

LSE Ticker	SEI
LSE index constituency	FTSE 250
Listing date	03/03/2015
Year end	31 March
Total net annual return target	7-8%
Shares in issue	821,435,067
Share price (pence)	109.00
Market Cap	£895.4m

SEI	SEI
FTSE 250	FTSE 250
03/03/2015	03/03/2015
31 March	31 March
7-8%	7-8%
821,435,067	821,435,067
109.00	109.00
£895.4m	£895.4m

Directors	
Robert Jennings (Chairman)	
Jan Pethick	
Jon Bridel	
Sandra Platts	
www.seqifund.com	

Sequoia Economic Infrastructure Income Fund Limited (“SEI” or “the Company”) seeks to provide investors with regular, sustained, long-term distributions and capital appreciation from a high-quality portfolio of private debt and bond investments diversified across ten mature jurisdictions and a range of sectors & subsectors.

SEI NAV movements

The NAV for SEI, the specialist investor in economic infrastructure debt, increased to 101.10p from the prior month’s NAV of 100.39p per share. The changes in NAV arose primarily through:

- Interest income net of expenses of 0.54p;
- An increase of 0.01p in asset valuations;
- A decrease of 0.03p from FX movements;⁽³⁾ and
- A gain of 0.19p from issuance of new equity.

Company update

During May, the Company completed its successful, oversubscribed equity placing, raising approximately £75.7m of gross proceeds. The proceeds have principally been used to repay approximately £70.7m of the Company’s £75.0m gross leverage, resulting in gross leverage of £5.0m, or 0.60% of NAV, at 31 May 2018. The Company’s total net assets after deducting net borrowings were therefore £830.5m at month end. The Company also had undrawn commitments and one additional investment in the process of settlement collectively valued at £98.4m.

The Company’s invested portfolio comprised of 37 private debt investments and 19 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 8.4% and a weighted average life of approximately 4.9 years. Private debt investments represented 81.4% of the total portfolio and 70.3% of it comprised floating rate assets. The weighted average purchase price of the Company’s investments was c.96.0% of par. Investments which are pre-operational represented 15.0% of total assets.

The Company’s invested portfolio remains geographically diverse with 44% located across the US, 25% in the UK, 23% in Europe, and 8% in Australia/New Zealand. Currently the Company is not investing in Portugal or Italy, but is considering selective opportunities in Spain.

As at 31 May 2018, 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 May include:

- A £7.5m primary loan to Euro Garages, one of the largest independent motorway services providers in the UK and Europe;
- An additional £1.3m disbursement to Clyde Street student housing in Glasgow; and
- The sale of \$29.0m Dulles Greenway 2029 zero-coupon bonds.

There were no called/prepaid positions during the month of May.

Market summary

A total of 28 project finance transactions closed in May throughout the Company’s eligible jurisdictions, worth \$4.6bn in aggregate. Notable transactions during the month include:

- A €160m long term financing of the first 89 MW phase of the Oweninny wind farm in County Mayo, Ireland.
- A CAD \$1.2bn financing of the Finch West light rail in Toronto, Canada. The bonds are senior secured.
- A €600m acquisition of the 450MW Neart na Gaoithe offshore wind farm.

The US economy added 223,000 jobs in May 2018, with unemployment at its lowest level since early 2000, and with average hourly earnings showing a year-on-year gain of 2.7%.

Despite the turbulence in Europe caused by the Italian coalition of Eurosceptic parties, unemployment in the Eurozone also ticked down slightly to 8.5%, which is the lowest recorded rate in the Eurozone since December 2008.

The Bank of England’s Monetary Policy Committee declined to raise rates in May. However, earnings growth has moved above inflation, and the BOE is still projecting 0.4% growth in Q2 2018.

Company information

SEI 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.

SEI’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.

Portfolio information

NAV per share (pence)	101.10
Premium	7.8%
Total gross assets	£836.7m
Total net assets	£830.5m
Invested portfolio as a % of NAV	90.9%
Total portfolio, including committed amounts, as a % of NAV	102.7%
Portfolio yield-to-maturity / yield-to-worst	8.4%
Dividend	Quarterly
Next expected dividend declaration	July 2018
Ongoing charge ratio ⁽²⁾	0.94%
Of which, the Investment Adviser’s fee ⁽²⁾	0.66%

Investment Adviser

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Fund Service Providers

Administrator	Praxis Fund Services Limited
AIFM	International Fund Mgmt Ltd
Auditors	KPMG
Brokers	Stifel Nicolaus Europe Ltd
Custodian	Bank of New York Mellon

(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	1.4%	2.3%	0.7%	-3.5%	4.8%	9.0%
Total share price return	1.4%	3.8%	3.5%	1.8%	16.7%	27.4%
NAV ⁽¹⁾	0.7%	1.0%	2.5%	5.4%	14.8%	20.6%

(1) NAV performance includes dividends paid; (2) From inception-to-date (ITD)

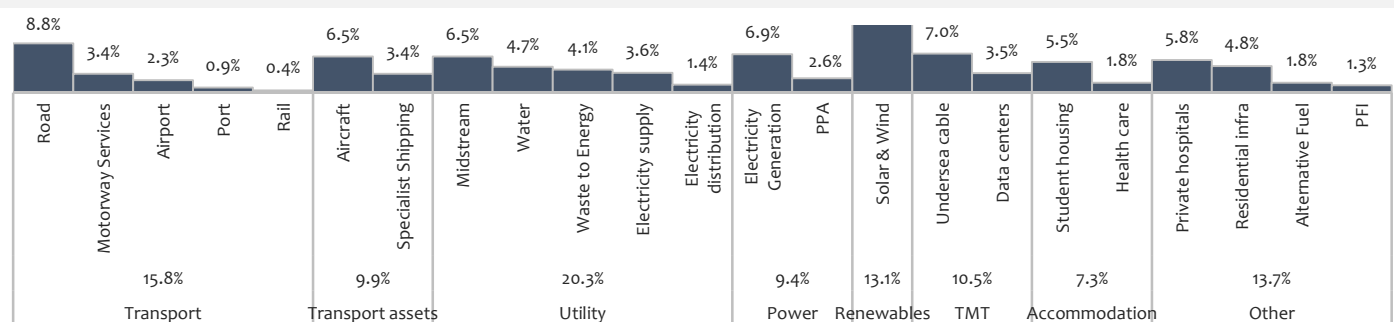
Portfolio summary (settled investments only)

56 Investments	£52.9m Largest investment	£13.5m Average size	7.2 years Average maturity	4.9 years Average life	1.2 Portfolio mod. duration	30% Average equity cushion	15.0% Construction risk
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Estimated portfolio sensitivities	Change in NAV	NAV movements since IPO ⁽¹⁰⁾	Pence per share
Interest rates +0.5% ⁽⁵⁾	-0.7%	Interest income ⁽⁶⁾	20.26
Interest rates -0.5%	0.8%	Expenses	-3.60
Interest rates +1.0%	-1.4%	Market movements	-0.68
Interest rates -1.0%	1.6%	Acquisition costs ⁽⁷⁾	-1.98
Euro +/- 5% (against GBP)	± 0.1%	FX movements ⁽⁸⁾	4.71
Dollar +/- 5% (against GBP)	± 0.1%	Dividends	-17.00
Dollar up 5% and Euro down 5%	± 0.0%	Subscriptions	1.36

Top holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
Hawaiki Mezzanine Loan	USD	Private	Mezz	52.9	TMT	Undersea cable	12.0
Salt Creek Midstream	USD	Private	Senior	48.9	Utility	Midstream	6.8
A'lienor S.A.S. (A65)	EUR	Private	Senior	38.8	Transport	Road	5.7
Tracy Hills TL 2025	USD	Private	Senior	36.0	Other	Residential infra	10.3
Cory Environmental	GBP	Private	HoldCo	31.3	Utility	Waste-to-energy	8.5
Sunrun Hera 2017-B	USD	Private	Mezz	30.1	Renewables	Solar & wind	7.4
Bulb Energy Senior Secured	GBP	Private	Senior	26.9	Utility	Electricity supply	8.8
Aquaventure	USD	Private	Senior	26.3	Utility	Water	8.2
Abteen Ventures	USD	Private	Senior	26.3	TMT	Data centers	7.9
Warnow Tunnel	EUR	Private	Senior	25.4	Transport	Road	6.4
Terra-Gen Power TL B	USD	Private	Senior	23.4	Renewables	Solar & wind	9.9
Clyde Street Glasgow	GBP	Private	Senior	20.6	Accomm.	Student housing	8.0
Exeltium Mezzanine	EUR	Private	Mezz	19.3	Power	PPA	9.4
Welcome Break No.1 Ltd	GBP	Private	Mezz	18.3	Transport	Motorway services	8.7
Theatre 2007-1 D	GBP	Public	Mezz	15.4	Other	Private hospitals	13.1



- (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) PIK interest and fee income were previously recorded as capital gains, and have been retroactively applied up 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.

Debt type ⁽⁴⁾	Private 81%	Public 19%		
Interest type	Floating 70%	Fixed 30%		
Ranking	Senior 58%	Mezz 36%	HoldCo 6%	
Region	UK 25%	N. America 44%	Europe 22%	Aus/NZ 8%
Currency net of hedges	GBP 95%	USD 3%		

Disclaimer

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