

Sequoia Economic Infrastructure Income Fund

Monthly Investor Report 31st July 2017

Summary	SEQI	Company information	
Ticker	SEQI	Website	www.seqifund.com
Listing date	3 rd March 2015	Year end	31 st March
Shares in issue	747,519,461	Inv. Adviser	Sequoia Investment Mgmt
Share price (pence)	111.00	Custodian	Bank of New York Mellon
NAV per share (pence) (ex-dividend)	100.11	Administrator	Praxis Fund Services Limited
Premium	10.9%	Auditors	KPMG
Total gross assets	£800.7m	Brokers	Stifel Nicolaus Europe Ltd
Total net assets	£748.3m	AIFM	International Fund Mgmt Ltd
Market capitalisation of share class	£830.0m	Directors	
Invested portfolio as a % of NAV	79.7%	Robert Jennings (Chair)	
Including assets in process of settlement or drawdown	90.5%	Jan Pethick	
Portfolio yield-to-maturity / yield-to-worst	7.9%	Jon Bridel	
Next expected dividend declaration	October	Sandra Platts	
Total expense ratio ⁽¹⁾	0.96%		

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 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

During July, the Company had invested approximately £32m, resulting in the total invested portfolio of 79.7% of the Company's NAV, with an additional £80.2m either traded but not settled or undrawn commitments. The total amount invested and committed represents 90.5% of the Company's NAV. The Company had gross leverage of £40m representing approximately 5.3% of NAV.

The portfolio held 30 private debt investments and 17 infrastructure bonds for a total of 47 investments that covered 8 sectors and 25 subsectors, and are collectively valued at £603.2m including accrued interest with an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 7.9% and a weighted average life across the acquired portfolio of approximately 4.6 years. The weighted average purchase price of the Company's acquired investments was approximately 96.8% of par. Investments

with construction risk represent 14% of NAV.

As of the 31st July 2017, approximately 88% of NAV consisted of either Sterling assets or was hedged into Sterling. The Company has adequate resources to cover the cash costs associated with its hedging activities. 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.

Approximately 47% of the invested portfolio comprises floating rate assets, with only two LIBOR floor above current LIBOR levels (EUR). As such, the portfolio's yield is likely to rise over time as LIBOR increases. The Company expects the floating rate proportion to exceed 50% once the proceeds of the recent equity issue are deployed.

The Company's investment activities during July include:

- First drawdown of \$30m to Hawaiki, a company that lays broadband cable across the Pacific Ocean to connect Australia, Hawaii, and the US;
- An additional £5m investment to the Regard Group, which manages a care home portfolio;
- An additional £5m investment in AP Wireless, a leading mobile mast site lease investment firm.
- An incremental \$5m of Global Ship Lease 10% 2019 bonds;
- A scheduled £1m drawdown was made to Clyde Street, the Glasgow student housing transaction.

SEQI's NAV performance

The decrease in SEQI's NAV to 100.11 per share from 101.34 per share on 30th June 2017 arose primarily through:

- Interest income net of expenses of 0.40p;
- A decrease of 0.11p in asset valuations;
- A decrease of 0.02p from FX movements;⁽²⁾
- A dividend declaration of 1.50p.

Market summary

A total of 21 project finance transactions closed in July throughout the Company's eligible jurisdictions, and were worth, in aggregate, \$8.1bn.

Notable transactions include the €861m debt refinancing of Scandlines, a German-Danish ferry company that operates short-distance routes, as well as the \$530m financing of the 200MW Flat Top wind farm in Texas, of which \$309m consisted of debt.

The Federal Reserve kept rates steady in July on the back of conflicting data reflecting low unemployment but also weaker than expected inflation. Janet Yellen suggested that the quantitative easing programme could begin to unwind as soon as the next meeting.

The Eurozone had an active month with the Euro trading at a two-year high against the Dollar, and spreads tightening between Bunds and the debt of periphery countries. Similar to the US, headline inflation in the Eurozone was still below target which the ECB used as evidence to support its dovish views.

During July, Sterling fell against the Euro and continued to strengthen against the Dollar, ending the month at €1.1168 and \$1.3190 respectively, and the Bloomberg USD High Yield Corporate Bond Index rose slightly to 180.4.

Contact information

Sequoia Investment Mgmt Company

www.seqimco.com

Randy Sandstrom +44 (0)20 7079 0483

r.sandstrom@seqimco.com

Greg Taylor +44 (0)20 7079 0486

g.taylor@seqimco.com

Dolf Kohnhorst +44 (0)20 7079 0482

d.kohnhorst@seqimco.com

Steve Cook +44 (0)20 7079 0481

s.cook@seqimco.com

(1) For quarter ending 30/06/2017

(2) Net of currency hedges

Performance since IPO

Share class	1 month	3 months	6 months	1 year	2 year	ITD ⁽²⁾
Share price	-0.4%	0.0%	-0.4%	-0.4%	7.2%	11.0%
Total share price return	0.9%	1.4%	2.3%	5.0%	19.2%	24.6%
NAV ⁽¹⁾	0.1%	0.4%	0.4%	4.8%	16.4%	14.7%

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

Portfolio summary (15 largest settled investments)

Transaction name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
A'lienor S.A.S. (A65)	EUR	Private	Senior	38.8	Transport	Road	3.37
AP Wireless Infrastructure	GBP	Private	Senior	38.0	TMT	Towers	6.31
IO Data Centers	USD	Private	Senior	37.9	TMT	Data centers	9.00
Cory Environmental	GBP	Private	HoldCo	32.7	Utility	Waste-to-energy	8.50
Regard Group Mezzanine	GBP	Private	Mezz	28.6	Accommodation	Health care	12.05
Abteen Ventures	USD	Private	Senior	26.5	TMT	Data centers	8.00
Hawaiki Mezzanine Loan	USD	Private	Mezz	22.7	TMT	Undersea cable	11.23
Exeltium Mezzanine	EUR	Private	Mezz	20.9	Power	PPA	12.39
Natgasoline	USD	Private	Mezz	19.9	Other	Industrial infra	9.99
Welcome Break No.1 Ltd	GBP	Private	Mezz	18.3	Transport	Motorway services	8.29
NGG Finance 5.625% 2073	GBP	Public	Mezz	17.0	Utility	Electricity dist.	3.58
Neoen Production	EUR	Private	HoldCo	16.9	Renewables	Solar & wind	7.00
Global Ship Lease 10% 2019	USD	Public	Senior	14.1	Transport assets	Shipping	10.79
Cheniere Corp. Christi	USD	Public	Senior	13.0	Transport	Ports	4.42
NRG Energy Inc 7.25% 2026	USD	Public	Senior	12.8	Power	Electricity gen.	6.21

Portfolio characteristics ⁽³⁾

Number of investments	47
Largest / avg size (£m)	38.8 / 12.7
Avg. maturity / avg. life (yrs)	6.4 / 4.6
Portfolio modified duration	2.3
Average equity cushion	34%
Construction risk	14%

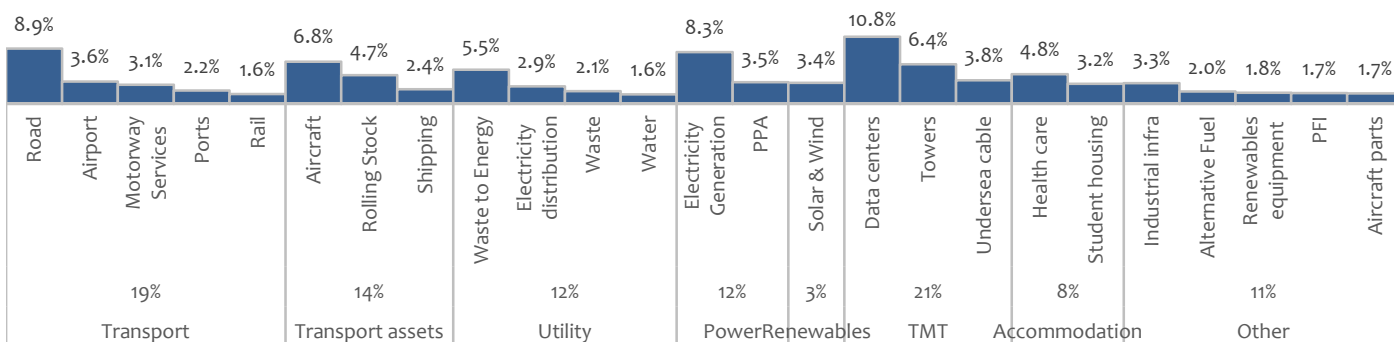
NAV movements since IPO

	Pence per share
FX movements ⁽⁶⁾	4.95
Acquisition costs ⁽⁷⁾	-1.52
Market movements	0.99
Interest income	12.04
Expenses	-2.71
Dividends	-12.50
Subscriptions	0.83

Estimated portfolio sensitivities

	Change in NAV
Interest rates +0.5% ⁽⁵⁾	-1.2%
Interest rates -0.5%	1.2%
Interest rates +1.0%	-2.3%
Interest rates -1.0%	2.5%
Euro +/- 5% (against GBP)	+/- 0.1%
Dollar +/- 5% (against GBP)	+/- 0.5%
Dollar up 5% and Euro down 5%	+/- 0.4%

Sectors and sub-sectors



(1) Excluding accrued interest;

(2) Yield to maturity / worst;

(3) All information based on settled investments only;

(4) Percentage of invested assets (excluding cash);

(5) A simultaneous parallel shift in EUR, GBP and USD yield curves;

(6) Net of currency hedges;

(7) Non-cash cost of marking the acquired position to the "bid" side of the price. Assumed to be 0.5% for bonds and 1.0% for loans.

Debt type	Private 71%	Public 29%		
Interest type	Fixed 53%	Floating 47%		
Ranking	Senior 60%	Mezz 32%	HoldCo 8%	
Region	UK 27%	N. America 46%	Europe 18%	AUS 8%
Currency net of hedges	GBP 88%	USD 9%		

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