

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	821,810,267
Share price (pence)	113.00
Market Cap	£928.6m

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 twelve mature jurisdictions and a range of sectors & subsectors.

SEI NAV movements

The NAV for SEI, the specialist investor in economic infrastructure debt, increased to 100.46p from the prior month’s NAV of 100.16p per share (being the 29 June cum-income NAV less the dividend declared in respect of the quarter ended 29 June). The changes in NAV arose primarily through:

- Interest income net of expenses of 0.58p;
- An decrease of 0.06p in asset valuations;
- A decrease of 0.23p from FX movements.⁽³⁾

On 19 July 2018, the Company declared a dividend of 1.50p per share to shareholders on the register as at 27 July 2018, in respect of the quarter ended 29 June 2018.

Company update

During July, the Company drew the remaining £14.4m from its revolving credit facility to acquire a number of attractive economic infrastructure debt opportunities, resulting in gross leverage of c. £100m at month end. The Company’s total net assets after deducting net borrowings were therefore £825.6m at month end. The Company also had undrawn commitments and four additional investments in the process of settlement, collectively valued at £122.6m.

The Company’s invested portfolio comprised of 39 private debt investments and 18 infrastructure bonds across 8 sectors and 23 sub-sectors and had an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 8.7% and a weighted average life of approximately 4.8 years. Private debt investments represented 85.2% of the total portfolio and 63.2% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company’s investments was c.97.0% of par. Investments which are pre-operational represented 11.2% of total assets.

The Company’s invested portfolio remains geographically diverse with 41% located across the US, 21% in the UK, 26% in Europe, and 12% in Australia/New Zealand. Currently the Company is not investing in Portugal or Italy but has invested in selective opportunities in Spain. The Company’s pipeline of economic infrastructure debt investments remains strong and is diversified by sector, sub-sector, and jurisdiction.

As at 31 July 2018, the Company’s NAV consisted entirely 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 July include:

- An initial disbursement of \$23.1m to Prime Data Centres for the development of a data centre campus in Sacramento, California;
- An additional \$12.1m primary loan to Tracy Hills, a residential infrastructure project in California.

The investments that prepaid or were sold during July include:

- The expected €44.5m refinancing of the A’lienor A65 term loan;
- The sale of \$8.5m Apollo Aviation 2016-2 Class C loan;
- The sale of £8.7m Peterborough 5.581% 2042 bonds;
- The sale of \$2.6m Apollo Aviation 2016-1 A Class C 9.197% bonds; and
- The sale of \$4.6m Apollo Aviation 2018-1 Class C 6.413% bonds.

Market summary

A total of 61 project finance transactions closed in July throughout the Company’s eligible jurisdictions, worth \$28.9bn in aggregate. Notable transactions during the month include:

- A €1.2bn refinancing of the M25 Widening (102 km) PPP in the United Kingdom;
- A \$315m primary financing of the 235MW Overturingen Wind Farm in Sweden;
- A \$146m primary financing of the 50MW Curtis-Teixeiro Biomass Power Plant in Spain;

The US economy added 157,000 jobs in July, bringing the unemployment rate down to 3.9%. GDP growth for Q2 was on track for a 4.1% annual growth rate.

The Eurozone Q2 2018 economic growth rate was revised downward to 0.3%, which is its lowest growth rate assumption in two years.

The Bank of England raised UK interest rates to 0.75%, the highest rate since March 2009, and estimates of Q2 2018 GDP growth were 0.4%, on track for the forecast 1.3% annual growth for the year.

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)	100.46
Premium	12.4%
Total gross assets	£960.2m
Total net assets	£825.6m
Invested portfolio as a % of NAV	106.2%
Total portfolio, including committed amounts, as a % of NAV	121.1%
Portfolio yield-to-maturity / yield-to-worst	8.7%
Dividend	Quarterly
Next expected dividend declaration	Oct 2018
Ongoing charge ratio ⁽²⁾	0.99%
Of which, the Investment Adviser’s fee ⁽²⁾	0.71%
% of Investment Adviser’s fee relative to Invested Assets ⁽²⁾	0.79%

Investment Adviser

Sequoia Investment Management Company
www.seqimco.com

Randy Sandstrom	r.sandstrom@seqimco.com +44 (0)20 7079 0483
Dolf Kohnhorst	d.kohnhorst@seqimco.com +44 (0)20 7079 0482
Greg Taylor	g.taylor@seqimco.com +44 (0)20 7079 0486
Steve Cook	s.cook@seqimco.com +44 (0)20 7079 0481

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 29/06

(3) The Ongoing Charge Ratio (“OCR”) is up principally due to investment advisory fees being paid on ‘invested assets’ which includes assets financed by the revolving credit facility (“RCF”), this results in invested assets being materially greater than the NAV of the Company. As stated in the AIC guidance for the calculation of the OCR, Company costs are divided by average NAV over the period resulting in a rise in the OCR when Invested assets are greater than NAV. It is intended that the RCF be used to optimise the Company’s deployment activities by reducing the negative effect of cash drag on the Company’s NAV.

(4) Net of currency hedges

Performance since IPO

SEQI	1 month	3 months	6 months	1 year	2 years	ITD ⁽²⁾
Share price	0.0%	5.1%	3.7%	1.8%	1.3%	13.0%
Total share price return	1.3%	6.5%	6.5%	7.4%	12.9%	33.9%
NAV ⁽¹⁾	0.1%	1.4%	2.2%	5.9%	11.0%	21.4%

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

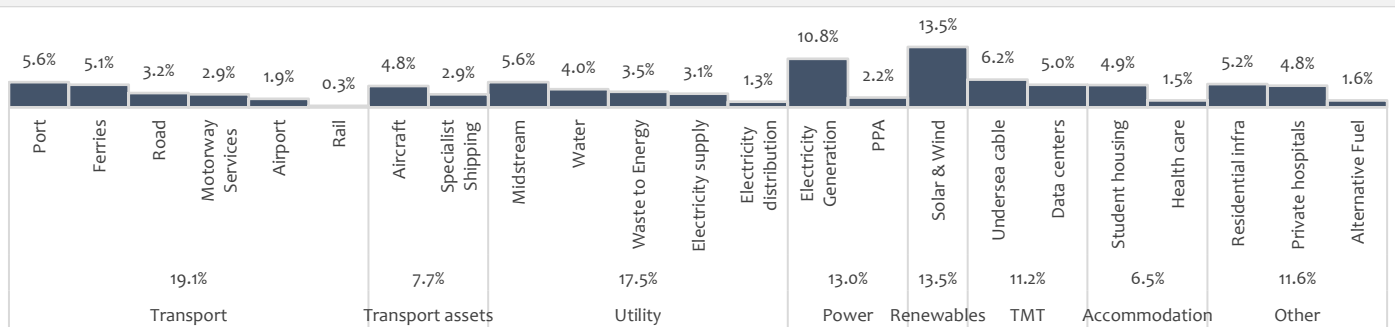
Portfolio summary (settled investments only)

57 Investments	£54.1m Largest investment	£15.4m Average size	6.7 years Average maturity	4.9 years Average life	1.4 Portfolio mod. duration	32% Average equity cushion	11.2% Construction risk
-------------------	------------------------------	------------------------	-------------------------------	---------------------------	--------------------------------	-------------------------------	----------------------------

Estimated portfolio sensitivities	Change in NAV	NAV movements since IPO ⁽¹⁰⁾	Pence per share
Interest rates +0.5% ⁽⁵⁾	-1.0%	Interest income ⁽⁶⁾	21.50
Interest rates -0.5%	1.0%	Expenses	-3.86
Interest rates +1.0%	-1.9%	Market movements	-0.43
Interest rates -1.0%	2.1%	Acquisition costs ⁽⁷⁾	-2.13
Euro +/- 5% (against GBP)	± 0.0%	FX movements ⁽⁸⁾	4.49
Dollar +/- 5% (against GBP)	± 0.1%	Dividends	-18.50
Dollar up 5% and Euro down 5%	± 0.1%	Subscriptions	1.36

Top holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
Hawaiki Mezzanine Loan	USD	Private	Mezz	54.1	TMT	Undersea cable	12.0
Salt Creek Midstream	USD	Private	Senior	49.5	Utility	Midstream	6.8
Tracy Hills	USD	Private	Senior	45.7	Other	Residential Infra.	10.3
Scandlines Mezzanine 2032	EUR	Private	HoldCo	44.6	Transport	Ferries	6.7
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	42.5	Transport	Port	6.8
Bizkaia TL 2021	EUR	Private	HoldCo	35.7	Power	Elec. generation	7.7
Cory Environmental	GBP	Private	HoldCo	30.6	Utility	Waste-to-energy	8.5
Sunrun Hera 2017-B	USD	Private	Mezz	30.5	Renewables	Solar & wind	7.3
Bulb Energy Senior Secured	GBP	Private	Senior	26.9	Utility	Electricity supply	9.0
Aquaventure	USD	Private	Senior	26.7	Utility	Water	8.3
Abteen Ventures	USD	Private	Senior	26.6	TMT	Data centers	7.3
Warnow Tunnel	EUR	Private	Senior	25.2	Transport	Road	6.9
Terra-Gen Power TL B	USD	Private	Senior	23.6	Renewables	Solar & wind	10.1
Panda Patriot	USD	Private	Senior	22.1	Power	Elec. generation	8.6
Clyde Street Glasgow	GBP	Private	Senior	21.4	Accomm.	Student housing	8.2



- (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 85%	Public 15%		
Interest type	Floating 63%	Fixed 37%		
Ranking	Senior 51%	Mezz 30%	HoldCo 19%	
Region	UK 21%	N. America 41%	Europe 26%	Aus/NZ 12%
Currency net of hedges	GBP 99%	USD 1%		

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.