

Sequoia Economic Infrastructure Income Fund (“SEI”)

Monthly Factsheet 31st March 2015

Overview

Sequoia Economic Infrastructure Income Fund Limited (the “Company”) is a Guernsey-incorporated closed-ended investment company whose shares are traded on the main market of the London Stock Exchange. The Company’s investment strategy is to provide shareholders with long term distributions by owning debt exposures to economic infrastructure projects across a diversified range of jurisdictions, sectors and sub-sectors. The total net annual return target of the company is 7-8% (by reference to the IPO price of £1 per Ordinary Share).

Company update

As of the 31st March 2015, the Company owned six infrastructure bonds valued at £25.8 million, including accrued interest, with an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 6.9% and an average life across the acquired portfolio of approximately 10.5 years. Of these, five were indicated to investors in the Prospectus as being part of the Target Portfolio and one is a new transaction.

In addition, the Company has purchased three loans, plus an incremental order on one of the six bonds

already purchased, with an aggregate purchase price of approximately £18.9m that are in the process of settling (and as such are not currently reflected in the NAV).

In aggregate the purchase price of these nine transactions will represent approximately 30% of the net proceeds of the IPO. The investments are across the UK, Western Europe and the US and include the road, rail, utility and aircraft leasing sectors.

The Company has not disposed of any assets since the IPO.

NAV performance

The modest increase in the Company’s NAV arises from a number of factors:

- Marking the purchased assets to the bid side of the market was slightly more than offset by price gains on some of the positions in Sterling terms.
- The interest accrual on the acquired bonds offset the accrual in the Company’s operating expenses.
- The Company also made an FX gain on non-Sterling currency balances that had been bought in anticipation of future trade settlement.

Market summary

The infrastructure debt market saw a wide variety of financings in March, including syndication of the Sydney LRT debt (A\$2.1bn); the £68m refinancing of the Ecotricity UK wind and solar portfolio; the €500m *Volta II* securitisation for EdP; Northern Powergrid’s £150m bond for network upgrade; and the £620m Moto refinancing.

Loan margins for senior debt (especially availability-based social infrastructure projects) continue to tighten with the majority of such loans pricing in the Libor+100-150bps range. Anecdotally, it appears as though this tightening is being driven by bank appetite for senior lending, with a number of institutional debt investors stepping back from the market. At the mezzanine level, however, attractive pricing is still available with typical margins in the range of 4-6%.

In the bond markets, prices declined slightly in the first half of March, only to recover almost all their gains by month end, with – for example – the Bloomberg USD High Yield Corporate Bond Index starting the month at 154.1, declining to 152.4 and then recovering to 153.8.

Company Overview		Ordinary Share Class		NAV Summary	
Listing date	3 rd March 2015	Shares in issue	150m	Investments	£25.8m
Ticker	SEI	Share price	106.5p	Cash	£121.8m
Website	www.seqifund.com	NAV per share	98.23p	Hedging MTM	£0.0m
Next expected dividend	Jul. (decl.)	Premium	8.4%	Other	£(0.3)m
	Aug. (paid)	Total net assets	£147.3m	NAV	£147.3m
Financial year end	31 st March	Market cap	159.8m		

Management, Administration and Advisory

Directors	Investment Adviser	Administration	
Robert Jennings (Chair)	Sequoia Investment Management Company	Custodian	BoNY
Jan Pethick	Randy Sandstrom 020 7079 0483 r.sandstrom@seqimco.com	Administrator	Praxis
Jon Bridel	Greg Taylor 020 7079 0486 g.taylor@seqimco.com	Auditors	KPMG
Sandra Platts	Dolf Kohnhorst 020 7079 0482 d.kohnhorst@seqimco.com	Brokers	Stifel
	Steve Cook 020 7079 0481 s.cook@seqimco.com	AIFM	IFM

Portfolio Summary

Settled trades as at 31st March 2015

<u>Transaction name</u>	<u>Currency</u>	<u>Type</u>	<u>Value</u>		<u>Sector</u>	<u>Sub-sector</u>
			<u>£mm</u>	<u>% of NAV</u>		
Dulles Greenway 2029	USD	Public	8.0	5.4%	Transport	Road
Global Ship Lease 10% 2019	USD	Public	7.4	5.0%	Transport assets	Shipping
Viridian 7.5% 2020	EUR	Public	3.7	2.5%	Power	Electricity Generation
First Energy Solutions 6.8% 2039	USD	Public	3.6	2.5%	Power	Electricity Generation
NRG Energy Inc 6.25% 2024	USD	Public	2.1	1.4%	Power	Electricity Generation
West Atlantic 8% 2018	SEK	Public	0.9	0.6%	Other	Freight
Total / Average			<u>25.8</u>	<u>17.5%</u>		

Detailed portfolio statistics will be reported once the Company has invested more than 40% of the net proceeds of the IPO.

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