

Sequoia Economic Infrastructure Income Fund

Monthly Investor Report 31st August 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	302,811,586	175,171,834	Inv. Adviser	Sequoia Investment Mgmt
Share price (pence)	113.00	107.00	Custodian	Bank of New York Mellon
NAV per share (pence)	100.44	98.49	Administrator	Praxis Fund Services Limited
Premium	12.5%	8.6%	Auditors	KPMG
Total net assets	£304.1m	£172.5m	Brokers	Stifel Nicolaus Europe
Market capitalisation of share class	£342.2m	£187.4m	AIFM	International Fund Mgmt Ltd
Invested portfolio as a % of NAV	95.1%	68.0%	Directors	
Including assets in settlement	95.1%	83.4%	Robert Jennings (Chair)	
Portfolio yield-to-maturity / yield-to-worst	8.2%	9.0%	Jan Pethick	
Next expected dividend declaration	October	October	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 31st August 2016, the Ordinary share class held 17 private debt investments and 11 infrastructure bonds, collectively valued at £292.7m including accrued interest, with an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 8.2% and a weighted average life across the acquired portfolio of approximately 5.1 years.

Approximately 50% of the Ordinary Share portfolio comprises floating rate assets, with only four LIBOR floors, 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 a wide range of asset types including road, rail, utility, power, shipping, renewables and aircraft and ship leasing.

Ordinary Share NAV performance

The small decrease in the Ordinary Share NAV to 100.44p from 100.78p per share arose primarily through:

- Interest income net of expenses of 0.41p;
- A decline of 0.70p in asset valuations; and
- A decline of 0.06p in FX movements.

C Share update

At month end, the C Share class held 7 private debt investments and 2 infrastructure bonds, with one further private debt position in the process of settlement. These assets are collectively valued at £118.1m including accrued interest, with an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 9.0% and a weighted average life across the acquired portfolio of approximately 4.1 years.

The investments are geographically diverse and cover the power, aircraft leasing, renewable, utility and health care sectors.

Investments in August include:

- Senior unsecured loan to Natgasoline, a methanol production facility in Texas;
- A mezzanine loan to Regard Group, a specialist care home operator in the UK;
- A term loan to an aircraft leasing 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.

C Share NAV performance

The small decrease in the C Share NAV to 98.49p from 98.58p per share arose primarily through:

- Interest income net of expenses of 0.37p;
- A decline of 0.42p in FX movements; and
- A decline of 0.06p in asset valuations.

Market summary

August was an active month for UK renewables projects during which five projects reached financial close. The largest project to close in August was Tees CHP Biomass Plant (299MW) which secured roughly £900m to construct and operate the plant in north-east England.

In August, the Bank of England cut interest rates for the first time since 2009, from 0.50% to 0.25%, in response to Brexit uncertainty.

Sterling remained relatively flat against the US Dollar at \$1.32, and fell slightly against the Euro, ending the month at €1.18.

During August, the Bloomberg USD High Yield Corporate Bond Index rose from 163 to 166.

Contact information

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Performance since launch

Share class	1 month	3 months	6 months	1 year	ITD ⁽²⁾
Share price (SEQI)	1.3%	8.7%	9.2%	10.6%	13.0%
Total return (SEQI)	1.3%	10.1%	12.2%	16.5%	20.2%
NAV (SEQI) ⁽¹⁾	-0.3%	3.8%	6.4%	10.3%	9.1%

(1) NAV performance includes dividends paid; (2) From inception-to-date (ITD)

Ordinary Share portfolio summary (10 largest settled investments)

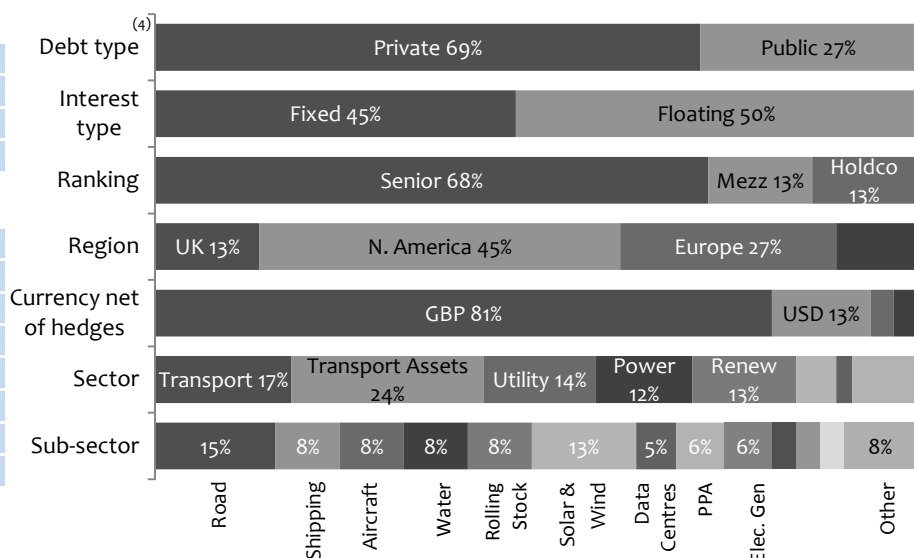
Transaction name	Currency	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
A'lienor S.A.S. (A65)	EUR	Private	Senior	31.6	Transport	Road	5.25
Infinis Bridge	GBP	Private	HoldCo	24.0	Renewables	Solar & Wind	10.00
Exeltium Mezzanine	EUR	Private	Mezz	19.0	Power	PPA	9.15
Danaos Snr Secured 2018	USD	Private	Senior	17.7	Transport assets	Shipping	13.22
Neoen Production 1 S.A.S.U.	EUR	Private	HoldCo	16.6	Renewables	Solar & Wind	6.99
IO Data Centers LLC	USD	Private	Senior	15.2	TMT	Data centres	7.50
Biffa TL A	GBP	Private	Senior	13.0	Utility	Waste	6.51
GFL 9.875% 2021	USD	Public	Senior	12.4	Utility	Waste	6.67
Green Plains TL B	USD	Private	Senior	10.9	Other	Alternative Fuel	7.52
Reliance Rail Finance 2018	AUD	Private	Senior	10.5	Transport assets	Rolling Stock	6.84

Portfolio characteristics ⁽³⁾

Number of investments	28
Largest / average size (£ million)	31.6 / 10.3
Average maturity / avg. life (years)	6.6 / 5.1
Portfolio modified duration	2.8

Estimated portfolio sensitivities

	Change in NAV
Interest rates +0.5% ⁽⁵⁾	-1.4%
Interest rates -0.5%	1.5%
Interest rates +1.0%	-2.7%
Interest rates -1.0%	3.1%
Euro +/- 5% (against GBP)	0.1%
Dollar +/- 5% (against GBP)	0.6%
Euro down 5% and dollar up 5%	-0.5%



C Share portfolio summary (all settled investments)

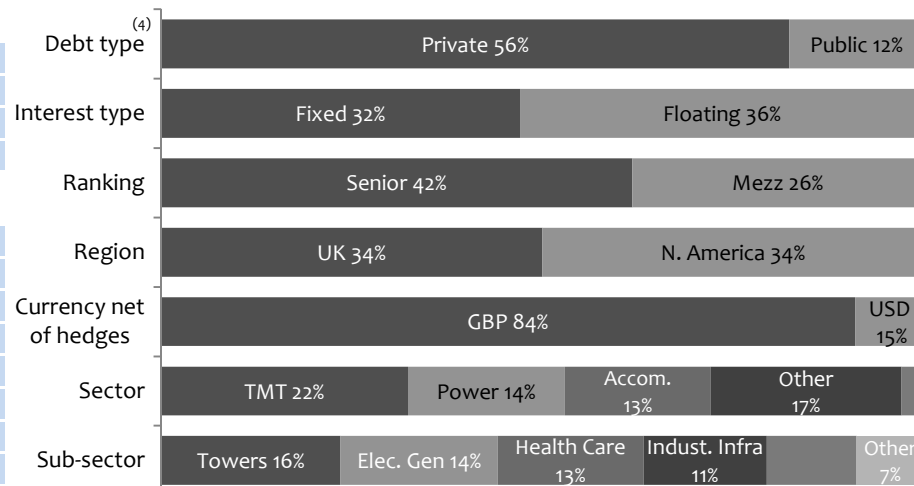
Transaction name	Currency	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
AP Wireless Infrastructure	GBP	Private	Senior	27.0	TMT	Towers	6.63
Regard Group Mezzanine	GBP	Private	Mezz	22.5	Accommodation	Health care	12.00
Natgasoline Senior Unsecured	USD	Private	Mezz	19.2	Other	Industrial infra	9.51
Longview Power TL B	USD	Private	Senior	13.0	Power	Elec. Gen	10.60
Talen Energy Supply 4.6% 2021	USD	Public	Senior	11.8	Power	Elec. Gen.	9.88
IO Data Centers LLC	USD	Private	Senior	11.4	TMT	Data centres	7.50
Peterborough Progress Health	GBP	Public	Senior	8.9	Other	PFI	5.88
Castlelake 2016-1 C	USD	Private	Mezz	3.0	Transport assets	Aircraft	8.24
DBB Jack-up Services 2019	EUR	Private	Senior	0.5	Other	Renew. Equip.	9.39

Portfolio characteristics ⁽³⁾

Number of investments	9
Largest / average size (£ million)	27.0 / 13.0
Average maturity / avg. life (years)	4.9 / 4.1
Portfolio modified duration	2.3

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%	1.7%
Euro +/- 5% (against GBP)	0.0%
Dollar +/- 5% (against GBP)	0.8%
Euro down 5% and dollar up 5%	-0.7%



(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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