

Sequoia Economic Infrastructure Income Fund

Monthly Investor Report 29th January 2016



Summary	Ordinary Shares	C Shares	Company information	
Ticker	SEQL	SEQC	Website	www.seqifund.com
Listing date	3 rd March 2015	2 nd November 2015	Year end	31 st March
Shares in issue	150,085,425	146,853,627	Inv. Adviser	Sequoia Investment Mgmtnt
Share price	101.00p	100.38p	Custodian	Bank of New York Mellon
NAV per share	96.38p ex-div	99.99p	Administrator	Praxis
Premium	4.8%	0.4%	Auditors	KPMG
Total net assets	£144.7m ex-div	£146.8m	Brokers	Stifel Nicolaus Europe
Market capitalisation of share class	£151.6m	£147.4m	AIFM	International Fund Mgmtnt Ltd
Invested portfolio as a % of NAV	98.1%	81.5%	Directors	
Including assets in settlement	99.5%	84.1%	Robert Jennings (Chair)	
Portfolio yield to maturity / yield to worst	8.5%	8.1%	Jan Pethick	
Next expected dividend declaration	April	April ⁽¹⁾	Jon Bridel	
			Sandra Platts	

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 LSE. 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%.

Ordinary Share update

As of the 29th January 2016, the Ordinary share class held 13 infrastructure bonds and 13 private debt investments, collectively valued at £143.3m including accrued interest, with an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 8.5% and a weighted average life across the acquired portfolio of approximately 6.6 years.

Approximately 46% of the Ordinary Share portfolio comprises floating rate assets, with only two LIBOR floors (other than those at zero percent). As such the portfolio's yield is likely to increase over time as LIBOR increases. The investments are across the UK, Western Europe, Australia, Canada and the US and include the road, rail, utility, power, shipping, renewables and aircraft leasing sectors.

In January, the Company sold its entire position in the NRG Energy Inc 6.25% 2024 bonds and reinvested the proceeds in the NRG Energy Inc 7.875% 2021 bonds, maintaining the position's yield to maturity but picking up 38bps on its spread to Treasuries and reducing its modified duration from 5.9 to 4.1.

Ordinary Share NAV performance

The small decrease in the Ordinary Share NAV to 96.38p (ex-div) from 96.50p per share arose primarily through:

- Interest income net of expenses of 0.43p;
- A gain of 1.02p on net FX movements;
- A decline of 0.07p in asset valuations; and

- A dividend declared of 1.5p on 21st January and expected to be paid on the 29th Feb..

C Share update

At month end, the C Share class held 10 infrastructure bonds and 10 private debt investments, with a further two bonds in the process of settlement. These assets are collectively valued at £126.3m⁽³⁾, with an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 8.1% and a weighted average life across the acquired portfolio of approximately 4.1 years.

The investments are geographically diverse and cover the road, rail, aircraft and shipping leasing, power, renewable, utility and elderly care sectors.

Investments in January include:

- Enable Midstream Partners, a US midstream gas company that focuses on transportation and storage services;
- The Dulles Greenway, a US toll road;
- DBB Jack-up Services A/S, an offshore wind maintenance service provider;
- Care UK, a UK healthcare provider; and
- NRG Energy Inc., an independent, US-based power generation company.

The Investment Adviser continues to see attractive opportunities for the deployment of capital in the economic infrastructure debt sector, and expects the overall yield on the C Share portfolio to remain 8% or higher.

As announced on the 3rd February 2016, the C Share register is expected to close at 5.30pm on the 2nd March 2016, following which the C Shares will convert into new Ordinary Shares and dealings in these new Ordinary Shares are expected to commence on the 3rd March 2016. All monthly reports after conversion will thus pertain only to the Ordinary Shares, with the C Share listing cancelled from 3 March 2016.

C Share NAV performance

The increase in the C Share NAV to 99.99p from 99.56p per share arose primarily through:

- Interest income net of expenses of 0.26p;
- A gain of 0.88p on net FX movements; and
- A decline of 0.71p in asset valuations.

Market summary

January showed some activity in the infrastructure debt sector with 11 transactions closing across the UK and Western Europe. Notable deals included the €500mm primary debt financing of the A94 Forstinning-Marktl Road project in Germany, and the €146mm bond financing of the N25 New Ross Bypass in Ireland.

Sterling fell materially from \$1.48 to \$1.42 against the US dollar in January but strengthened slightly against the euro, with one euro worth £0.74 at the end of January, compared with £0.76 at the end of December.

The Fed kept interest rates unchanged as volatility in the global equity markets dominated news in January. Inflation in the Eurozone accelerated to 0.4% in January from 0.2%. The credit markets experienced a severe reduction in appetite for riskier assets, as shown by widening spreads at all ratings categories. The Bloomberg USD High Yield Corporate Bond Index fell to 142 from 145.

As part of a "flight to quality", 10-year US Treasury yields fell by 35 bps from 2.27% to 1.92%.

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(1) After conversion to ordinary shares; (2) Excluding accrued interest; (3) Including accrued interest, and with investments in the process of settlement valued at cost

Performance since launch

Share class	1 month	3 months	6 months	1 year	ITD ⁽²⁾
Share price (SEQI)	-2.2%	-1.9%	-0.5%	-	1.0%
Total return (SEQI)	-0.7%	0.5%	2.0%	-	4.5%
NAV (SEQI) ⁽¹⁾	1.4%	2.9%	3.7%	-	1.8%
Share price (SEQC)	-0.7%	-	-	-	0.4%
Total return (SEQC)	-0.7%	-	-	-	0.4%
NAV (SEQC) ⁽¹⁾	0.4%	-	-	-	2.0%

(1) NAV performance includes dividends paid

(2) Inception-to-date

Ordinary Share portfolio summary (ten largest settled investments)

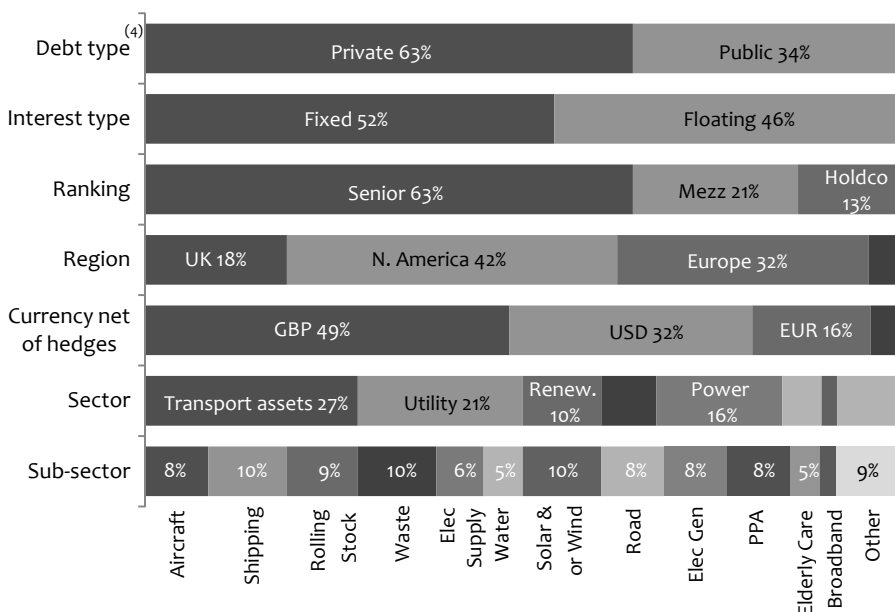
Transaction name	Currency	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
Neoen Production 1 S.A.S.U.	EUR	Private	HoldCo	14.8	Renewables	Solar & Wind	7.00
Biffa TL A	GBP	Private	Senior	12.9	Utility	Waste	6.66
Exeltium Mezzanine	EUR	Private	Mezz	12.0	Power	PPA	8.60
Danaos Snr Secured 2018	USD	Private	Senior	9.1	Transport assets	Shipping	8.14
Dulles Greenway 2029	USD	Public	Senior	9.0	Transport	Road	6.33
N. Las Vegas Water 6.572% 2040	USD	Public	Senior	7.7	Utility	Water	7.34
Invenergy TL B	USD	Private	Senior	7.0	Power	Elec. Generation	6.41
Green Plains TL B	USD	Private	Senior	6.8	Other	Alternative Fuel	6.79
Global Ship Lease 10% 2019	USD	Public	Senior	5.7	Transport assets	Shipping	18.17
Ascendos Rail 2nd lien	EUR	Private	Mezz	5.5	Transport assets	Rolling Stock	5.09

Portfolio characteristics⁽³⁾

Number of investments	26
Largest / average size (£ million)	14.8 / 5.5
Average maturity / ave. life (years)	8.4 / 6.6
Portfolio modified duration	4.2

Estimated portfolio sensitivities

	Change in NAV
Interest rates +0.5% ⁽⁵⁾	-2.0%
Interest rates -0.5%	+2.1%
Interest rates +1.0%	-3.9%
Interest rates -1.0%	+4.4%
Euro +/- 5% (against GBP)	-/+ 0.8%
Dollar +/- 5% (against GBP)	-/+ 1.6%
Euro down 5% and dollar up 5%	-0.8%



(1) Excluding accrued interest; (2) Yield to maturity / worst; (3) All information based on settled investments only; (4) Percentage of NAV. Cash is excluded from the charts apart from currency analysis; (5) A simultaneous parallel shift in EUR, GBP and USD yield curves.

C Share portfolio summary (ten largest settled investments)

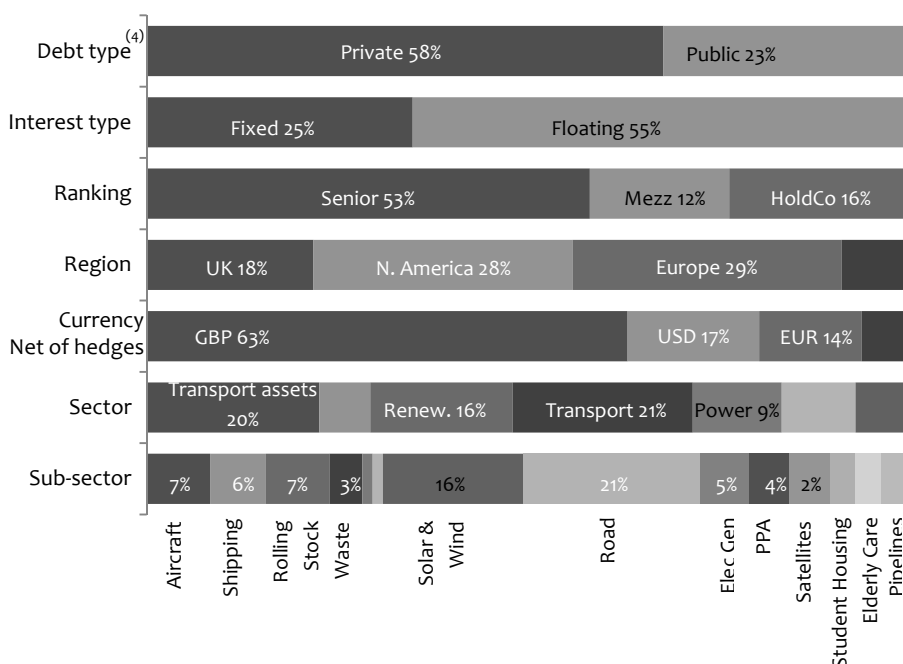
Transaction name	Currency	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
A'lienor S.A.S. (A65)	EUR	Private	Senior	27.5	Transport	Road	5.80
Infinis Bridge	GBP	Private	HoldCo	24.0	Renewables	Solar & / or Wind	8.91
Danaos Snr Secured 2018	USD	Private	Senior	9.4	Transport assets	Shipping	8.14
Castlelake 2015-1 C	USD	Public	Mezz	6.8	Transport assets	Aircraft	9.90
Reliance Rail Finance 2018	AUD	Private	Senior	6.0	Transport assets	Rolling Stock	7.28
Exeltium Mezzanine	EUR	Private	Mezz	5.6	Power	PPA	8.60
Intelsat Jackson 7.25% 2019	USD	Public	Senior	5.1	TMT	Satellites	10.96
NRG Energy Inc 7.785% 2021	USD	Public	Senior	4.5	Power	Elec. Generation	11.75
GFL 7.5% 2020	CAD	Public	Senior	3.9	Utility	Waste	8.68
Reliance Rail Finance 2019	AUD	Private	Senior	3.6	Transport assets	Rolling Stock	7.06

Portfolio characteristics⁽³⁾

Number of investments	20
Largest / average size (£ million)	27.5 / 6.0
Average maturity / ave. life (years)	5.0 / 4.1
Portfolio modified duration	1.9

Estimated portfolio sensitivities

	Change in NAV
Interest rates +0.5% ⁽⁵⁾	-0.8%
Interest rates -0.5%	+0.8%
Interest rates +1.0%	-1.5%
Interest rates -1.0%	+1.6%
Euro +/- 5% (against GBP)	-/+ 0.7%
Dollar +/- 5% (against GBP)	-/+ 0.9%
Euro down 5% and dollar up 5%	-0.2%



(1) Excluding accrued interest; (2) Yield to maturity / worst; (3) All information based on settled investments only; (4) Percentage of NAV. Cash is excluded from the charts apart from currency analysis; (5) A simultaneous parallel shift in EUR, GBP and USD yield curves.

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