

Sequoia Economic Infrastructure Income Fund

Monthly Investor Report 29th December 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)	113.00	Administrator	Praxis Fund Services Limited
NAV per share (pence)	101.81	Auditors	KPMG
Premium	11.0%	Brokers	Stifel Nicolaus Europe Ltd
Total gross assets	£763.1m	AIFM	International Fund Mgmt Ltd
Total net assets	£761.5m		
Market capitalisation of the Company	£845.3m	Directors	
Invested portfolio as a % of NAV	88.6%	Robert Jennings (Chair)	
Total portfolio, including committed amounts, as a % of NAV	97.8%	Jan Pethick	
Portfolio yield-to-maturity / yield-to-worst	8.0%	Jon Bridel	
Next expected dividend declaration	January 2018	Sandra Platts	
Ongoing charge ratio ⁽²⁾	0.92%		
Of which, the Investment Adviser's fee ⁽²⁾	0.63%		

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 29 December 2017

The Company's invested portfolio represented 88.6% of the Company's NAV, with an additional £70.6m either traded but not settled or undrawn commitments. The total portfolio, including both acquired assets and assets which the Company has committed to buy but remain unsettled or undrawn, represented 97.8% of the Company's NAV.

The total portfolio comprised a total of 55 investments collectively valued at £750.4m (including accrued interest): 36 private debt investments and 19 infrastructure bonds across 8 sectors and 23 subsectors.

The total portfolio had an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 8.0% and a weighted average life of approximately 5.0 years. Private debt investments represented 75% of the total portfolio and 55% of it comprised floating rate assets. The weighted average purchase price of the Company's investments was c.95.5% of par.

Investments which are pre-operational represented 17.4% of total assets.

As at 29 December 2017, approximately 95% 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 December include:

- A £20m primary loan to Bulb Energy, a UK renewables energy supplier;
 - A \$19.6m secondary loan to Project Argon, a loan backed by eight mid-life aircraft;
 - A €10m primary loan to Kraftwerk Obernburg, a German combined heat and power plant;
 - \$10m of Adani Abbot 4.45% 2022 bonds, a coking coal export terminal in Australia;
 - An additional \$850k disbursement to Sunrun, a US residential solar company.
- Lastly, the €8.6m loan to Latecoere prepaid in line with the Company's expectations.

SEQI NAV movements

The increase in SEQI's NAV to 101.81p per share from 101.36p per share as at 30 November 2017 arose primarily through:

- Interest income net of expenses of 0.58p;
- A decrease of 0.06p in asset valuations;
- A decrease of 0.07p from FX movements;⁽³⁾

Market summary

A total of 23 project finance transactions closed in December throughout the Company's eligible jurisdictions, worth \$7.9bn in aggregate. Notable transactions during the month include:

- The \$826m additional financing of the 250MW Silver Slate Solar Facility in Pimm, Nevada;
- The £835m refinancing of rolling stock for the Greater Anglia franchise;
- The \$189.1m bond issue for the redevelopment of a terminal at Denver International Airport, and;
- The €446.3m refinancing of Covanta's 58MW Waste-to-Energy plant in Dublin, consisting of €396.3m of senior debt and €50m of junior debt.

In December, estimates of US economic growth for Q3 2017 was estimated at 3.2% by the Commerce Department. The US economy added 148k jobs, keeping the unemployment rate at 4.1%.

The Eurozone experienced its strongest quarterly growth in almost seven years, with 0.8% growth. The UK economy remained steady, with 0.5% growth. During December, the Euro strengthened and the US Dollar weakened against Sterling ending the month at €1.1250 and \$1.3524 respectively.

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 the FTSE UK Index Rebalance cut-off period beginning 28 November 2017

(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	4.4%	0.2%	1.3%	-1.0%	9.4%	13.0%
Total share price return	4.4%	1.5%	4.1%	4.5%	22.1%	28.5%
NAV ⁽¹⁾	0.4%	1.9%	3.2%	4.8%	17.7%	18.2%

(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	39.6	Transport	Road	6.1 ⁽⁹⁾
Hawaiki Mezzanine Loan	USD	Private	Mezz	38.7	TMT	Undersea cable	11.6
IO Data Centers	USD	Private	Senior	37.0	TMT	Data centers	9.0
Cory Environmental	GBP	Private	HoldCo	31.3	Utility	Waste-to-energy	8.5
Regard Group Mezzanine	GBP	Private	Mezz	29.4	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	7.7
Warnow Tunnel	EUR	Private	Senior	20.8	Transport	Road	6.8
Natgasoline	USD	Private	Mezz	20.4	Other	Industrial infra	10.0
Bulb Energy	GBP	Private	Senior	20.0	Utility	Electricity supply	9.0
Exeltium Mezzanine	EUR	Private	Mezz	19.6	Power	PPA	9.4
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	8.3
Neoen Production	EUR	Private	HoldCo	15.6	Renewables	Solar & wind	7.0

Portfolio characteristics ⁽³⁾

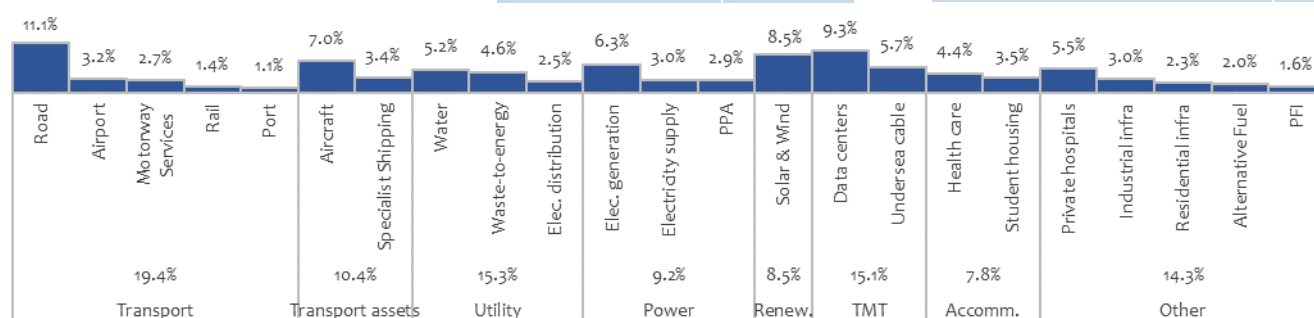
Number of investments	54
Largest / avg size (£m)	39.6 / 12.5
Avg. maturity / avg. life (yrs)	7.2 / 5.0
Portfolio modified duration	2.0
Average equity cushion	31%
Pre-operational risk	17.4%

NAV movements since IPO ⁽¹⁰⁾

Pence per share	
Interest income ⁽⁶⁾	16.87
Expenses	-3.08
Market movements	-0.30
FX movements ⁽⁷⁾	4.92
Acquisition costs ⁽⁸⁾	-1.80
Dividends	-14.00
Subscriptions	1.17

Estimated portfolio sensitivities

Change in NAV	
Interest rates +0.5% ⁽⁵⁾	-1.1%
Interest rates -0.5%	1.1%
Interest rates +1.0%	-2.1%
Interest rates -1.0%	2.3%
Euro +/- 5% (against GBP)	± 0.2%
Dollar +/- 5% (against GBP)	± 0.2%
Dollar up 5% and Euro down 5%	± 0.0%



- (1) Excluding accrued interest;
- (2) Yield to maturity / worst, unless otherwise noted;
- (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) PIK interest and fee income were previously recorded as capital gains, and have been retroactively applied up to and including this month's NAV movements;
- (7) Net of currency hedges;
- (8) 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;
- (9) Yield-to-date of expected refinancing;
- (10) Based on a NAV at IPO of 98.02.

Debt type ⁽⁴⁾	Private 75%	Public 25%		
Interest type	Fixed 45%	Floating 55%		
Ranking	Senior 52%	Mezz 41%	HoldCo 7%	
Region	UK 27%	N. America 45%	Europe Aus/NZ 21%	7%
Currency net of hedges	GBP 95%	USD 2%		

Disclaimer

This Report is intended solely for the information of the person to whom it is provided by the Company, the Investment Adviser, the Investment Manager or the Administrator. This Report is not intended as an offer or solicitation for the purchase of shares in the Company and should not be relied on by any person for the purpose of accounting, legal or tax advice or for making an investment decision. The payment of dividends and the repayment of capital are not guaranteed by the Company. Any forecast, projection or target is indicative only and not guaranteed in any way, and any opinions expressed in this Report are not statements of fact and are subject to change, and neither the Company nor the Investment Adviser is under any obligation to update such opinions. Past performance is not a reliable indicator of future performance, and investors may not get back the original amount invested. Unless otherwise stated, the sources for all information contained in this report are the Investment Adviser and the Administrator. Information contained in this Report is believed to be accurate at the date of publication, but none of the Company, the Investment Adviser, the Investment Manager and the Administrator gives any representation or warranty as to the Report's accuracy or completeness. This report does not contain and is not to be taken as containing any financial product advice or financial product recommendation. None of the Company, the Investment Adviser, the Investment Manager and the Administrator accepts any liability whatsoever for any loss (whether direct or indirect) arising from any use of this Report or its contents. Sequoia Investment Management Company Limited, registered in England (registered number 5902847). Registered Office: 11-13 Market Place, London, W1W 8AH United Kingdom.