,482
Derivative financial instruments	12	8,062	5,972
Current tax liabilities		14,375	38,805
Provisions	13	1,021	964
Total Current Liabilities		24,945	47,223
Non-Current Liabilities			
Payables	11	167	416
Deferred tax liabilities	14	863,783	740,134
Provisions	13	158	151
Total Non-Current Liabilities		864,108	740,701
Total Liabilities		889,053	787,924
Net Assets		5,997,911	5,636,691
Shareholders' Equity			
Contributed equity	15	3,204,096	3,155,136
Reserves	16	2,040,788	1,861,010
Retained profits	17	753,027	620,545
Total Shareholders' Equity		5,997,911	5,636,691

(To be read in conjunction with the accompanying notes)

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

	Contributed Equity $'000 (Note 15)	Reserves $'000 (Note 16)	Retained Profits $'000 (Note 17)	Total $'000
Balance as at 1 July 2022	3,155,136	1,861,010	620,545	5,636,691
Profit for the year	-	-	271,707	271,707
Other comprehensive income	-	292,013	-	292,013
Total comprehensive income for the year	-	292,013	271,707	563,720
Transactions with shareholders:				
Dividend Reinvestment Plan	49,050	-	-	49,050
Cost of share issues net of tax	(90)	-	-	(90)
Executive performance rights reserve	-	285	-	285
Dividends paid	-	(112,520)	(139,225)	(251,745)
Total transactions with shareholders	48,960	(112,235)	(139,225)	(202,500)
Balance as at 30 June 2023	3,204,096	2,040,788	753,027	5,997,911

for the year ended 30 June 2022

	Contributed Equity $'000 (Note 15)	Reserves $'000 (Note 16)	Retained Profits $'000 (Note 17)	Total $'000
Balance as at 1 July 2021	2,921,659	2,255,287	467,467	5,644,413
Profit for the year	-	-	312,928	312,928
Other comprehensive loss	-	(336,028)	-	(336,028)
Total comprehensive loss for the year	-	(336,028)	312,928	(23,100)
Transactions with shareholders:				
Dividend Reinvestment Plan	41,998	-	-	41,998
Share Purchase Plan	191,846	-	-	191,846
Cost of share issues net of tax	(367)	-	-	(367)
Executive performance rights reserve	-	(245)	-	(245)
Dividends paid	-	(58,004)	(159,850)	(217,854)
Total transactions with shareholders	233,477	(58,249)	(159,850)	15,378
Balance as at 30 June 2022	3,155,136	1,861,010	620,545	5,636,691

(To be read in conjunction with the accompanying notes)

Consolidated Statement of Cash Flows
for the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Dividends and distributions received		258,219	249,508
Interest received		4,568	323
Other receipts		3,274	5,301
Proceeds from trading investments		40,092	16,918
Payments for trading investments		(11,282)	(18,730)
Other payments		(10,330)	(9,386)
Income tax paid		(50,583)	(47,977)
Net operating cash inflows	27	233,958	195,957
Cash flows from investing activities			
Proceeds from sale of long-term investments		123,505	338,572
Payments for long-term investments		(188,705)	(569,203)
Proceeds from other financial cash assets		25,000	-
Payments for other financial cash assets		-	(25,000)
Executive share scheme repayments		-	15
Payments for fixed assets		(43)	(48)
Net investing cash outflows		(40,243)	(255,664)
Cash flows from financing activities			
Payments for lease liabilities		(355)	(339)
Proceeds from Share Purchase Plan		-	191,846
Cost of share issues		(128)	(524)
Dividends paid – net of Dividend Reinvestment Plan		(202,695)	(175,855)
Net financing cash (outflows)/inflows		(203,178)	15,128
Net decrease in cash held		(9,463)	(44,579)
Cash at the beginning of the year		134,718	179,297
Cash at the end of the year	6	125,255	134,718

(To be read in conjunction with the accompanying notes)

Contents of the Notes to the Financial Statements

for the year ended 30 June 2023

Notes to the Financial Statements
for the year ended 30 June 2023

1. Summary of significant accounting policies

These financial statements are the financial statements of the consolidated entity, consisting of Argo Investments Limited and its controlled entities (Argo or Company) which are presented in Australian currency. The Company is incorporated and domiciled in Australia. Argo is a company limited by shares.

The financial statements were authorised for issue by the Directors on 7 September 2023. The Directors have the power to amend and reissue the financial statements.

The significant accounting policies which have been adopted in the preparation of these financial statements are set out below. The policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards. The Company is a 'for profit' entity for the purpose of preparing the financial statements.

These financial statements have been prepared using the conventional historical cost basis except for the fair value accounting of investments detailed in Note 1(d)(ii) and exchange traded options in Note 1(e).

The accounting policies adopted are consistent with those of the previous financial year.

(b) Principles of consolidation

The Company meets the definition of an investment entity (see Note 1(c)).

The Company's wholly owned subsidiary, Argo Service Company Pty Ltd (ASCO), provides services to the Company. The consolidated financial statements incorporate the assets and liabilities of ASCO as at 30 June 2023 and its results for the year then ended. Intercompany transactions and balances between the Company and ASCO are eliminated on consolidation.

The Company has determined that for any entities that it controls or has significant influence over, that do not provide services to the Company, consolidation is not required provided the Company measures its investments in these entities at fair value in its financial statements.

(c) Investment entity

The Company has determined that it is an investment entity under the definition in AASB 10 *Consolidated Financial Statements* as it meets the following criteria:

(i) The Company has obtained funds from shareholders for the purpose of providing them with investment management services;

(ii) The Company's business purpose, which it communicated directly to shareholders, is investing solely for returns from capital appreciation and investment income; and

(iii) The performance of investments made by the Company are measured and evaluated on a fair value basis.

The Company also meets all of the typical characteristics of an investment entity.

(d) **Investments**

(i) **Classification**

Purchases and sales of investments are recognised on trade-date, being the date the Company commits to purchase or sell the asset.

Current assets

Investments classified as Current Assets comprise holdings of trading securities and are categorised as financial assets measured at fair value through the Consolidated Statement of Profit or Loss. Investments are initially recognised at fair value and transaction costs are expensed. An investment is classified in this category if acquired principally for the purpose of selling in the short term.

Non-current assets

Investments classified as Non-Current Assets comprise holdings of long-term securities and are revalued at fair value through other comprehensive income. Investments are initially recognised at fair value.

(ii) **Valuation**

Trading securities and long-term securities are continuously carried at fair value using price quotations in an active stock market.

The fair value of securities which are not listed on a securities exchange are valued using appropriate valuation techniques as reasonably determined by the Directors.

(iii) **Gains and losses**

Investments are considered to have been sold when contractual rights to the investment expire or contractual rights to receive cash flows have been transferred and substantially all the risk and rewards of ownership have not been retained.

Current assets

Realised gains and losses from the sale of trading securities are included in the Consolidated Statement of Profit or Loss in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of the trading securities are included in the Consolidated Statement of Profit or Loss in the period in which they arise.

Non-current assets

Realised gains and losses on the sale of long-term investments, net of tax, are transferred from the investment revaluation reserve and recorded in the capital profits reserve.

Unrealised gains and losses arising from changes in the fair value of long-term securities are recognised in other comprehensive income and reflected in the investment revaluation reserve.

(e) **Derivative financial instruments**

The Company sells Australian Securities Exchange traded options to earn income. Where the Company sells a call option, it is obligated to deliver securities at an agreed price if the holder exercises the option. Where the Company sells a put option, it is obligated to purchase securities at an agreed price if the holder exercises the option.

The premium received for selling options is not initially brought to account as income but is recognised in the Consolidated Statement of Financial Position as a liability. When the option expires, is exercised or is repurchased, the premium received is brought to account and is included in net gains on trading investments in the Consolidated Statement of Profit or Loss.

Any open option positions at balance date are carried at their fair value and unrealised gains and losses are included in the Consolidated Statement of Profit or Loss.

(f) **Income**

Income is recognised when the right to receive payment is established.

(g) **Property, plant and equipment**

Items of plant and equipment are depreciated over their estimated useful lives to the Company using the straight line method of depreciation at rates ranging from 5.0% to 50%.

Items of property right of use assets are depreciated on a straight line method over the period of the lease.

(h) **Income tax**

The income tax expense is the tax payable on current year taxable income based on the company tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax balances attributable to revaluation amounts recognised in other comprehensive income are also recognised in the investment revaluation reserve. The revaluation of long-term investments is net of tax on unrealised capital gains by recognising a deferred tax liability. Where the Company disposes of long-term securities in the investment portfolio, tax is calculated on the net gains made according to the particular parcels allocated to the sale for tax purposes. The tax recognised in the investment revaluation reserve is then transferred to the capital profits reserve. The associated deferred tax liability is similarly adjusted and transferred to tax payable.

Argo Investments Limited (the parent) and its wholly owned subsidiary have formed an income tax consolidated group. Each entity in the group recognises its own current and deferred tax amounts. The current tax liability of both entities is subsequently assumed by the parent entity.

The entities have also entered into a tax funding agreement whereby the subsidiary compensates the parent entity for any current tax payable or receivable and deferred tax assets relating to unused tax losses or unused tax credits.

(i) Employee entitlements

Provision is made for benefits accruing to employees in respect of wages, salaries, annual leave and long service leave (based on wage rates expected at the time of settling the liability) when it is probable that settlement will be required and they are capable of being reliably measured.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(j) Argo Investments Limited Executive Performance Rights Plan

The share based short-term incentive (STI) performance rights are measured at fair value. The amount of these rights is expensed on a straight line basis over the period between the performance commencement date and the expected date that the rights will vest.

The share based long-term incentive (LTI) performance rights are measured at fair value, and recorded as an expense on a straight line basis over the period between grant date and the expected date that the rights will vest.

(k) Argo Investments Executive Share Plan Loans

The interest free loans were issued to executives pursuant to the superseded Argo Investments Executive Share Plan and are recognised initially at fair value and subsequently measured at amortised cost.

(l) Receivables

Receivables include dividends, distributions and securities sold where settlement has not occurred at the end of the reporting period. Amounts are generally received within 30 days of recognition.

(m) **Payables**

Payables include liabilities for goods and services provided to the Company and for securities purchased where settlement has not occurred at the end of the reporting period. Amounts are usually paid within 30 days of recognition.

(n) **Leases**

The Company recognises operating leases as property right of use assets with a corresponding liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. The property right of use assets are depreciated over the life of a lease on a straight-line basis. Lease liabilities are accounted for over the period of the lease with lease payments allocated between principal and finance cost.

(o) **Cash and cash equivalents**

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include bank deposits held at call, other short-term bank fixed term deposits with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, cash management trusts and bank overdrafts.

(p) **Other financial cash assets**

Other financial cash assets are bank fixed term deposits with maturities from three to six months from date of acquisition.

(q) **Earnings per share**

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the period.

If applicable, diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) **Goods and services tax (GST)**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO).

Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Consolidated Statement of Financial Position. Cash flows relating to GST are included in the Consolidated Statement of Cash Flows on a gross basis.

(s) **Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity, net of tax.

(t) **Provision for dividend**

A provision for dividend is only made for the amount of any dividend declared by the Directors on or before the end of the financial year but not distributed at balance date.

(u) **Rounding of amounts**

Australian Securities and Investments Commission Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 applies to the Company and accordingly amounts have been rounded to the nearest one thousand dollars in accordance with that Instrument, unless otherwise stated.

(v) **New accounting standards**

The Company adopts Accounting Standards and interpretations at the date at which their application becomes mandatory.

There are no standards or interpretation that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(w) **Critical accounting estimates and judgements**

There are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

2. Dividends and distributions

	2023 $'000	2022 $'000
Received/receivable from:		
Long-term investments held at the end of the year	270,509	323,027
Long-term investments sold during the year	1,730	2,392
Trading investments held at the end of the year	178	582
Trading investments sold during the year	643	216
	273,060	326,217

3. Administration expenses

	2023 $'000	2022 $'000
Employment benefits	6,837	6,387
Depreciation	436	436
Other	3,216	2,787
	10,489	9,610

4. Income tax expense

	2023 $'000	2022 $'000
(a) Reconciliation of income tax expense to prima facie tax payable:		
Profit before income tax expense	292,823	328,063
Prima facie tax expense calculated at 30% (2022: 30%)	87,847	98,419
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax offset for franked dividends	(62,669)	(77,543)
Non-taxable distributions	-	(4,051)
Other	(3,104)	(2,536)
(Over)/under provision in previous year	(958)	846
Income tax expense	**21,116**	**15,135**
(b) Income tax expense composition:		
Charge for tax payable relating to current year	22,307	13,790
(Decrease)/increase in deferred tax liabilities	(233)	499
(Over)/under provision in previous year	(958)	846
	21,116	**15,135**
(c) Amounts recognised directly in other comprehensive income: Increase/(decrease) in deferred tax liabilities	**128,724**	**(138,650)**

5. Earnings per share

	2023 number '000	2022 number '000
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	753,110	732,559
	$'000	$'000
Profit for the year	271,707	312,928
	cents	cents
Basic and diluted earnings per share	**36.1**	**42.7**

6. Cash and cash equivalents

	2023 $'000	2022 $'000
Bank deposits and cash management trusts	**125,255**	**134,718**

Cash and cash equivalents includes cash on deposit with banks (floating interest rate of 4.10% at 30 June 2023; 2022: 0.85%), fixed term deposits with banks (fixed interest rates to maturity between 4.34% and 4.70% at 30 June 2023; 2022: nil) maturing within three months from date of deposit, and cash management trusts.

7. Receivables

	2023 $'000	2022 $'000
Current		
Dividends and distributions receivable	35,652	29,782
Interest receivable	397	327
Other	841	540
	36,890	**30,649**

Receivables are non-interest bearing and unsecured. None of the receivables are past due or impaired.

8. Investments

	2023 $'000	2022 $'000
Current		
Listed securities at fair value(1)	**10,452**	**14,406**
Non-Current		
Listed securities at fair value(1)	6,696,732	6,201,392
Unlisted securities at fair value(2)	17,036	17,458
	6,713,768	**6,218,850**

The fair value of investments is based on the fair value measurement hierarchy disclosed in Note 29.

(1) The fair value of listed securities is established from the quoted prices (unadjusted) in the active market of the ASX for identical assets in accordance with Level 1 of the fair value measurement hierarchy.

(2) The fair value of unlisted securities is not based on observable market data in accordance with Level 3 of the fair value measurement hierarchy. The Directors have made valuation judgements to determine the fair value of these securities based on inputs which include the cost and the net tangible asset values provided by the responsible entities of the securities.

Reconciliation of changes in unlisted securities valued in accordance with Level 3 of the fair value measurement hierarchy:

	2023 $'000	2022 $'000
Carrying amount at beginning of year	17,458	4,872
Additions	321	10,330
Fair value (loss)/gain recognised in other comprehensive income	(743)	2,256
Carrying amount at end of year	**17,036**	**17,458**

The fair value of each non-current security (long-term investment) is disclosed in Note 30.

There were 462 investment transactions during the financial year. The total brokerage paid on these transactions was $1.1 million.

9. Other financial cash assets

	2023 $'000	2022 $'000
Bank term deposits	-	**25,000**

Other financial cash assets are fixed term deposits with banks (2022: fixed interest rate to maturity of 0.81%) maturing from three to six months from date of deposit.

10. Property, plant and equipment

	2023 $'000	2022 $'000
Plant and equipment at cost	859	825
Accumulated depreciation	(620)	(503)
	239	322
Property right of use assets	1,599	1,599
Accumulated depreciation	(1,239)	(929)
	360	670
Carrying amount at end of year	**599**	**992**
Movements		
Carrying amount at beginning of year	992	1,380
Additions - plant and equipment at cost	43	48
Depreciation	(436)	(436)
Carrying amount at end of year	**599**	**992**

The Company's operating leases are recognised as a property right of use assets and a corresponding liability.

Assets and liabilities arising from a lease are initially measured on a present value basis using a incremental borrowing rate of 3%. The right of use assets are depreciated over the life of the lease on a straight line basis.

Lease liabilities are disclosed in Note 11.

11. Payables

	2023 $'000	2022 $'000
Current		
Lease liabilities	249	332
Other	1,238	1,150
	1,487	1,482
Non-Current		
Lease liabilities	167	416

Payables are non-interest bearing and unsecured. Lease liabilities have been determined based on the present value of the lease payments and are accounted for over the period of the lease.

12. Derivative financial instruments

	2023 $'000	2022 $'000
Exchange traded options at fair value	8,062	5,972

The fair value of exchange traded options is established from the quoted prices (unadjusted) in the active market of the ASX for identical assets in accordance with Level 1 of the fair value measurement hierarchy.

13. Provisions

	2023 $'000	2022 $'000
Current		
Provision for employee entitlements	1,021	964
Non-Current		
Provision for employee entitlements	158	151

14. Deferred tax liabilities

	2023 $'000	2022 $'000
The balance comprises temporary differences attributed to:		
Deferred tax liability on unrealised gains on long-term investments	865,390	741,541
Income receivable which is not assessable for tax until receipt	2,523	1,964
	867,913	743,505
Offset by deferred tax assets:		
Provisions and payables	(3,358)	(2,736)
Deferred tax on unrealised losses on trading investments	(621)	(459)
Deferred tax on cost of share issues	(151)	(176)
	(4,130)	(3,371)
Net deferred tax liabilities	**863,783**	**740,134**
Movements		
Balance at beginning of year	740,134	916,024
(Credited)/debited to profit or loss	(233)	499
Charged to other comprehensive income	128,724	(138,650)
Changes to the tax base of investments	(4,842)	(37,739)
Balance at end of year	**863,783**	**740,134**

The amount of net deferred tax liabilities expected to be settled in the next 12 months is $0.4 million (2022: $0.4 million).

15. Contributed equity

Ordinary shares rank pari passu, have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of the shares held. The Company does not have a limited amount of authorised capital.

	2023 No. of shares	2022 No. of shares	2023 $'000	2022 $'000
Issued and fully paid ordinary shares:				
Opening balance	750,132,378	725,047,635	3,155,136	2,921,659
Dividend Reinvestment Plan[(a)]	5,431,739	4,456,088	49,050	41,998
Share Purchase Plan	-	20,628,655	-	191,846
Cost of share issues net of tax			(90)	(367)
Closing balance	**755,564,117**	**750,132,378**	**3,204,096**	**3,155,136**

(a) On 16 September 2022, 2,734,348 shares were allotted at $9.08 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the year ended 30 June 2022.

On 10 March 2023, 2,697,391 shares were allotted at $8.98 per share pursuant to the Dividend Reinvestment Plan in operation for the interim dividend paid for the year ended 30 June 2023.

The Company has an on-market share buy-back arrangement in place but it was not activated during the year.

16. Reserves

	2023 $'000	2022 $'000
Executive Performance Rights Reserve	617	332
Investment Revaluation Reserve	1,831,496	1,538,075
Capital Profits Reserve	208,675	322,603
	2,040,788	**1,861,010**
Movements in reserves during the year		
Executive Performance Rights Reserve		
Balance at beginning of year	332	577
Accrued entitlement for unvested rights	1,166	971
Executive performance shares purchased	(881)	(1,216)
Balance at end of year	617	332
Investment Revaluation Reserve		
Balance at beginning of year	1,538,075	1,990,774
Revaluation of long-term investments	420,737	(474,678)
Provision for deferred tax (expense)/benefit on revaluation of long-term investments	(128,724)	138,650
Realised losses/(gains) on sale of long-term investments transferred to capital profits reserve	3,779	(168,571)
Income tax expense thereon	(2,371)	51,900
Balance at end of year	1,831,496	1,538,075
Capital Profits Reserve		
Balance at beginning of year	322,603	263,936
Dividend paid	(112,520)	(58,004)
Transfer from investment revaluation reserve	(1,408)	116,671
Balance at end of year	208,675	322,603
Total Reserves	**2,040,788**	**1,861,010**

Long-term investments were sold in the normal course of the Company's operations as a listed investment company or as a result of takeovers. The fair value of the investments sold during this period was $123.8 million (2022: $372.6 million). The cumulative loss after tax on these disposals was $1.4 million (2022: profit after tax of $116.7 million), which has been transferred from the investment revaluation reserve to the capital profits reserve.

Nature and purpose of reserves

Executive performance rights reserve

This reserve contains the fair value of the short-term incentive (STI) and long-term incentive (LTI) performance rights pursuant to the Argo Investments Limited Executive Performance Rights Plan. When rights are exercised, shares are purchased on market and issued to the executive.

STI performance rights

The values of the STI performance rights are calculated and allocated to each reporting period from the commencement of the performance periods to the vesting dates. The value of the STI performance rights for the current reporting period, which are yet to be issued to participants, has been estimated.

LTI performance rights

The values of the LTI performance rights are calculated at grant dates and allocated to each reporting period from the grant dates to the vesting dates.

Investment revaluation reserve

Increments or decrements on the revaluation of long-term investments after provision for deferred capital gains tax are recorded in this reserve.

Capital profits reserve

Gains or losses arising from the sale of long-term investments, net of any tax expense or benefit, are recorded in this reserve.

17. Retained profits

	2023 $'000	2022 $'000
Balance at beginning of year	620,545	467,467
Dividends paid	(139,225)	(159,850)
Profit for the year	271,707	312,928
Balance at end of year	**753,027**	**620,545**

18. Capital management

The Company's objective in managing its capital is to maximise long-term returns to shareholders through a balance of capital and dividend growth from a diversified Australian investment portfolio. This is achieved by the process of providing shareholders with a steady stream of fully franked dividends and enhancement of capital invested, with the goal of paying an increasing level of dividends and providing attractive total returns over the long term.

The Company recognises that its capital will fluctuate in accordance with market conditions and in order to maintain or adjust the capital structure, it may be necessary to vary the amount of dividends paid, issue new shares from time to time or buy back its own shares.

The Company's capital consists of its shareholders' equity and the changes to this capital are shown in the Consolidated Statement of Changes in Equity.

19. Dividends

	2023 $'000	2022 $'000
(a) **Dividends paid during the year**		
Final dividend for the year ended 30 June 2022 of 17.0 cents fully franked at 30% tax rate paid 16 September 2022 (2021: 14.0 cents fully franked at 30% tax rate)	127,523	101,507
Interim dividend for the year ended 30 June 2023 of 16.5 cents fully franked at 30% tax rate paid 10 March 2023 (2022: 16.0 cents fully franked at 30% tax rate)	124,222	116,347
Total dividends paid	**251,745**	**217,854**

The final dividend paid contain a listed investment company (LIC) capital gain component of 15.0 cents (2022: 8.0 cents). The interim dividend paid did not contain a LIC capital gain component (2022: nil).

	2023 $'000	2022 $'000
(b) **Dividend declared after balance date**		
Since the end of the financial year, the Directors have declared the following dividend which has not been recognised as a liability at the end of the financial year:		
Final dividend for the year ended 30 June 2023 of 18.0 cents fully franked at 30% tax rate payable 15 September 2023 (2022: 17.0 cents fully franked at 30% tax rate)	**136,002**	**127,523**

The final dividend declared will not contain a LIC capital gain component (2022: 15.0 cents).

20. Franking account

	2023 $'000	2022 $'000
Balance of the franking account after allowing for tax payable and the receipt of franked dividends recognised as receivables	204,013	194,836
Impact on the franking account of the dividend declared but not recognised as a liability at the end of the financial year	(58,286)	(54,653)
	145,727	140,183
The franking account balance would allow the Company to fully frank additional dividend payments up to an amount of	340,029	327,094
	cents	cents
This equates to a per share amount of	45.0	43.6

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the investment portfolio and the Company paying tax.

21. New Zealand imputation account

	2023 $'000	2022 $'000
Balance of the imputation account	10,037	6,502

New Zealand imputation credits of $10.0 million (NZ$10.9 million) were attached to dividends received and are available for distribution. There will be no NZ imputation credits attached to the final dividend payable on 15 September 2023.

22. Listed Investment Company (LIC) capital gain account

	2023 $'000	2022 $'000
Balance of the LIC capital gain account	14,009	116,142
Impact on the LIC capital gain account of the dividend declared but not recognised as a liability at the end of the financial year	-	(112,520)
	14,009	3,622
This equates to an attributable amount of	20,013	5,174

LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains and the receipt of LIC capital gain distributions from LIC securities held in the investment portfolio.

23. Financial reporting by segments

The Company operates in the investment industry predominately within Australia.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

The Company is domiciled in Australia and derives its income from the investment portfolio through the receipt of dividends, distributions, interest and other income. Argo has a diversified portfolio of investments, with only BHP Group income accounting for more than 10% of income.

There has been no change to the operating segments during the year.

24. Related parties

	2023 $	2022 $
(a) **Key management personnel compensation**		
Short-term	2,360,070	2,355,195
Post-employment (superannuation)	167,200	145,176
Share based	584,193	487,611
	3,111,463	2,987,982

Detailed remuneration disclosures are provided in the Remuneration Report.

	2023 $	2022 $
(b) **Key management personnel loans**		
Balance at beginning of year	-	15,491
Loan repayments	-	(15,491)
Balance at end of year	-	-
Notional interest not charged	-	-

The loan repayments are made in accordance with the terms of the Argo Investments Executive Share Plan and have been repaid in full.

(c) **Argo Global Listed Infrastructure Limited**

Argo Global Listed Infrastructure Limited (ASX: ALI) is an Australian investment company which invests in international securities in the infrastructure sector.

At balance date, the Company's ALI shares had a fair value of $29.6 million (2022: $30.3 million) as disclosed in Note 30.

Argo's wholly owned subsidiary, Argo Service Company Pty Ltd earned a management fee of $5.0 million (2022: $4.7 million) for administering ALI. Cohen & Steers, the Portfolio Manager for ALI, receives 50% of this fee. Management fees of $0.4 million (2022: $0.4 million) were receivable at balance date.

At balance date, two of the five Directors of ALI were also Directors of the Company.

25. Parent entity disclosures

In accordance with the *Corporations Amendment (Corporate Reporting Reform) Act 2010* and the *Corporations Act 2001* the following summarised parent entity information is set out below.

As at, and throughout, the financial year ended 30 June 2023 the parent entity is Argo Investments Limited.

	2023 $'000	2022 $'000
Profit of the parent entity		
Profit for the year	271,710	312,954
Total comprehensive income for the year	**563,724**	**(23,075)**
Financial position of the parent entity as at 30 June		
Current assets	169,938	202,477
Total assets	6,885,616	6,423,345
Current liabilities	22,671	45,197
Total liabilities	887,687	786,639
Net assets	**5,997,929**	**5,636,706**
Total equity of the parent entity comprising of:		
Contributed equity	3,204,096	3,155,136
Reserves	2,040,788	1,861,010
Retained profits	753,045	620,560
Total equity attributable to shareholders of the parent entity	**5,997,929**	**5,636,706**

Argo Investments Limited has an agreement in place with Argo Service Company Pty Ltd to provide up to $250,000 (2022: $250,000) financing to cover any negative cash flow requirements arising from its operations. The facility was not utilised during the financial year to 30 June 2023.

26. Share based payments

(a) Argo Employee Share Ownership Plan

The Directors may at such time or times as determined, issue invitations to eligible employees to apply for shares under the Argo Employee Share Ownership Plan (ESOP) as part of the employees' remuneration. Each eligible employee is offered up to $1,000 per year in shares at market value. The costs of acquiring the shares on market are paid for by the Company. Any shares acquired cannot be disposed of or transferred until the earlier of three years from the acquisition date or on the date the employee ceases employment. The ESOP was approved by shareholders at the 1997 Annual General Meeting.

During the year, 1,512 (2022: 1,378) shares were acquired by the Company on behalf of eligible employees under the ESOP at a cost of $14,070 (2022: $13,044) and had a market value of $13,245 (2022: $12,126) at $8.76 per share (2022: $8.80 per share) at balance date.

(b) Argo Investments Limited Executive Performance Rights Plan

The Argo Investments Limited Executive Performance Rights Plan (Plan) is designed to provide participants with performance-linked incentives as shareholder value is created. Under the Plan, performance rights are granted to executives to satisfy their STI and LTI entitlements. These performance rights only vest if certain performance and service conditions are met. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

A detailed discussion of the performance and service conditions for performance rights granted or to be granted is set out in the Remuneration Report.

The STI and LTI performance rights are granted under the Plan for no consideration, carry no dividend or voting rights and do not have an exercise price.

When exercisable, each performance right is convertible into an ordinary Company share, subject to certain adjustments allowable under the Plan.

Set out below are summaries of rights granted under the Plan:

STI performance rights

Grant date	Earliest vesting date	Opening balance	Granted	Vested and exercised	Lapsed	Closing balance (unvested)
8/10/20	8/10/22	44,239	-	(44,239)	-	-
7/10/21	7/10/23	96,226	-	-	-	96,226
6/10/22	6/10/24	-	98,386[1]	-	-	98,386
		140,465	**98,386**	**(44,239)**	-	**194,612**

(1) The fair value at grant date of the STI performance rights issued during the year was $7.93 (2022: $8.14) and was independently calculated by estimating the value of dividends that would not have been received during the vesting period and subtracting this amount from the value of the grant date share price. The following inputs were used to calculate the fair value of the STI performance rights issued:

(a) Share price at valuation date 6 October 2022: $8.85 (7 October 2021: $9.09); and

(b) Dividend yield grossed up for franking credits based on historic and future yield estimates: 5.5% (2022: 5.5%).

STI performance rights expense of $757,341 (2022: $636,590) was recognised as an administration expense in the Consolidated Statement of Profit or Loss.

The weighted average remaining life of the STI performance rights outstanding at the end of the year was 0.8 year (2022: 1.0 year).

During the year, 44,239 (2022: 87,888) shares were acquired by the Company on behalf of eligible employees for exercised STI performance rights at a cost of $390,773 (2022: $814,265) and had a market value of $387,534 (2022: $773,414) at $8.76 per share (2022: $8.80 per share) at balance date.

LTI performance rights

Grant date	Earliest vesting date	Expiry date	Opening balance	Granted	Vested and exercised	Lapsed	Closing balance (unvested)
15/10/18	15/10/22	29/10/22	171,030	-	(55,585)	(115,445)(2)	-
8/10/19	8/10/23	23/10/23	181,060	-	-	-	181,060
8/10/20	8/10/24	22/10/24	191,820	-	-	-	191,820
7/10/21	7/10/25	21/10/25	162,110	-	-	-	162,110
6/10/22	6/10/26	20/10/26	-	206,775(1)	-	-	206,775
			706,020	206,775	(55,585)	(115,445)	741,765

(1) The fair value at grant date of the LTI performance rights issued during the year was $7.10 (2022: $7.29) for both TPR and EPS tranches and $2.62 for the TSR tranche. The fair values were independently calculated by estimating the value of dividends that would not have been received during the vesting period and subtracting this amount from the value of the grant date share price. The Monte Carlo simulation has been used to determine the probabilities of meeting the performance conditions and the expected level of vesting under each performance condition. The following inputs were used to calculate the fair value of the LTI performance rights issued:

(a) Share price at valuation date 6 October 2022: $8.85 (7 October 2021: $9.09); and

(b) Dividend yield grossed up for franking credits based on historic and future yield estimates: 5.5% (2022: 5.5%).

(2) 115,445 LTI performance rights lapsed because the performance condition was not satisfied.

LTI performance rights expense totalling $408,860 (2022: $334,842) was recognised as an administration expense in the Consolidated Statement of Profit or Loss.

The weighted average remaining life of the LTI performance rights outstanding at the end of the year was 1.8 years (2022: 1.8 years).

During the year, 55,585 (2022: 42,681) shares were acquired by the Company on behalf of eligible employees for exercised LTI performance rights at a cost of $490,605 and had a market value of $486,925 at $8.76 per share at balance date.

27. Cash flow information

	2023 $'000	2022 $'000
(a) Reconciliation of net cash provided by operating activities to profit for the year:		
Profit for the year	271,707	312,928
Dividends received as securities	(8,971)	(59,620)
Demerger dividends and distributions	-	(13,503)
Depreciation	436	436
Charges to provisions	128	182
Other movements	(13)	(213)
(Decrease)/increase in provision for income tax	(24,430)	4,241
Transfer from provision for deferred income tax	(4,478)	(38,801)
(Increase)/decrease in deferred tax assets	(622)	1,628
Changes in operating assets and liabilities:		
Decrease/(increase) in current investments	3,954	(4,318)
Increase in other debtors	(5,930)	(3,954)
Increase/(decrease) in other creditors	2,177	(3,049)
Net cash provided by operating activities	**233,958**	**195,957**

(b) Non-cash financing activities

Dividends paid totalling $49.1 million were reinvested in shares under the Company's Dividend Reinvestment Plan (2022: $42.0 million).

28. Auditor's remuneration

	2023 $	2022 $
During the year the following remuneration amounts were paid or payable for services provided by the Auditor:		
Audit services		
Audit and review of financial reports	151,929	140,677
Audit related services		
AFSL compliance audit and review	7,193	6,661
Non-audit services		
Taxation and professional services	20,167	22,396
Total remuneration	**179,289**	**169,734**

29. Financial risk management

The risks associated with the holding of financial instruments such as investments, cash and cash equivalents, other financial cash assets, receivables and payables include credit risk, liquidity risk and market risk.

Credit risk

The risk that a financial loss will occur because a counterparty to a financial instrument fails to discharge an obligation is known as credit risk.

In relation to cash and cash equivalents disclosed in Note 6, the maximum exposure to credit risk is the carrying amount of bank deposits, cash management trusts and any interest accrued.

The Company's cash investments are managed internally under Board approved guidelines. Funds are invested for the short to medium term with the major Australian banks which have a Standard & Poor's short-term rating of A2 and above. The maturities of bank term deposits in cash and cash equivalents are within three months while bank term deposits in other financial cash assets mature from three to six months. Cash management trusts invest predominantly in short term securities with an A1+ rating.

The credit risk exposure for the Company's receivables as disclosed in Note 7 is the carrying amount.

Credit risk exposure also arises in relation to option positions held by the Company. The extent of this exposure is reflected in the carrying value and is disclosed in Note 12.

None of the assets exposed to credit risk are past due or considered to be impaired.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due.

The Company has no borrowings and monitors its cash flow requirements daily which includes the amount required for purchases of securities, the amount receivable from sales of securities, and dividends and distributions to be paid or received.

The Company's inward cash flows depend mainly upon the amount of dividends and distributions received from the investment portfolio as well as the proceeds from the sale or takeover of investments. Should these inflows drop by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are purchases of investments and dividends paid to shareholders, the level of both is controllable by the Board and management.

The assets of the Company are largely in the form of tradeable securities which, if necessary, could be sold on market to meet obligations. The Company's payables are disclosed in Note 11.

Market risk

Market risk is the risk that changes in market prices will affect the fair value of financial instruments.

The Company is a listed investment company that invests in tradeable securities. Due to the nature of its business, the Company will always be subject to market risk as it invests its capital in securities which have fluctuating market prices.

A general fall in the fair value of long-term investments of 5% and 10%, if equally spread over all assets in the long-term investment portfolio, would lead to a reduction in the Company's equity of $235.0 million (2022: $217.7 million) and $470.0 million (2022: $435.3 million) respectively, after tax. The investment revaluation reserve at 30 June 2023 has an after tax balance of $1,831.5 million (2022: $1,538.1 million). It would require a 39% (2022: 35%) after tax fall in the value of the long-term investment portfolio to fully deplete this reserve.

The Company seeks to reduce the market risk of the long-term investment portfolio by ensuring that it is not, in the opinion of the Board, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and market sectors are reviewed and risk is appropriately managed. The Company does not have set parameters as to a minimum or maximum amount of the long-term investment portfolio that can be invested in a single company or sector.

The Company's assets are spread across investment industry sectors as below:

	2023	2022
Materials	16%	15%
Other Financials	13%	12%
Banks	12%	12%
Health Care	11%	11%
Telecommunication Services & I.T.	8%	9%
Energy	8%	7%
Consumer Staples	8%	9%
Industrials	8%	8%
Consumer Discretionary	7%	6%
Property	3%	3%
Listed Investment Companies	2%	3%
Utilities	2%	2%
Cash and cash equivalents	2%	3%
	100%	100%

The following investments represent over 5% of the investment portfolio:

	2023	2022
Macquarie Group	6.8%	6.6%
BHP Group	6.1%	5.8%
CSL	5.1%	5.0%

The fair value of the Company's derivative financial instruments, being exchange traded options, are subject to market risk, as changes in market price will affect the fair value of the financial instrument. The Company seeks to reduce the market risk of these derivatives by imposing Board approved maximum exposure limits for each security and in total. The total exposure position is determined and monitored on a daily basis. The fair value of exchange traded options at balance date was $8.1 million (2022: $6.0 million) and is disclosed in Note 12. Investments with a market value of $180.6 million (2022: $161.7 million) were lodged with the ASX Clearing Corporation as collateral for any option positions written by the Company in the Exchange Traded Option Market.

The Company is not materially exposed to interest rate risk, as all of its cash investments and bank term deposits mature in the short-term and have a fixed interest rate.

The Company is not significantly exposed to currency risk, as the majority of investments are quoted in Australian dollars. At balance date all investments were quoted in Australian dollars.

Fair value measurement

The Company measures the fair value of its long-term investments, as required by Accounting Standard AASB 13 *Fair Value Measurement,* based on the following fair value measurement hierarchy:

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

30. Long-term investments

The following long-term investments are valued at fair value through other comprehensive income.

	2023 No. of shares or units	2023 $'000	2022 No. of shares or units	2022 $'000
Adbri Ltd.	7,681,385	18,359	7,681,385	18,589
Allkem Ltd.	1,750,000	28,035	-	-
ALS Ltd.	5,104,023	56,961	5,104,023	54,511

	2023 No. of shares or units	2023 $'000	2022 No. of shares or units	2022 $'000
Alumina Ltd.	12,429,285	17,215	12,429,285	18,209
Amcor plc	6,068,564	90,179	6,068,564	109,477
APA Group	12,382,525	119,987	11,882,525	133,916
Argo Global Listed Infrastructure Ltd.	13,040,389	29,602	13,040,389	30,254
Aristocrat Leisure Ltd.	3,873,787	149,761	3,873,787	133,181
Aurizon Holdings Ltd.	21,559,826	84,515	19,223,772	73,050
Australia and New Zealand Banking Group Ltd.	8,265,275	195,970	8,265,275	182,084
Australian United Investment Company Ltd.	10,790,588	105,640	11,963,304	112,216
Bega Cheese Ltd.	8,073,793	23,010	8,073,793	30,842
BHP Group Ltd.	9,218,304	414,731	8,968,304	369,943
Brambles Ltd.	5,851,109	84,314	6,001,109	64,272
Brickworks Ltd.	584,009	15,570	584,009	10,828
Carbon Revolution Ltd.	-	-	6,133,107	1,809
Challenger Ltd.	5,440,311	35,253	5,440,311	37,212
Chrysos Corporation Ltd.	1,000,000	5,130	1,000,000	3,580
Clarity Pharmaceuticals Ltd.	9,247,447	6,473	7,858,558	4,008
Coles Group Ltd.	5,290,027	97,442	5,290,027	94,215
Commonwealth Bank of Australia	2,753,731	276,117	2,753,731	248,882
Computershare Ltd.	5,458,117	127,611	5,458,117	134,488
CSL Ltd.	1,253,509	347,698	1,186,509	319,242
Diversified United Investment Ltd.	6,417,226	31,573	7,677,716	35,317
Downer EDI Ltd.	12,815,059	52,670	12,815,059	64,716
Eagers Automotive Ltd.	6,083,588	82,068	6,083,588	59,132
EBR Systems Inc.	10,782,633	9,704	9,782,633	3,668
EML Payments Ltd.	17,590,447	10,994	17,390,447	21,390
Endeavour Group Ltd.	3,000,000	18,930	3,479,526	26,340
Estia Health Ltd.	14,309,250	42,355	14,309,250	27,331
Event Hospitality & Entertainment Ltd.	2,850,000	33,459	2,850,000	37,193
FleetPartners Group Ltd.	12,086,416	31,183	12,086,416	27,799
GPT Group	3,480,667	14,410	3,480,667	14,688
G.U.D. Holdings Ltd.	5,792,702	51,092	4,016,575	32,092

	2023 No. of shares or units	2023 $'000	2022 No. of shares or units	2022 $'000
Harvey Norman Holdings Ltd.	5,213,182	18,142	5,213,182	19,341
Healius Ltd.	19,132,634	60,842	19,132,634	70,217
Helia Group Ltd.	5,431,678	18,794	5,431,678	12,493
HUB24 Ltd.	-	-	60,576	1,228
IDP Education Ltd.	1,380,226	30,503	243,988	5,812
IGO Ltd.	3,680,970	55,951	3,680,970	36,589
Insurance Australia Group Ltd.	2,000,000	11,400	3,910,330	17,049
Intrepica Pty Ltd.	8,509,112	2,212	8,509,112	2,212
Intrepica Pty Ltd. preference shares	200,000	200	200,000	200
InvoCare Ltd.	2,493,277	31,390	2,743,277	28,695
IRESS Ltd.	1,417,413	14,528	1,417,413	16,314
James Hardie Industries plc	891,000	35,417	891,000	28,307
Judo Capital Holdings Ltd.	3,204,561	3,797	3,204,561	3,861
Lendlease Group	6,980,092	54,096	6,980,092	63,589
Life360 Inc.	401,469	3,051	401,469	1,140
Liontown Resources Ltd.	7,510,758	21,255	7,575,758	7,992
Lynas Rare Earths Ltd.	6,979,221	47,808	6,779,221	59,183
Macquarie Group Ltd.	2,613,905	464,282	2,563,251	421,680
McGrath Ltd.	479,530	165	8,500,000	3,102
Megaport Ltd.	2,000,000	14,440	2,000,000	10,900
Mirvac Group	6,000,551	13,561	6,000,551	11,851
Monash IVF Group Ltd.	19,982,646	22,880	19,982,646	18,784
National Australia Bank Ltd.	5,934,685	156,498	5,934,685	162,551
Newcrest Mining Ltd.	1,540,410	40,698	1,390,410	29,046
NOVONIX Ltd.	13,550,000	13,347	13,550,000	30,894
Orica Ltd.	2,555,364	37,896	2,555,364	40,298
Origin Energy Ltd.	11,351,603	95,467	11,351,603	65,045
Pact Group Holdings Ltd.	-	-	4,172,314	7,531
Peet Ltd.	18,152,705	22,418	18,152,705	17,064
Premier Investments Ltd.	1,250,000	25,325	1,250,000	24,087
QANTM Intellectual Property Ltd.	5,752,599	4,832	5,350,053	5,109
QBE Insurance Group Ltd.	9,540,088	149,493	9,540,088	115,912
RAM Essential Services Property Fund	23,623,047	16,300	22,100,665	17,349

	2023 No. of shares or units	2023 $'000	2022 No. of shares or units	2022 $'000
Ramsay Health Care Ltd.	2,023,131	113,882	2,023,131	148,174
Reece Ltd.	5,687,741	105,621	5,687,741	78,377
Rio Tinto Ltd.	2,197,139	251,990	2,197,139	225,646
Rural Funds Group	20,925,883	36,934	19,170,328	48,118
Santos Ltd.	25,604,895	192,549	21,104,895	156,598
Scentre Group	7,526,662	19,946	7,526,662	19,494
Songtradr Inc.	322,222	10,892	266,667	11,634
Sonic Healthcare Ltd.	3,726,053	132,536	3,726,053	122,997
Stanmore Resources Ltd.	11,564,668	29,837	6,750,000	13,095
Steadfast Group Ltd.	14,904,109	89,425	14,504,109	72,811
Stockland	4,017,934	16,192	4,017,934	14,505
Suncorp Group Ltd.	7,496,097	101,122	7,496,097	82,307
Superloop Ltd.	32,134,033	18,638	21,816,176	15,708
Tabcorp Holdings Ltd.	-	-	10,548,951	11,235
Tassal Group Ltd.	-	-	12,595,792	60,334
Technology One Ltd.	6,750,000	105,637	6,784,564	72,663
Telstra Corporation Ltd.	48,514,800	208,614	48,514,800	186,782
The Lottery Corporation Ltd.	10,548,951	54,116	10,548,951	47,681
The Star Entertainment Group Ltd.	15,500,000	17,902	14,500,000	40,455
Transurban Group	9,193,040	131,001	9,193,040	132,196
Treasury Wine Estates Ltd.	3,250,000	36,497	3,250,000	36,887
Viva Energy Group Ltd.	22,408,363	67,449	18,601,825	53,759
Washington H. Soul Pattinson and Company Ltd.	2,943,073	93,531	2,943,073	69,280
Wesfarmers Ltd.	5,040,027	248,675	5,040,027	211,228
Westpac Banking Corporation	8,407,648	179,419	8,407,648	163,949
Woodside Energy Group Ltd.	3,321,455	114,391	3,321,455	105,755
Woolworths Group Ltd.	3,479,526	138,241	3,479,526	123,871
Xpansiv Ltd. convertible notes	308,439	3,732	3,411,572	3,412
Total long-term investments		6,713,768		6,218,850

31. Events occurring after the reporting period

No matters or circumstances have occurred subsequent to the financial year end that have significantly affected, or may affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

In the opinion of the Directors of Argo Investments Limited (Company):

(a) the consolidated financial statements and notes set out on pages 44 to 76 are in accordance with the *Corporations Act 2001* including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director and the Chief Financial Officer for the financial year ended 30 June 2023.

Dated this 7th day of September 2023

Signed in accordance with a resolution of the Directors

R.A. Higgins AO
Chairman

Independent auditor's report

To the members of Argo Investments Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Argo Investments Limited (the Company) and its controlled entities (together, Argo) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of Argo's financial position as at 30 June 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 30 June 2023
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Argo in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of Argo, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall materiality for Argo of $59.9 million, which represents approximately 1% of net assets of Argo at 30 June 2023.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets as the benchmark because, in our view, net assets is:
  - the benchmark against which the performance of Argo is most commonly measured;
  - the key driver of the business and determinant of Argo's value; and
  - a generally accepted benchmark for listed investment companies.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable net asset related thresholds.

Audit scope

- Our audit focused on assessing the financial statements for risks of material misstatement in account balances, transactions or disclosures, and designing and performing audit procedures to obtain reasonable assurance that the financial statements as a whole were free of material misstatement due to fraud or error. This included identifying areas of higher risks, based on quantitative and qualitative assessment of Argo's operations and activities.
- Argo operates out of its Adelaide and Sydney offices with the finance function based in Adelaide. The investment management and administration operations for Argo are conducted by the Company's subsidiary, Argo Service Company Pty Ltd.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
Existence and valuation of investments Argo has investments of $6,713.8 million as at 30 June 2023 (refer note 8 of the financial report). Investments predominantly consist of listed Australian equities. Whilst there is not significant judgement in determining the valuation of Argo's investments, these represent a key measure of Argo's performance and comprise a significant proportion of total assets in the consolidated statement of financial position. The fluctuations in investment valuation will also impact the realised and unrealised gains/(losses) recognised in the consolidated statement of profit or loss and the consolidated statement of comprehensive income which also affects the deferred tax provisions. Given the pervasive impact investments have on Argo's key financial metrics, we determined the existence and valuation of investments to be a key audit matter.	We performed the following procedures over listed investments, amongst others: 1) Recalculating the movement of investments for the year, including purchases, sales and other relevant transactions. 2) Verifying the mathematical accuracy of the investments balance by multiplying the quantity held by share or unit price as at 30 June 2023. 3) Testing a sample of investment purchases and sales by agreeing the transaction recorded to purchase and sale confirmations from brokers. 4) Agreeing a sample of investment quantity holdings at 30 June 2023 to external share registries. 5) Agreeing a sample of market prices used to fair value the investments to independent market pricing sources. 6) Testing the relevant control over the investments. 7) Evaluating the adequacy of the disclosures made in note 8 of the financial report in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of Argo to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Argo or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 20 to 41 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Argo Investments Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers

Julian McCarthy
Partner

Adelaide
7 September 2023

Shareholder information

at 31 July 2023

	Ordinary Shareholders
Number of shareholders holding:	
1–1,000 shares	31,088
1,001–5,000 shares	32,585
5,001–10,000 shares	14,377
10,001–100,000 shares	16,850
100,001 or more shares	534
Total number of shareholders (entitled to one vote per share)	**95,434**

There were 2,452 shareholders holding less than a marketable parcel of shares.

20 largest shareholders	No. of shares	%
HSBC Custody Nominees (Australia) Limited	13,124,800	1.74
RCY Pty. Limited	6,166,887	0.82
Netwealth Investments Limited (Wrap Services a/c)	5,067,446	0.67
JIT Pty. Limited	4,950,972	0.66
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd (DRP a/c)	3,579,185	0.47
IOOF Investment Services Limited (IPS Superfund a/c)	3,098,968	0.41
TRIGT Pty. Limited	2,852,478	0.38
Citicorp Nominees Pty. Limited	2,751,623	0.36
McLennan Australia Corporation Pty. Ltd.	2,329,043	0.31
Nulis Nominees (Australia) Limited (Navigator Mast Plan Sett a/c)	2,196,583	0.29
Navigator Australia Ltd. (MLC Investment Sett a/c)	2,116,051	0.28
Donald Cant Pty. Ltd.	1,882,451	0.25
Netwealth Investments Limited (Super Services a/c)	1,799,989	0.24
Salur Holdings Pty. Limited	1,429,747	0.19
Poplar Pty. Ltd.	1,285,942	0.17
Bougainville Copper Limited	1,159,070	0.15
Jacaranda Pastoral Pty. Ltd.	1,146,614	0.15
IOOF Investments Services Limited (IOOF IDPS a/c)	1,116,923	0.15
Kalymna Proprietary Limited	1,111,477	0.15
HSBC Custody Nominees (Australia) Limited (Euroclear Bank SA NV a/c)	1,059,667	0.14
	60,225,916	**7.97**

The Company has an on-market buy-back arrangement in place but it was not activated during the year.

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Company directory

Argo Investments Limited
ABN 35 007 519 520 | ASX code: ARG

Non-executive Directors

Russell Higgins AO, Chairman
Lianne Buck
Christopher Cuffe AO
Roger Davis
Elizabeth Lewin
Peter Warne

Managing Director

Jason Beddow

Chief Operating Officer

Tim Binks

Chief Financial Officer

Andrew Hill

Auditor

PricewaterhouseCoopers

Registered Head Office

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Sydney NSW 2000
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Fax (02) 8274 4777

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Telephone 1300 350 716
argo@boardroomlimited.com.au
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Annual General Meeting

Argo's Annual General Meeting (AGM) will be held on **Monday 23 October 2023** in **Adelaide**. This year's meeting will be held in-person with a simultaneous livestream available via our website.

Additional details about the AGM will be provided with the Notice of Annual General Meeting which will be released in September.

Information meetings

Information meetings will be held in various capital cities in May next year to provide an update and overview of the Company, its investment approach, portfolio and our view of the share market. These meetings will also give shareholders and other interested parties the opportunity to meet with our team face-to-face and ask us questions.

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