

Sequoia Economic Infrastructure Income Fund

Monthly Investor Report 29 March 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)	106.00	Administrator	Praxis Fund Services Limited
NAV per share (pence)	101.32	Auditors	KPMG
Premium	4.6%	Brokers	Stifel Nicolaus Europe Ltd
Total gross assets	£799.9m	AIFM	International Fund Mgmt Ltd
Total net assets	£758.2m		
Market capitalisation of the Company	£793.2m	Directors	
Invested portfolio as a % of NAV	94.4%	Robert Jennings (Chair)	
Total portfolio, including committed amounts, as a % of NAV	108.6%	Jan Pethick	
Portfolio yield-to-maturity / yield-to-worst	8.2%	Jon Bridel	
Next expected dividend declaration	April 2018	Sandra Platts	
Ongoing charge ratio ⁽²⁾	0.94%		
Of which, the Investment Adviser's fee⁽²⁾	0.66%		

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 March 2018

The Company's total portfolio comprised of 59 investments collectively valued at £830.1m (including accrued interest) across 8 sectors and 24 subsectors, and represented 108.6% of the Company's NAV. The Company's total portfolio includes undrawn commitments and 3 additional investments which are in the process of settlement, collectively valued at £107.7m. As at 29 March 2018, the Company drew an additional \$25.0m on its revolving credit facility, resulting in gross leverage of £39.2m representing c. 5.2% of NAV.

The Company's invested portfolio comprised of 36 private debt investments and 20 infrastructure bonds across 8 sectors and 23 subsectors, and had an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 8.2% and a weighted average life of approximately 5.1 years. Private debt investments represented 79% of the total portfolio and 64% 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 17.9% of total assets.

The Company continues to view the US as a strategic target for economic infrastructure assets, with 40% of the invested portfolio consisting of investments located in the US as at 29 March 2018. The other represented regions include the UK, Europe, and Australia/New Zealand, comprising 29%, 24%, and 8% of the invested portfolio, respectively. Currently the Company is not investing in Portugal or Italy, but is considering selective opportunities in Spain.

As at 29 March 2018, approximately 94% 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 March include:

- An additional \$15.0m primary loan to Hawaiki Cable, the undersea cable connecting Australia to North America;
- A final £9.25m drawing on the loan to Bulb Energy, a UK renewable energy supplier backed by customer receivables;
- A \$12.0m primary loan to Sunrun Hera, a portfolio of US rooftop solar systems;
- A \$20.0m secondary acquisition of a loan to Panda Patriot, a CCGT plant in the US;
- A €4.3m secondary acquisition of a loan to Orlyval, the train linking Paris Orly airport to the metro network;
- An additional £1.2m disbursement to Clyde Street student housing in Glasgow.

Additionally, the Company added to the following existing public positions: A \$2.5m loan to Terra-gen, \$3.3m of Exmar 2019 USD bonds, and \$3.0m of Talen 10.5% 2026 bonds.

SEI NAV movements

The decrease in SEI's NAV to 101.32p per share from 101.46p per share at 28 February 2018 arose primarily through:

- Interest income net of expenses of 0.60p;
- A decrease of 0.60p in asset valuations;
- A decrease of 0.14p from FX movements.⁽³⁾

Market summary

A total of 64 project finance transactions closed in March throughout the Company's eligible jurisdictions, worth \$28.3bn in aggregate. Notable transactions during the month include:

- A €183m financing of the development and rollout of the 25-year Hérault department broadband PPP Project in France;
- A €511m refinancing of the Koole Terminals, a Dutch storage facilities operator;
- A CAD\$202m revolving credit facility for the upgrade of transit stations in Ontario's Stouffville Corridor;
- The CAD\$131m debt funding for the redevelopment of Brockville General Hospital in Ontario.

In March, Q4 2017 US GDP growth was revised slightly downwards to 2.9%, for a full-year 2017 GDP growth rate of 2.3%. The US Federal Reserve raised interest rates 0.25% to 1.75%.

The UK economy appears to be on track for 0.3% growth for Q1 2018, with freezing weather conditions adversely impacting the economy. During March, both the Euro and the US dollar weakened against Sterling ending the month at €1.1404 and \$1.4017 respectively.

Contact information

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

(2) For the twelve months ending 29/03.

(3) Net of currency hedges

Performance since IPO

SEQI	1 month	3 months	6 months	1 year	2 years	ITD ⁽²⁾
Share price	-0.5%	-6.2%	-6.0%	-3.9%	-0.2%	6.0%
Total share price return	-0.5%	-4.9%	-3.5%	1.4%	11.1%	22.2%
NAV ⁽¹⁾	-0.1%	0.9%	2.8%	4.1%	14.9%	19.2%

(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⁾
Hawaiki Mezzanine Loan	USD	Private	Mezz	49.2	TMT	Undersea cable	11.9
A'lienor S.A.S. (A65)	EUR	Private	Senior	39.4	Transport	Road	5.0
Active Assistance	GBP	Private	Senior	36.4	Accomm.	Health care	8.4
Tracy Hills TL 2025	USD	Private	Senior	34.2	Other	Residential infra	10.3
Cory Environmental	GBP	Private	HoldCo	31.3	Utility	Waste-to-energy	8.5
Bulb Energy Senior Secured	GBP	Private	Senior	26.9	Utility	Electricity supply	9.0
Warnow Tunnel	EUR	Private	Senior	25.1	Transport	Road	6.8
Aquaventure	USD	Private	Senior	25.0	Utility	Water	7.7
Abteen Ventures	USD	Private	Senior	24.9	TMT	Data centers	8.0
Terra-Gen Power TL B	USD	Private	Senior	22.4	Renewables	Solar & wind	9.5
Natgasoline	USD	Private	Mezz	20.6	Other	Industrial infra	10.0
Exeltium Mezzanine	EUR	Private	Mezz	19.3	Power	PPA	9.4
Welcome Break No.1 Ltd	GBP	Private	Mezz	18.3	Transport	Motorway services	8.5
Clyde Street Glasgow	GBP	Private	Senior	18.3	Accomm.	Student housing	8.0
Neoen Production	EUR	Private	HoldCo	15.4	Renewables	Solar & wind	7.0

Portfolio characteristics ⁽³⁾

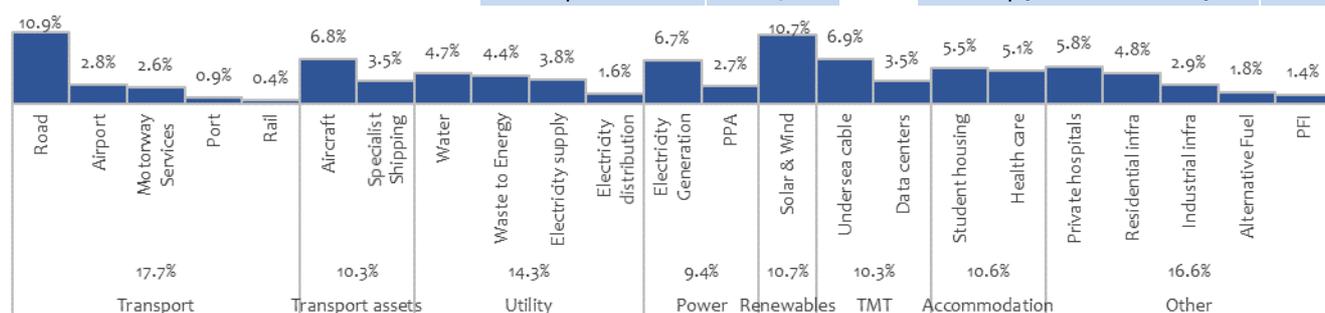
Number of investments	56
Largest / avg size (£m)	49.2 / 12.8
Avg. maturity / avg. life (yrs)	7.3 / 5.1
Portfolio modified duration	1.6
Average equity cushion	31%
Pre-operational risk	17.9%

NAV movements since IPO ⁽¹⁰⁾

Pence per share	
Interest income ⁽⁶⁾	18.93
Expenses	-3.38
Market movements	-0.75
Acquisition costs ⁽⁷⁾	-1.96
FX movements ⁽⁸⁾	4.79
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%	-1.9%
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 79%	Public 21%		
Interest type	Fixed 36%	Floating 64%		
Ranking	Senior 56%	Mezz 37%	HoldCo 7%	
Region	UK 29%	N. America 40%	Europe 24%	Aus/NZ 8%
Currency net of hedges	GBP 94%	USD 1%		

Disclaimer

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