

Sequoia Economic Infrastructure Income Fund

Monthly Investor Report 30th November 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) | 106.25 | Custodian | Bank of New York Mellon |
| NAV per share (pence) | 101.36 | Administrator | Praxis Fund Services Limited |
| Premium | 4.8% | Auditors | KPMG |
| Total net assets | £481.9m | Brokers | Stifel Nicolaus Europe |
| Market capitalisation of share class | £505.1m | AIFM | International Fund Mgmt Ltd |
| Invested portfolio as a % of NAV | 95.5% | Directors | |
| Including assets in process of settlement or drawdown | 103.5% | Robert Jennings (Chair) | |
| Portfolio yield-to-maturity / yield-to-worst | 8.2% | 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 30th November 2016, the Company held 26 private debt investments and 13 infrastructure bonds for a total of 39 investments across 8 sectors and 21 subsectors, which are collectively valued at £466.6m 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 4.6 years.

Approximately 50% 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 November, the Company acquired four new assets, one of which in-

cludes debt issued by Heathrow Finance Plc, further increasing portfolio diversification as the first airport asset. The other investments made during the month of November include:

- Bonds issued by a UK-based electricity transmission company that owns and operates high voltage transmission networks in England and Wales;
- An incremental investment in the A65 toll road in France which has significantly outperformed its 2016 traffic projections.

The Company sold its position in First Energy Solutions for the purpose of risk management. Sterling strengthened against both of the dollar and the euro during the month of November, however the Investment Adviser remains committed to reducing NAV volatility arising from FX movements by maintaining its hedging strategy. As of the 30th November 2016, approximately 82% of NAV was either Sterling assets or hedged into Sterling, which is a slight increase from 80% three months prior.

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 decrease in the Ordinary Share NAV to 101.36p from 102.00p per share arose primarily through:

- Interest income net of expenses of 0.38p;
- A decrease of 0.47p in asset valuations; and
- A decrease of 0.56p in FX movements.

Placing Programme Result

The Company is pleased to confirm that the Ordinary Share placing programme announced on the 26th October 2016 was significantly oversubscribed.

Following Admission on 7th December 2016 a total of 120 million new Ordinary Shares were issued at a price of 105p per share, the Compa-

ny will have 595,412,613 Ordinary Shares in issue.

Market summary

November displayed less activity in the infrastructure debt sector, with only 6 European project finance transactions reaching financial close across the month.

Notable transactions include the partly subsidised €900mm Nord-Pas-de-Calais broadband PPP financing for fibre optic in France. In addition, several small renewables deals closed throughout Europe, including the 30.8MW SunPort Delfzijl Solar Park in the Netherlands and the 33.1MW Castlepook Wind Farm in Ireland.

News flow in November was initially dominated by the election of Donald Trump as the 45th President of the United States, which increased yields on sovereign bonds and heightened uncertainty around global trade.

November news flow ended with RBS emerging as the biggest failure in the UK bank stress tests, and the struggling Italian bank MPS awaiting the reform referendum in early December.

During November, Sterling recovered against both the dollar and euro, ending the month at \$1.25 and €1.18 respectively. The Bloomberg USD High Yield Corporate Bond Index remained flat at 167.

Contact information

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Performance since launch

| Share class | 1 month | 3 months | 6 months | 1 year | ITD ⁽²⁾ |
|---------------------------|---------|----------|----------|--------|--------------------|
| Share price (SEQI) | -3.4% | -6.0% | 2.2% | 2.2% | 6.3% |
| Total return (SEQI) | -3.4% | -4.7% | 4.9% | 8.1% | 14.6% |
| NAV (SEQI) ⁽¹⁾ | -0.6% | 2.3% | 6.2% | 12.1% | 11.5% |

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

Ordinary Share portfolio summary (15 largest settled investments)

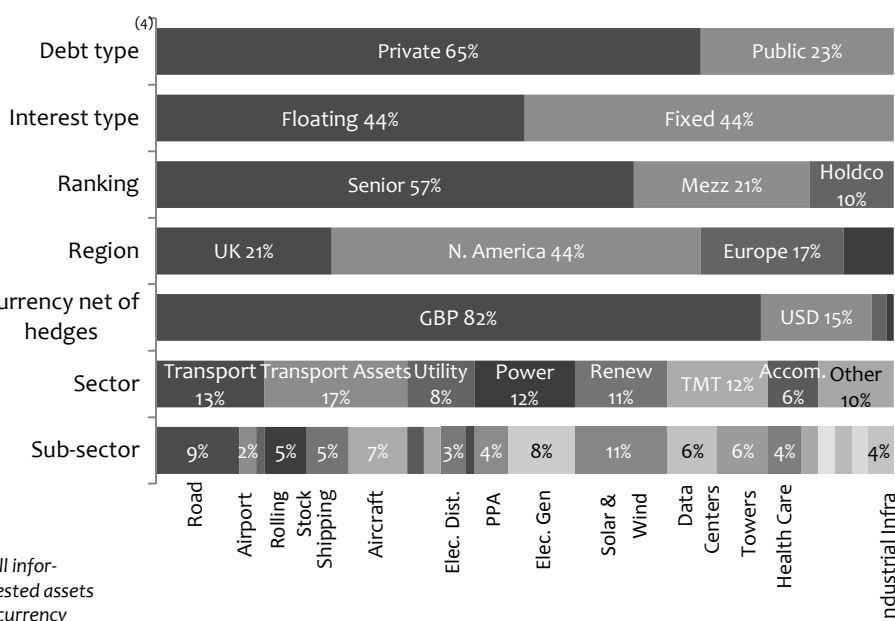
| Transaction name | Currency | Type | Ranking | Value £m ⁽¹⁾ | Sector | Sub-sector | Yield ⁽²⁾ |
|-------------------------------|----------|---------|---------|-------------------------|------------------|------------------|----------------------|
| A'lienor S.A.S. (A65) | EUR | Private | Senior | 37.0 | Transport | Road | 3.32 |
| AP Wireless Infrastructure | GBP | Private | Senior | 30.0 | TMT | Towers | 6.81 |
| IO Data Centers LLC | USD | Private | Senior | 30.0 | TMT | Data centers | 9.00 |
| 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 | 20.0 | Other | Industrial infra | 9.78 |
| Exeltium Mezzanine | EUR | Private | Mezz | 18.9 | Power | PPA | 9.14 |
| Danaos Snr Secured 2018 | USD | Private | Senior | 17.6 | Transport assets | Shipping | 16.77 |
| Neoen Production | EUR | Private | HoldCo | 16.5 | Renewables | Solar & Wind | 6.99 |
| Mount Signal Solar | USD | Private | Senior | 16.0 | Renewables | Solar & Wind | 8.49 |
| Longview Power TL B | USD | Private | Senior | 13.6 | Power | Elec. Gen. | 10.55 |
| GFL 9.875% 2021 | USD | Public | Senior | 13.0 | Utility | Waste | 6.34 |
| Talen Energy Supply 4.6% 2021 | USD | Public | Senior | 13.0 | Power | Elec. Gen. | 8.99 |
| Heathrow Finance PLC | GBP | Public | Senior | 11.4 | Transport | Airport | 4.30 |
| Green Plains TL B | USD | Private | Senior | 11.2 | Other | Alternative Fuel | 7.00 |

Portfolio characteristics ⁽³⁾

| | |
|--------------------------------------|-------------|
| Number of investments | 39 |
| Largest / average size (£ million) | 37.0 / 11.8 |
| Average maturity / avg. life (years) | 6.1 / 4.6 |
| Portfolio modified duration | 2.9 |
| Average equity cushion | 34% |

Estimated portfolio sensitivities

| | Change in NAV |
|-------------------------------------|---------------|
| Interest rates +0.5% ⁽⁵⁾ | -1.4% |
| Interest rates -0.5% | 1.5% |
| Interest rates +1.0% | -2.8% |
| Interest rates -1.0% | 3.1% |
| 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 invested assets + cash; Cash percentage 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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