

Sequoia Economic Infrastructure Income Fund

Monthly Investor Report 31st August 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 | 747,754,796 | Inv. Adviser | Sequoia Investment Mgmt |
| Share price (pence) | 113.75 | Custodian | Bank of New York Mellon |
| NAV per share (pence) (ex-dividend) | 100.81 | Administrator | Praxis Fund Services Limited |
| Premium | 12.8% | Auditors | KPMG |
| Total gross assets | £795.1m | Brokers | Stifel Nicolaus Europe Ltd |
| Total net assets | £753.8m | AIFM | International Fund Mgmt Ltd |
| Market capitalisation of share class | £850.6m | Directors | |
| Invested portfolio as a % of NAV | 75.8% | Robert Jennings (Chair) | |
| Including assets in process of settlement or drawdown | 92.5% | Jan Pethick | |
| Portfolio yield-to-maturity / yield-to-worst | 8.1% | 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 August, the Company’s investment activities resulted in the total invested portfolio of 75.8% of the Company’s NAV, with an additional £126.0m either traded but not settled or undrawn commitments. The total amount invested and committed represents 92.5% of the Company’s NAV. The Company has gross leverage of £40m representing approximately 5.3% of NAV.

The portfolio held 29 private debt investments and 15 infrastructure bonds for a total of 44 investments that covered 8 sectors and 22 subsectors, and are collectively valued at £577.7m including accrued interest with an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 8.1% 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 96.2% of par. Investments with construction risk represent 12% of NAV.

As of the 31st August 2017, approximately 89% 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 48% 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 all outstanding trades have settled.

The Company’s settled investment activities during August include:

- The \$15.9m Green Plains term loan B was refinanced, and the Company participated in the refinancing with \$18m;
- An additional drawdown of roughly £1.1m to the Clyde Street Glasgow student housing transaction;
- Sold \$15m of the Cheniere Corp Christi 7% 2024 bonds and \$15m of GFL Environmental 9.875% 2021 bonds, valued together at £26m.

On 30th August it was announced that the Company would be included in the FTSE 250 index, effective from 18th September 2017.

SEQI’s NAV performance

The increase in SEQI’s NAV to 100.81p per share from 100.11p per share on 31st July 2017 arose primarily through:

- Interest income net of expenses of 0.42p;
- An increase of 0.08p in asset valuations;
- An increase 0.20p from FX movements.⁽²⁾

Market summary

A total of 43 project finance transactions closed in August throughout the Company’s eligible jurisdictions, and were worth, in aggregate, \$16.6bn.

Notable transactions include:

- The €1.3bn primary financing of the Deutsche Bucht 252MW Offshore Wind Farm, which will be connected to the larger 800MW BorWin Beta offshore converter station;
- The €900m primary financing of the Grand Est Broadband PPP project in France, which is part of an initiative to roll out fibre broadband to the entire country by 2022;
- The additional \$92.5m equity bridge loan to Mount Signal 3.

It was reported in August that the US economy had the strongest quarter since 2015 with 3% GDP growth despite any meaningful policy progress in Washington.

Confidence in the eurozone has risen to the highest level since July 2007. The European Commission’s monthly measure of economic sentiment rose to 111.9 in August, which reflects optimism derived particularly from improving domestic consumer spending throughout the eurozone.

During August, both the Euro and US Dollar strengthened against Sterling ending the month at €1.0854 and \$1.2894 respectively, and the Bloomberg USD High Yield Corporate Bond Index rose slightly to 180.7.

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(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 | 2.5% | 0.7% | 3.6% | 0.7% | 9.1% | 13.8% |
| Total share price return | 2.5% | 2.0% | 6.5% | 6.2% | 21.3% | 27.7% |
| NAV ⁽¹⁾ | 0.7% | 0.9% | 0.6% | 5.9% | 16.8% | 15.5% |

(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 | 39.9 | Transport | Road | 3.45 |
| IO Data Centers | USD | Private | Senior | 38.8 | TMT | Data centers | 9.00 |
| AP Wireless Infrastructure | GBP | Private | Senior | 38.0 | TMT | Towers | 6.25 |
| Cory Environmental | GBP | Private | HoldCo | 32.7 | Utility | Waste-to-energy | 8.50 |
| Regard Group Mezzanine | GBP | Private | Mezz | 28.6 | Accommodation | Health care | 12.12 |
| Abteen Ventures | USD | Private | Senior | 27.1 | TMT | Data centers | 8.00 |
| Hawaiki Mezzanine Loan | USD | Private | Mezz | 23.6 | TMT | Undersea cable | 11.23 |
| Exeltium Mezzanine | EUR | Private | Mezz | 21.5 | Power | PPA | 12.39 |
| Natgasoline | USD | Private | Mezz | 21.4 | Other | Industrial infra | 9.99 |
| Welcome Break No.1 Ltd | GBP | Private | Mezz | 18.3 | Transport | Motorway Services | 8.28 |
| Neoen Production | EUR | Private | HoldCo | 17.4 | Renewables | Solar & Wind | 6.99 |
| NGG Finance 5.625% 2073 | GBP | Public | Mezz | 17.1 | Utility | Elec. distribution | 3.54 |
| Global Ship Lease 10% 2019 | USD | Public | Senior | 14.3 | Transport assets | Shipping | 11.40 |
| NRG Energy Inc 7.25% 2026 | USD | Public | Senior | 13.3 | Power | Elec. Generation | 5.87 |
| Dulles Greenway 2029 | USD | Public | Senior | 12.5 | Transport | Road | 5.21 |

Portfolio characteristics ⁽³⁾

| | |
|---------------------------------|-------------|
| Number of investments | 44 |
| Largest / avg size (£m) | 39.9 / 13.0 |
| Avg. maturity / avg. life (yrs) | 6.6 / 4.6 |
| Portfolio modified duration | 2.3 |
| Average equity cushion | 33% |
| Construction risk | 12% |

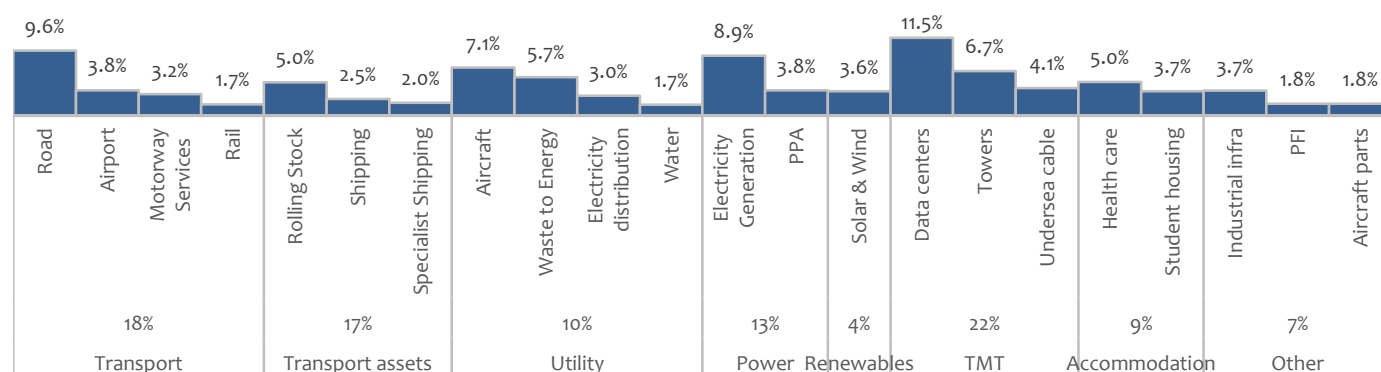
NAV movements since IPO

| Pence per share | |
|----------------------------------|--------|
| FX movements ⁽⁶⁾ | 5.70 |
| Acquisition costs ⁽⁷⁾ | -1.53 |
| Market movements | 0.64 |
| Interest income | 10.32 |
| Expenses | -2.70 |
| Dividends | -12.50 |
| Subscriptions | 0.15 |

Estimated portfolio sensitivities

| Change in NAV | |
|-------------------------------------|----------|
| Interest rates +0.5% ⁽⁵⁾ | -1.1% |
| Interest rates -0.5% | 1.2% |
| Interest rates +1.0% | -2.2% |
| Interest rates -1.0% | 2.5% |
| Euro +/- 5% (against GBP) | +/- 0.1% |
| Dollar +/- 5% (against GBP) | +/- 0.4% |
| Dollar up 5% and Euro down 5% | +/- 0.4% |

Sectors and sub-sectors



(1) Excluding accrued interest;

(2) Yield to maturity / worst;

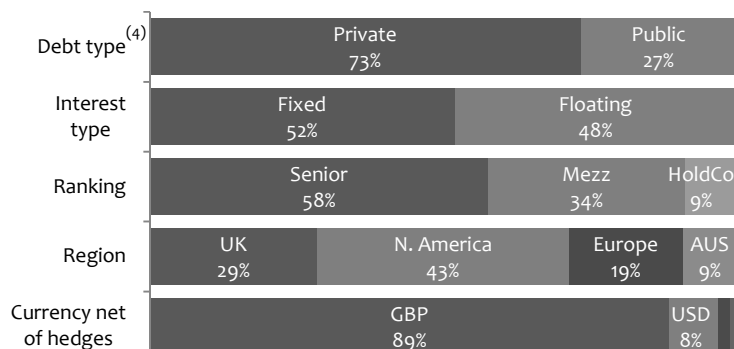
(3) All information based on settled investments only;

(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.



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