

LSE Ticker	SEI
LSE index constituency	FTSE 250 ⁽¹⁾
Listing date	03/03/2015
Year end	31 March
Annual dividend target	6 pence p.a.
Shares in issue	821,810,267
Share price (pence)	109.50
Market Cap	£899.9m

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FTSE 250 ⁽¹⁾	FTSE 250 ⁽¹⁾
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31 March	31 March
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Directors	
Robert Jennings (Chairman)	
Sandra Platts	
Jan Pethick	
Jon Bridel	
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 101.17p from the prior month’s NAV of 100.46p per share. The changes in NAV arose primarily through:

- Interest income net of expenses of 0.66p;
- An increase of 0.04p in asset valuations;
- An increase of 0.01p from FX movements.⁽⁴⁾

Company update

On 09 August 2018, the Company resolved to exercise the £50 million accordion tranche of its existing multi-currency Revolving Credit Facility. The RCF and the accordion will continue to be used to fund the Company’s strong, diversified pipeline of economic infrastructure debt investments and for working capital purposes.

During the month, the Company drew a total of £16.0m from the accordion, resulting in gross leverage of £116.0m as at 31 August. The Company’s total net assets after deducting net borrowings were therefore £831.4m at month end. The Company also had undrawn commitments and two additional investments in the process of settlement, collectively valued at £150.1m.

The Company’s invested portfolio comprised of 40 private debt investments and 18 infrastructure bonds collectively valued at £888.7m (including accrued interest). The investments were diversified across 8 sectors and 24 sub-sectors and had an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 8.6% and a weighted average life of approximately 5.0 years. Private debt investments represented 85.2% of the total portfolio and 64.2% 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 11.8% of total assets.

The Company’s invested portfolio remains geographically diverse with 42% located across the US, 17% in the UK, 29% in Europe, and 12% in Australia/New Zealand. Currently the Company is not investing in Italy but has invested in selective opportunities in Spain.

As at 31 August 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 August include:

- A €20.0m primary loan to Mainsite Logistik Holding, a logistics service provider to market leading industrial companies in Germany;
- A \$10.0m primary loan to Midcoast Energy, a natural gas liquids pipeline in Texas;
- An initial disbursement of \$4.0m to Whittle Schools for the development of a private school in Washington D.C.;
- An additional disbursement of €2.4m to Native Dancer, a student accommodation building in Leiden, The Netherlands; and
- An additional secondary purchase of NOK 8.0m Exmar 9.02% 2019 bonds.

The investments that prepaid or were sold during August include:

- The expected £26.9m prepayment of the Bulb Energy Term Loan; and
- The expected \$9.1m refinancing of the Invenegy Term Loan B.

Market summary

A total of 41 project finance transactions closed in August throughout the Company’s eligible jurisdictions, worth \$10.1bn in aggregate. Notable transactions during the month include:

- A \$650m financing of the development of the South Field Energy Gas-Fired Power Plant in Ohio, USA;
- A \$1.250bn financing of the acquisition of a 50% stake in the 900MW Triton Knoll Offshore Wind Farm off the coast of England; and
- A CAD \$4,300m financing of the acquisition of the Canadian energy solutions company Enercare.

The US economy added 201,000 jobs in August while the unemployment rate remained steady at 3.9%. The economy grew at an annualized pace of 4.2% in Q2 2018, nearly doubling the 2.2% rate seen in Q1.

Eurozone economic growth has been revised up to 0.4% for Q2 2018, for an annualized rate of 1.5%, and is expected to grow only moderately in Q3 2018.

The UK economy is projected to maintain its 0.4% growth rate for Q3 2018, with continued uncertainty about Brexit.

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)	101.17
Premium	8.2%
Total gross assets	£947.8m
Total net assets	£831.4m
Invested portfolio as a % of NAV	105.8%
Total portfolio, including committed amounts, as a % of NAV	123.8%
Portfolio yield-to-maturity / yield-to-worst	8.6%
Dividend	Quarterly
Next expected dividend declaration	18 Oct 2018
Ongoing charge ratio ^{(2) (3)}	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

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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 29/06

⁽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	-3.1%	0.5%	2.8%	-3.7%	-3.1%	9.5%
Total share price return	-3.1%	1.8%	5.6%	1.6%	7.9%	29.7%
NAV ⁽¹⁾	0.7%	1.4%	2.4%	5.9%	12.2%	22.3%

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

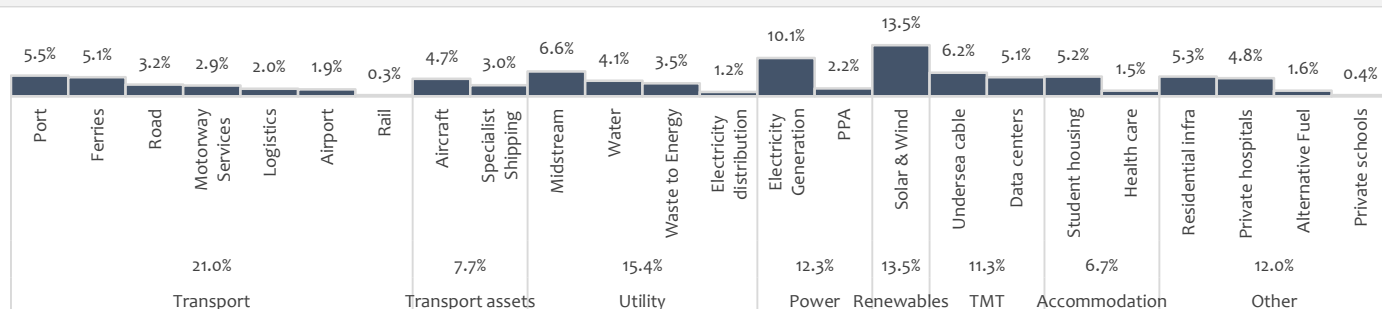
Portfolio summary (settled investments only)

58 Investments	£54.9m Largest investment	£15.2m Average size	7.0 years Average maturity	5.0 years Average life	1.5 Portfolio mod. duration	32% Average equity cushion	11.8% 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⁾	-1.0%	Interest income ⁽⁶⁾	22.22
Interest rates -0.5%	1.0%	Expenses	-4.00
Interest rates +1.0%	-1.9%	Market movements	-0.28
Interest rates -1.0%	2.1%	Acquisition costs ⁽⁷⁾	-2.17
Euro +/- 5% (against GBP)	± 0.1%	FX movements ⁽⁸⁾	4.50
Dollar +/- 5% (against GBP)	± 0.2%	Dividends	-18.50
Dollar up 5% and Euro down 5%	± 0.3%	Subscriptions	1.36

Top holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
Hawaiki Mezzanine Loan	USD	Private	Mezz	54.9	TMT	Undersea cable	10.2
Salt Creek Midstream	USD	Private	Senior	50.2	Utility	Midstream	6.8
Tracy Hills TL 2025	USD	Private	Senior	46.3	Other	Residential infra	10.3
Scandlines Mezzanine 2032	EUR	Private	HoldCo	44.7	Transport	Ferries	6.7
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	41.6	Transport	Port	6.8
Bizkaia TL 2021	EUR	Private	HoldCo	35.8	Power	Elec. generation	7.7
Sunrun Hera 2017-B	USD	Private	Mezz	30.9	Renewables	Solar & wind	7.3
Cory Environmental	GBP	Private	HoldCo	30.6	Utility	Waste-to-energy	8.5
Aquaventure	USD	Private	Senior	27.0	Utility	Water	8.3
Abteen Ventures	USD	Private	Senior	26.9	TMT	Data centers	7.6
Warnow Tunnel	EUR	Private	Senior	25.4	Transport	Road	6.9
Terra-Gen Power TL B	USD	Private	Senior	23.7	Renewables	Solar & wind	10.4
Panda Patriot	USD	Private	Senior	22.4	Power	Elec. generation	8.6
Clyde Street Glasgow	GBP	Private	Senior	21.5	Accomm.	Student housing	8.2
Project Warsaw 2	EUR	Private	Senior	19.5	Renewables	Solar & wind	5.9



(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.

(9) Currently over-hedged in EUR by c. 3% of NAV

Debt type ⁽⁴⁾	Private 85%	Public 15%		
Interest type	Floating 64%	Fixed 36%		
Ranking	Senior 51%	Mezz 30%	HoldCo 19%	
Region	UK 17%	N. America 42%	Europe 29%	Aus/NZ 12%
Currency net of hedges ⁽⁹⁾	GBP 99%			

Disclaimer

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