

Sequoia Economic Infrastructure Income Fund

Monthly Investor Report 28th February 2018

Summary		Company information	
LSE Ticker	SEI	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	748,315,757	Custodian	Bank of New York Mellon
Share price (pence)	106.50	Administrator	Praxis Fund Services Limited
NAV per share (pence)	101.46	Auditors	KPMG
Premium	5.0%	Brokers	Stifel Nicolaus Europe Ltd
Total gross assets	£782.1m	AIFM	International Fund Mgmt Ltd
Total net assets	£759.3m		
Market capitalisation of the Company	£797.0m	Directors	
Invested portfolio as a % of NAV	91.5%	Robert Jennings (Chair)	
Total portfolio, including committed amounts, as a % of NAV	99.6%	Jan Pethick	
Portfolio yield-to-maturity / yield-to-worst	8.0%	Jon Bridel	
Next expected dividend declaration	April 2018	Sandra Platts	
Ongoing charge ratio ⁽²⁾	0.93%		
Of which, the Investment Adviser's fee ⁽²⁾	0.64%		

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 28 February 2018

The Company's invested portfolio represented 91.5% of the Company's NAV, with an additional £62.0m 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 99.6% of the Company's NAV. The Company had gross leverage of £21.8m, representing c. 2.9% of NAV.

The total portfolio comprised a total of 58 investments collectively valued at £762.6m (including accrued interest): 37 private debt investments and 21 infrastructure bonds across 8 sectors and 23 subsectors.

The invested 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 5.3 years. Private debt investments represented 76% of the total portfolio and 61% of it comprised floating rate assets. The weighted average purchase price of the Company's investments was

c.95.1% of par. Investments which are pre-operational represented 16.6% of total assets.

The Company continues to view the US as a strategic target for economic infrastructure assets, with 41% of the invested portfolio consisting of investments located in the US as at 28 February 2018. The other represented regions include the UK, Europe, and Australia/New Zealand, comprising 28%, 24%, and 7% of the invested portfolio, respectively.

As at 28 February 2018, approximately 91% 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 February include:

- A €13.7m primary loan to Hatch Copley Ltd for the acquisition and refurbishment of an Irish student accommodation building;
- A final €5.0m disbursement to Project Warsaw, the Polish solar PV plants;
- A €5.9m secondary purchase of Warnow Tunnel, a tunnel linking East and West Rostock, Germany;
- A \$8.6m secondary purchase of the Talen Energy Supply 10.5% 2026 bonds;

SEI NAV movements

The increase in SEI's NAV to 101.46p per share from 101.04p per share as at 31 January 2018 arose primarily through:

- Interest income net of expenses of 0.62p;
- A decrease of 0.37p in asset valuations;
- An increase of 0.17p from FX movements;⁽³⁾

Market summary

A total of 32 project finance transactions closed in February throughout the Company's eligible jurisdictions, worth \$5.9bn in aggregate. Notable transactions during the month include:

- A £72m primary financing of the expansion of InterGen's gas-fired Spalding CCGT Project in Lincolnshire;
- A €650m financing for the expansion and reconstruction of the A10/A24 Neuruppin-Pankow Highway in Germany;
- A \$143m refinancing of Longroad Energy's US Solar portfolio consisting of over 300 operating solar facilities;
- The CAD\$150m debt funding for Innergex's CAD \$1.1 acquisition of Alterra Power.

In February, Q4 2017 US GDP growth was revised slightly downwards to 2.5%, for a full-year 2017 GDP growth rate of 2.3%. The US Federal Reserve has forecast three interest rate hikes in 2018, with the first expected in March.

Unemployment in the Eurozone is at its lowest level since December 2008, standing at 8.6% across the 19 countries. The UK economy appears to be on track for 0.4% growth so far for the first quarter 2018, with a large growth in business services demanded in February. During February, both the Euro and the US dollar strengthened against Sterling ending the month at €1.1292 and \$1.3785 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 1

(2) For the nine months ending 29/12/2017, annualised.

(3) Net of currency hedges

Performance since IPO

SEQI	1 month	3 months	6 months	1 year	2 years	ITD ⁽²⁾
Share price	-2.3%	-1.6%	-6.4%	-3.0%	2.9%	6.5%
Total share price return	-2.3%	-0.2%	-3.8%	2.4%	14.6%	22.8%
NAV ⁽¹⁾	0.4%	1.5%	3.4%	4.0%	16.5%	19.4%

(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	4.7
Hawaiki Mezzanine Loan	USD	Private	Mezz	38.7	TMT	Undersea cable	11.6
Active Assistance Group	GBP	Private	Senior	36.4	Accomm.	Health care	8.4
Tracy Hills TL 2025	USD	Private	Senior	34.7	Other	Residential infra	9.7
Cory Environmental	GBP	Private	HoldCo	31.3	Utility	Waste-to-energy	8.5
Aquaventure	USD	Private	Senior	25.4	Utility	Water	7.7
Abteen Ventures	USD	Private	Senior	25.4	TMT	Data centers	8.0
Warnow Tunnel	EUR	Private	Senior	25.2	Transport	Road	6.8
Natgasoline	USD	Private	Mezz	21.0	Other	Industrial infra	10.0
Terra-Gen Power TL B	USD	Private	Senior	20.9	Renewables	Solar & wind	9.4
Exeltium Mezzanine	EUR	Private	Mezz	19.5	Power	PPA	9.4
Welcome Break No.1 Ltd	GBP	Private	Mezz	18.3	Transport	Motorway services	8.5
Bulb Energy Senior Secured	GBP	Private	Senior	17.7	Utility	Electricity supply	9.0
NGG Finance 5.625% 2073	GBP	Public	Mezz	16.8	Utility	Elec. distribution	3.6
Clyde Street Glasgow	GBP	Private	Senior	16.0	Accomm.	Student housing	8.0

Portfolio characteristics ⁽³⁾

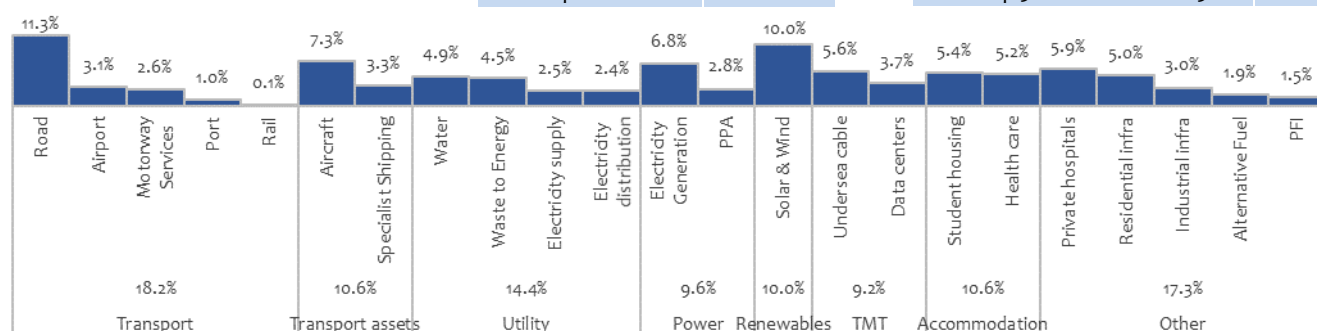
Number of investments	56
Largest / avg size (£m)	39.6 / 12.4
Avg. maturity / avg. life (yrs)	7.4 / 5.3
Portfolio modified duration	1.8
Average equity cushion	31%
Pre-operational risk	16.6%

NAV movements since IPO ⁽¹⁰⁾

Pence per share	
Interest income ⁽⁶⁾	18.24
Expenses	-3.24
Market movements	-0.27
Acquisition costs ⁽⁷⁾	-1.89
FX movements ⁽⁸⁾	4.93
Dividends	-15.50
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)	± 0.1%
Dollar up 5% and Euro down 5%	± -0.1%



- (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) 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) Net of currency hedges;
- (9) Yield-to-date of expected refinancing;
- (10) Based on a NAV at IPO of 98.02.

Debt type ⁽⁴⁾	Private 76%	Public 24%		
Interest type	Fixed 39%	Floating 61%		
Ranking	Senior 56%	Mezz 37%	HoldCo 7%	
Region	UK 28%	N. America 41%	Europe 24%	Aus/NZ 7%
Currency net of hedges	GBP 91%	USD 3%		

Disclaimer

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