

Sequoia Economic Infrastructure Income Fund

Monthly Investor Report 31st October 2016



Summary	Ordinary Shares	Company information	
Ticker	SEQI	Website	www.seqifund.com
Listing date	3 rd March 2015	Year end	31 st March
Shares in issue	475,412,613	Inv. Adviser	Sequoia Investment Mgmt
Share price (pence)	110.00	Custodian	Bank of New York Mellon
NAV per share (pence) (ex-dividend)	102.00	Administrator	Praxis Fund Services Limited
Premium	7.8%	Auditors	KPMG
Total net assets	£484.9m	Brokers	Stifel Nicolaus Europe
Market capitalisation of share class	£529.9m	AIFM	International Fund Mgmt Ltd
Invested portfolio as a % of NAV	90.4%	Directors	
Including assets in process of settlement or drawdown	99.7%	Robert Jennings (Chair)	
Portfolio yield-to-maturity / yield-to-worst	8.7%	Jan Pethick	
Next expected dividend declaration	January 2017	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.

Company update

As of the 31st October 2016, the Company held 23 private debt investments and 13 infrastructure bonds for a total of 36 investments across 8 sectors and 20 subsectors, which are collectively valued at £443.7m including accrued interest, with an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 8.7% and a weighted average life across the acquired portfolio of approximately 4.8 years.

Approximately 52% of the Ordinary Share portfolio comprises floating rate assets, with only two LIBOR floors above current LIBOR levels (of which one is Sterling and the other is Euros). As such, the portfolio's yield is likely to rise 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.

Over the month of October, the Company had its position in IO Data Centers called, and sub-

sequently invested the proceeds in the refinancing of the original transaction. The Company chose to slightly increase the amount invested by \$2.5mm, resulting in an aggregate amount of \$37.5mm. The first drawdown of the Abteen Ventures term loan was made 20th October. In addition, the Company had its position in Biffa Term Loan A refinanced.

As Sterling remained volatile against the dollar and the euro over the month of October, the Investment Adviser's goal was to reduce NAV volatility arising from FX movements by continuing to maintain its hedging strategy. As of the 31st October 2016, approximately 80% of NAV was either Sterling assets or hedged into Sterling.

In the months following Brexit, Sterling's continued weakness against the dollar and the euro has had a positive effect on NAV with the gain in the Sterling value of the non-Sterling assets outweighing the loss on the hedges.

The Company has more than adequate resources to cover the cash costs associated with its hedging book. Each of its FX hedge providers has credit lines to the Company which means that the margin calls on the hedge portfolio have been modest.

Ordinary Share NAV performance

The small increase in the Ordinary Share NAV (ex-dividend) to 102.00p from 101.29p per share arose primarily through:

- Interest income net of expenses of 0.46p;
- An increase of 0.76p in asset valuations;
- An increase of 0.99p in FX movements⁽¹⁾; and
- A dividend declaration of 1.50p.

Conversion of C Shares

The Company is pleased to confirm that 172,404,119 new Ordinary Shares, issued pursuant to the conversion of its C Shares, have been admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. The total number of Ordinary

Shares in issue immediately following Admission is 475,412,613.

Market summary

October was an active month in the infrastructure debt sector, with 13 European project finance transactions reaching financial close across the month.

Notable transactions include the £900mm Angel Trains East Anglia rolling stock procurement. In addition, €850mm of debt was raised for the development of the 309MW Rentels offshore wind farm located in the Belgian territorial waters.

News flow was dominated with the run up to the US presidential election. The US stock market weakened amid uncertainty regarding interest rates coupled with some poor company earnings reports. There was also doubt regarding the support for global quantitative easing.

During October, Sterling fell further against both the dollar and euro, ending the month at \$1.22 and €1.12 respectively. The Bloomberg USD High Yield Corporate Bond Index remained flat at 167.

Contact information

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(1) Net of currency hedges.

Performance since launch

Share class	1 month	3 months	6 months	1 year	ITD ⁽²⁾
Share price (SEQI)	-2.4%	-1.3%	5.3%	6.8%	10.0%
Total return (SEQI)	-1.1%	0.0%	8.1%	14.1%	18.6%
NAV (SEQI) ⁽¹⁾	2.1%	2.6%	7.3%	13.5%	12.3%

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

Ordinary Share portfolio summary (15 largest settled investments)

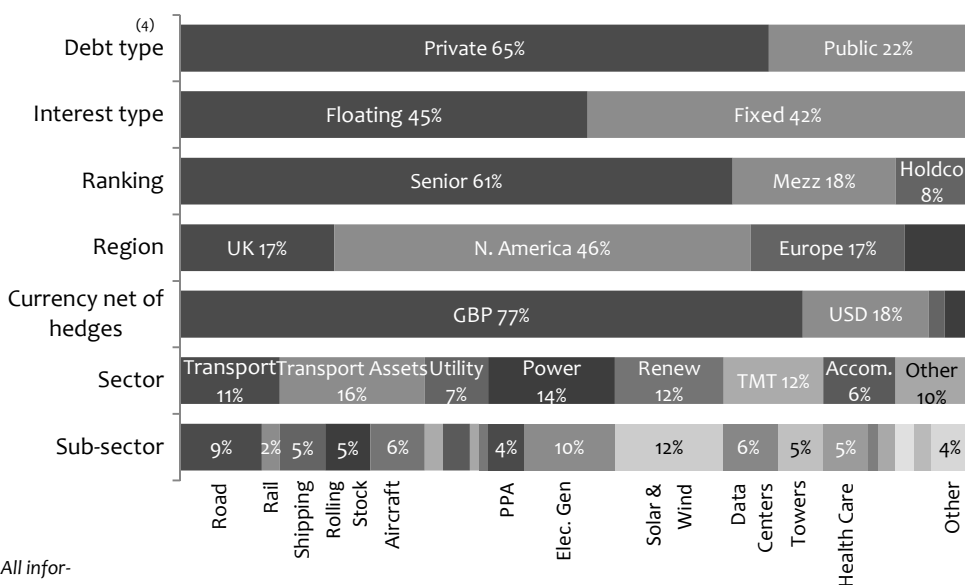
Transaction name	Currency	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
A'lienor S.A.S. (A65)	EUR	Private	Senior	33.4	Transport	Road	5.08
IO Data Centers LLC	USD	Private	Senior	30.6	TMT	Data centers	9.00
AP Wireless Infrastructure	GBP	Private	Senior	27.0	TMT	Towers	6.64
Infinis Bridge	GBP	Private	HoldCo	24.0	Renewables	Solar & Wind	10.00
Regard Group Mezzanine	GBP	Private	Mezz	22.6	Accommodation	Health care	12.03
Natgasoline Senior Unsecured	USD	Private	Mezz	20.4	Other	Industrial infra	9.78
Exeltium Mezzanine	EUR	Private	Mezz	20.0	Power	PPA	9.14
Danaos Snr Secured 2018	USD	Private	Senior	18.1	Transport assets	Shipping	17.08
Neoen Production	EUR	Private	HoldCo	17.5	Renewables	Solar & Wind	6.99
Mount Signal Solar	USD	Private	Senior	16.3	Renewables	Solar & Wind	8.50
Longview Power TL B	USD	Private	Senior	13.9	Power	Elec. Gen	10.66
GFL 9.875% 2021	USD	Public	Senior	13.5	Utility	Waste	5.40
Talen Energy Supply 4.6% 2021	USD	Public	Senior	13.1	Power	Elec. Gen	9.14
Green Plains TL B	USD	Private	Senior	11.9	Other	Alternative Fuel	9.96
Reliance Rail Finance 2018	AUD	Private	Senior	11.7	Transport assets	Rolling Stock	5.96

Portfolio characteristics ⁽³⁾

Number of investments	36
Largest / average size (£ million)	33.4 / 12.2
Average maturity / avg. life (years)	6.1 / 4.8
Portfolio modified duration	2.7
Average equity cushion	35%

Estimated portfolio sensitivities

	Change in NAV
Interest rates +0.5% ⁽⁵⁾	-1.3%
Interest rates -0.5%	1.4%
Interest rates +1.0%	-2.5%
Interest rates -1.0%	2.8%
Euro +/- 5% (against GBP)	0.1%
Dollar +/- 5% (against GBP)	0.9%
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.

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