

Sequoia Economic Infrastructure Income Fund

Monthly Investor Report 30th November 2017

Summary		Company information	
LSE Ticker	SEQI	Website	www.seqifund.com
LSE index constituency ⁽¹⁾	FTSE 250	Year end	31 st March
Listing date	3 rd March 2015	Inv. Adviser	Sequoia Investment Mgmt
Shares in issue	748,030,682	Custodian	Bank of New York Mellon
Share price (pence)	108.20	Administrator	Praxis Fund Services Limited
NAV per share (pence)	101.36	Auditors	KPMG
Premium	6.8%	Brokers	Stifel Nicolaus Europe Ltd
Total gross assets	£759.2m	AIFM	International Fund Mgmt Ltd
Total net assets	£758.2m		
Market capitalisation of the Company	£809.4m		
Invested portfolio as a % of NAV	82.4%		
Including assets in process of settlement or drawdown	92.6%		
Portfolio yield-to-maturity / yield-to-worst	8.0%		
Next expected dividend declaration	January 2018		
Ongoing charge ratio ⁽²⁾	0.92%		
Of which, the Investment Adviser's fee⁽²⁾	0.63%		

Directors	
Robert Jennings (Chair)	
Jan Pethick	
Jon Bridel	
Sandra Platts	

Overview

Sequoia Economic Infrastructure Income Fund Limited (the "Company") seeks to provide investors with regular, sustained, long-term distributions and capital appreciation from a diversified portfolio, across a range of jurisdictions, sectors and sub-sectors, of senior and subordinated economic infrastructure debt investments. 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

as at 30 November 2017

The Company's total invested portfolio represented 82.4% of the Company's NAV, with an additional £77.6m either traded but not settled or undrawn commitments. The total amount invested and committed represents 92.6% of the Company's NAV.

The portfolio comprised a total of 50 investments collectively valued at £633.6m (including accrued interest): 32 private debt investments and 18 infrastructure bonds across 8 sectors and 22 subsectors.

The annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) was 8.0% and the acquired portfolio had a weighted average life of approximately 4.8 years. Private debt investments represented 74.4% of the Company's investments and 58% of the invested portfolio comprised floating rate assets. The weighted average purchase price of the Company's acquired investments was c.95.2% of par. Investments which are pre-operational represent 16.9% of total assets.

As at 30 November 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. The Company's settled investment activities during November include:

- A \$35m secondary acquisition of a loan to Aquaventure, a leading water service provider through its purification and desalination technologies;
- £8.0m-equivalent of NOK and USD bonds issued by Exmar, a leading operator of LNG and LPG vessels; and
- An incremental £1.5m disbursement to the Clyde Street Glasgow student housing transaction.

Additionally, the Company sold the below positions following positive price movements:

- \$10m NRG 2027 bonds; and
- \$10.5m Bristow 2022 bonds.

Lastly, AUD\$48.3m of the Reliance Rail bonds and \$18.8m of the Global Ship Lease 2019 bonds prepaid in line with the Company's expectations.

SEQI NAV movements

The increase in SEQI's NAV to 101.36p per share from 100.75p per share on 31st October 2017 arose primarily through:

- Interest income net of expenses of 0.65p;
- An increase of 0.17p in asset valuations;
- A decrease of 0.22p from FX movements;⁽³⁾

Revolving Credit Facility ("RCF")

The Company is pleased to announce that it has repaid its previous gross leverage of £40m in full, and subsequently secured a multi-currency RCF of £100m. The tenor of the facility will be three years at a cost of LIBOR plus 2.10%, and will be used for working capital purposes and to acquire additional investments in accordance with the Company's investment policy.

The RCF will enable the Company to reduce cash drag by buying assets through the use

of leverage with the intention to pay this down in the future through equity issuance.

Market summary

A total of 11 project finance transactions closed in November throughout the Company's eligible jurisdictions, worth \$7.9bn in aggregate. Notable transactions during the month include:

- The €2.26bn additional financing of the Pedemontana Veneta toll road in Italy through a senior and subordinated bond issue;
- The €150m loan by the European Investment Bank to build eight wind farms throughout Italy; and
- The €115m financing of the new police headquarters in Antwerp, Belgium.

In November, the estimate of third quarter US growth was further revised to 3.3%, the highest growth rate since the third quarter of 2014. The US economy added 228,000 jobs, keeping the unemployment rate at 4.1%.

The UK economy has grown 0.5% in the three months to November, helped by an increase in exports. During November, the Euro strengthened and the US Dollar weakened against Sterling ending the month at €1.1360 and \$1.3509 respectively, and the Bloomberg USD High Yield Corporate Bond Index fell slightly to 182.7.

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(1) For the FTSE UK Index Rebalance cut-off period beginning 28 November 2017 1

(2) For quarter ending 29/09/2017

(3) Net of currency hedges

Performance since IPO

SEQI	1 month	3 months	6 months	1 year	2 years	ITD ⁽²⁾
Share price	-3.4%	-4.9%	-4.2%	1.8%	4.0%	8.2%
Total share price return	-3.4%	-3.6%	-1.6%	7.4%	16.1%	23.1%
NAV ⁽¹⁾	0.6%	1.9%	2.8%	5.5%	18.3%	17.6%

(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	39.0	Transport	Road	2.2
Hawaiki Mezzanine Loan	USD	Private	Mezz	38.4	TMT	Undersea cable	11.2
IO Data Centers	USD	Private	Senior	37.0	TMT	Data centers	9.0
Cory Environmental	GBP	Private	HoldCo	32.7	Utility	Waste-to-energy	8.5
Regard Group Mezzanine	GBP	Private	Mezz	29.0	Accomm.	Health care	12.1
Abteen Ventures	USD	Private	Senior	25.9	TMT	Data centers	8.0
Aquaventure	USD	Private	Senior	25.9	Utility	Water	7.3
Warnow Tunnel	EUR	Private	Senior	21.1	Transport	Road	6.8
Exeltium Mezzanine	EUR	Private	Mezz	20.6	Power	PPA	12.4
Natgasoline	USD	Private	Mezz	20.4	Other	Industrial infra	10.0
Welcome Break No.1 Ltd	GBP	Private	Mezz	18.3	Transport	Motorway services	8.4
NGG Finance 5.625% 2073	GBP	Public	Mezz	17.0	Utility	Elec. distribution	3.6
Terra-Gen Power TL B	USD	Private	Senior	16.8	Renewables	Solar & wind	8.2
Neoen Production	EUR	Private	HoldCo	16.6	Renewables	Solar & wind	7.0
Tracy Hills TL 2025	USD	Private	Senior	15.5	Other	Residential infra	9.3

Portfolio characteristics ⁽³⁾

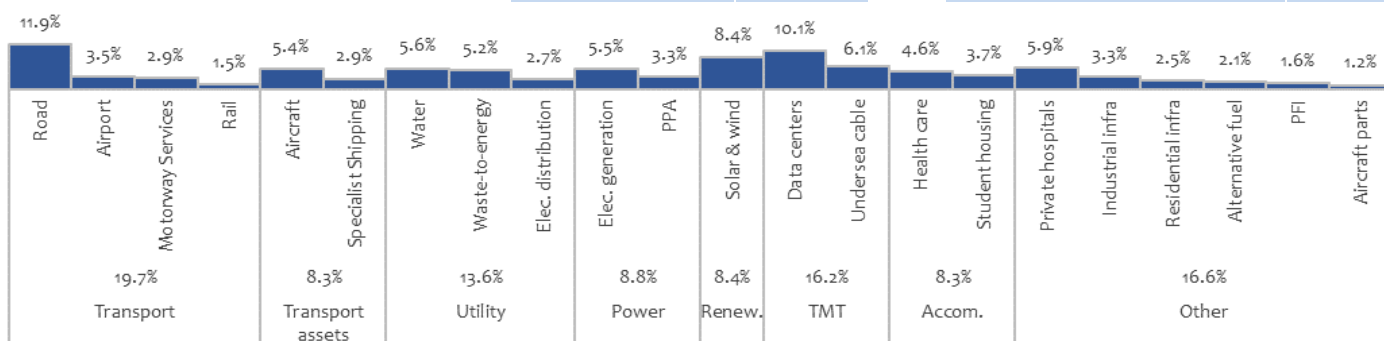
Number of investments	50
Largest / avg size (£m)	39.0 / 12.5
Avg. maturity / avg. life (yrs)	7.0 / 4.8
Portfolio modified duration	1.9
Average equity cushion	32%
Construction risk	16.9%

NAV movements since IPO

Pence per share	
FX movements ⁽⁶⁾	5.00
Acquisition costs ⁽⁷⁾	-1.73
Market movements	-0.35
Interest income ⁽⁸⁾	16.24
Expenses	-2.99
Dividends	-14.00
Subscriptions	1.17

Estimated portfolio sensitivities

Change in NAV	
Interest rates +0.5% ⁽⁵⁾	-1.0%
Interest rates -0.5%	1.1%
Interest rates +1.0%	-2.0%
Interest rates -1.0%	2.2%
Euro +/- 5% (against GBP)	± 0.2%
Dollar +/- 5% (against GBP)	± 0.3%
Dollar up 5% and Euro down 5%	± 0.1%



(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.

(8) PIK interest and fee income were previously recorded as capital gains, and have been retroactively applied up and including this month's NAV movements.

Debt type ⁽⁴⁾	Private 74%	Public 26%	
Interest type	Fixed 42%	Floating 58%	
Ranking	Senior 51%	Mezz 41%	HoldCo 8%
Region	UK 26%	N. America 46%	Europe Aus/NZ 21% 6%
Currency net of hedges	GBP 89%	USD 5%	

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