

Sequoia Economic Infrastructure Income Fund

Monthly Investor Report 29th July 2016



| Summary | Ordinary Shares | C Shares | Company information | |
|----------------------------------------------|----------------------------|----------------------------|-------------------------|--------------------------------------------------------|
| Ticker | SEQI | SEQC | Website | www.seqifund.com |
| Listing date | 3 rd March 2015 | 10 th June 2016 | Year end | 31 st March |
| Shares in issue | 302,674,216 | 175,171,834 | Inv. Adviser | Sequoia Investment Mgmt |
| Share price | 111.50 | 106.25 | Custodian | Bank of New York Mellon |
| NAV per share | 100.78 | 98.58 | Administrator | Praxis Fund Services Limited |
| Premium | 10.6% | 7.8% | Auditors | KPMG |
| Total net assets | £305.1m | £172.7m | Brokers | Stifel Nicolaus Europe |
| Market capitalisation of share class | £337.5m | £186.1m | AIFM | International Fund Mgmt Ltd |
| Invested portfolio as a % of NAV | 96.0% | 39.3% | Directors | |
| Including assets in settlement | 95.4% | 54.9% | Robert Jennings (Chair) | |
| Portfolio yield-to-maturity / yield-to-worst | 8.6% | 7.7% | Jan Pethick | |
| Next expected dividend declaration | October | October ⁽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%.

The Company's policy is not to invest any of its assets in equity products, including of other listed closed-ended investment funds. As such, the Company considers its shares to be eligible investments, under the FCA's Listing Rule 15.4.5, for other listed closed-ended investment funds.

Ordinary Share update

As of the 29th July 2016, the Ordinary Share class held 12 infrastructure bonds and 17 private debt investments, collectively valued at £296.5m including accrued interest, with an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 8.6% and a weighted average life across the acquired portfolio of approximately 5.3 years.

Approximately half of the Ordinary Share class portfolio comprised of floating rate assets, with only four LIBOR floors (other than those at zero percent). As such the portfolio's yield is likely to increase over time if LIBOR increases.

The investments are diverse across the UK, Western Europe, Australia, Canada and the US and include a wide range of asset types including road, rail, utility, power, shipping, renewables and aircraft leasing.

In July, the Company sold its positions in Enable Midstream Partners 2019, Enable Midstream Partners 2024 and Columbia Pipeline Gas 2045 bonds at a significant premium

which can be attributed to improving company performance and rallying oil prices. These resulted in holding period returns of approximately 38%, 24% and 41% respectively. The Enable positions were held for c. 5 months, and the Columbia bonds were held for c. 4 months.

Ordinary Share NAV performance

The Ordinary Share NAV fell to 100.78 (ex-div) from 101.16p per share, primarily through:

- Interest income net of expenses of 0.36p;
- A gain of 0.59p on net FX movements;
- A gain of 0.18p in asset valuations; and
- A dividend declaration of 1.50p.

C Share update

As of the 29th July 2016, the C Share class held 2 infrastructure bonds and 4 private debt investments. These assets are collectively valued at £68.1m including accrued interest, with an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 7.7% and a weighted average life across the acquired portfolio of approximately 4.1 years.

Investments in July include:

- Longview Power Term Loan B, a US electricity generation company
- A senior loan to AP Wireless Infrastructure, a cell site lease investment firm
- An incremental investment in Talen Energy Supply, a US power and electricity generation company

In addition, the C Share class had one bond and one private debt position in the process of settlement, with an aggregate value of £27.0m.

The Investment Adviser continues to see attractive opportunities for the deployment of capital into economic infrastructure debt, and expects the overall yield on the C Share portfolio to be 8% or higher as the fund becomes more fully invested.

C Share NAV performance

The C Share NAV rose from 98.12 to 98.58p, primarily through:

- A gain of 0.09p on net FX movements;
- A 0.29p gain from market movements; and
- Interest income net of expenses of 0.08p.

Market summary

July saw little activity in the sector, with only two infrastructure projects reaching financial close across the UK and Western Europe. This comprised the £340m financing of the 43MW Kemsley EfW CHP plant in Kent, UK. In addition, the Dalaman airport reached financial close on a €232mm facility which will be used for privatisation.

The Bank of England announced their willingness to further loosen monetary policy in an effort to mitigate the impact of Brexit on the British economy.

Eurozone unemployment beat expectations with German unemployment falling and Spanish unemployment achieving a 17-year low.

In July, Sterling's fall from Brexit against the US Dollar was mitigated by the Fed leaving rates unchanged, resulting in Sterling ending the month at \$1.32.

Additionally, Sterling remained flat against the Euro, ending the month at €1.19.

Over the month, the Bloomberg USD High Yield Corporate Bond Index rose from 159 to 162.

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(1) Unless conversion of the C Shares occurs prior to this.

Performance since launch

| Share class | 1 month | 3 months | 6 months | 1 year | ITD ⁽²⁾ |
|---------------------------|---------|----------|----------|--------|--------------------|
| Share price (SEQI) | 3.7% | 6.7% | 10.4% | 9.9% | 11.5% |
| Total return (SEQI) | 5.1% | 8.1% | 13.5% | 15.8% | 18.6% |
| NAV (SEQI) ⁽¹⁾ | 1.0% | 4.5% | 7.5% | 11.1% | 9.4% |

(1) NAV performance includes dividends paid

(2) From inception-to-date (ITD)

Ordinary Share portfolio summary (10 largest settled investments)

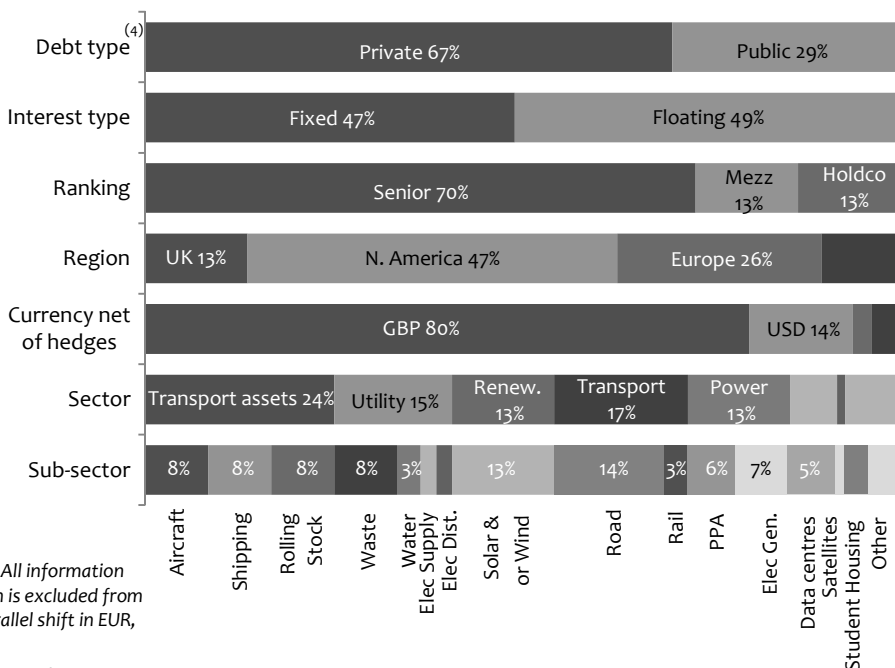
| Transaction name | Currency | Type | Ranking | Value £m ⁽¹⁾ | Sector | Sub-sector | Yield ⁽²⁾ |
|-----------------------------|----------|---------|---------|-------------------------|------------------|------------------|----------------------|
| A'lienor S.A.S. (A65) | EUR | Private | Senior | 31.1 | Transport | Road | 5.52 |
| Infinis Bridge | GBP | Private | HoldCo | 23.8 | Renewables | Solar & Wind | 11.74 |
| Exeltium Mezzanine | EUR | Private | Mezz | 18.9 | Power | PPA | 9.15 |
| Danaos Snr Secured 2018 | USD | Private | Senior | 17.9 | Transport assets | Shipping | 12.96 |
| Neoen Production 1 S.A.S.U. | EUR | Private | HoldCo | 16.5 | Renewables | Solar & Wind | 6.99 |
| IO Data Centers LLC | USD | Private | Senior | 15.0 | TMT | Data centres | 8.16 |
| Biffa TL A | GBP | Private | Senior | 12.9 | Utility | Waste | 6.93 |
| GFL 9.875% 2021 | USD | Public | Senior | 12.3 | Utility | Waste | 7.16 |
| Green Plains TL B | USD | Private | Senior | 10.8 | Other | Alternative Fuel | 8.39 |
| Reliance Rail Finance 2018 | AUD | Private | Senior | 10.6 | Transport assets | Rolling Stock | 6.84 |

Portfolio characteristics ⁽³⁾

| | |
|--------------------------------------|-------------|
| Number of investments | 29 |
| Largest / average size (£ million) | 31.1 / 10.1 |
| Average maturity / avg. life (years) | 6.8 / 5.3 |
| Portfolio modified duration | 3.0 |

Estimated portfolio sensitivities

| | Change in NAV |
|-------------------------------------|---------------|
| Interest rates +0.5% ⁽⁵⁾ | -1.5% |
| Interest rates -0.5% | +1.6% |
| Interest rates +1.0% | -2.9% |
| Interest rates -1.0% | +3.3% |
| Euro +/- 5% (against GBP) | -/+ 0.1% |
| Dollar +/- 5% (against GBP) | -/+ 0.7% |
| Euro down 5% and dollar up 5% | -0.6% |



(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.

Note: The Company will provide a portfolio summary on the C Share from next month.

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