

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)	110.50
Market Cap	£908.1m

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31 March	31 March
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Directors
Robert Jennings (Chairman)
Sandra Platts
Jan Pethick
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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 101.86p from the prior month’s NAV of 101.17p per share. The changes in NAV arose primarily through:

- Interest income net of expenses of 0.46p;
- An increase of 0.25p in asset valuations;
- A decrease of 0.02p from FX movements.⁽⁴⁾

Company update

On 10 October, the Company announced that the proposed £200 million equity issue was very significantly oversubscribed. Due to strong investor demand, an additional 50 million Ordinary Shares will be re-allocated from the Share Issuance Programme, resulting in a total of 1,060,489,512 Ordinary Shares following admission. The Investment Adviser has compiled a near-term pipeline of opportunities based on an investment pipeline of opportunities in excess of £300 million. Following the repayment of the Revolving Credit Facility, the Company intends to use any remaining proceeds and any future drawings under its Revolving Credit Facility to deploy into its near term pipeline.

The Company’s invested portfolio comprised of 41 private debt investments and 17 infrastructure bonds across 8 sectors and 25 sub-sectors 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 5.0 years. Private debt investments represented 86.6% of the total portfolio and 66.5% of the portfolio 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 11.2% of total assets.

The Company’s invested portfolio remains geographically diverse with 39% located across the US, 22% in the UK, 28% in Europe, and 11% 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.

During the month, the Company did not draw from its Revolving Credit Facility, therefore gross leverage remained steady at £116.2m as at 28 September. The Company’s total net assets after deducting net borrowings, were £837.1m at month end. The Company also had undrawn commitments, two additional investments and one asset sale in the process of settlement, collectively valued at £118.8m.

As at 28 September 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 September include:

- A £42.0m primary loan to Bannister Senior Secured 2025, a specialist mental healthcare service provider in the UK;
- A final disbursement of \$1.3m to Elysium Healthcare, a leading behavioural health services provider in the UK;
- A final disbursement of €1.3m to Native Dancer, a student accommodation building in Leiden, The Netherlands; and
- An additional secondary purchase of \$0.9m Exmar 8.50% 2019 bonds.

The only investment sold or prepaid during September was:

- \$13.5m of the Bristow 6.25% 2022 bonds.

Market summary

A total of 66 project finance transactions closed in August throughout the Company’s eligible jurisdictions, worth \$21.7bn in aggregate. Notable transactions during the month include:

- A CAD 1.0bn financing for the development of the Gordie Howe International Bridge which connects Detroit, Michigan to Windsor, Ontario, Canada;
- A €1.0bn bond financing issued by the French power transmission system operator RTE; and
- A \$771.2m senior loan secured on 102 MW of a Central Utility Block cogeneration plant in Edmonton, Alberta, Canada, with operations due to start in mid-2021.

The US economy added 134,000 jobs in August and the unemployment rate fell to 3.7%. The Fed raised the current fed funds rate to 2.25% on 26 September and expects to increase this rate to 2.50% by Q4 2018.

Eurozone economic growth estimates have remained steady at 0.4% for Q2 2018 despite the recent slowdown of output and manufacturing activity in September.

The UK economy is also projected to maintain its 0.4% growth rate for Q4 2018 with business optimism ticking up in September, but still firmly anchored at lower levels caused by Brexit worries.

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)	101.86
Premium	8.5%
Total gross assets	£953.4m
Total net assets	£837.1m
Invested portfolio as a % of NAV	109.2%
Total portfolio, including committed amounts, as a % of NAV	123.4%
Portfolio yield-to-maturity / yield-to-worst	8.4%
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	0.9%	-2.2%	4.2%	-2.0%	-2.0%	10.5%
Total share price return	0.9%	-0.9%	7.1%	3.4%	9.1%	30.9%
NAV ⁽¹⁾	0.7%	1.5%	3.3%	6.2%	12.0%	23.1%

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

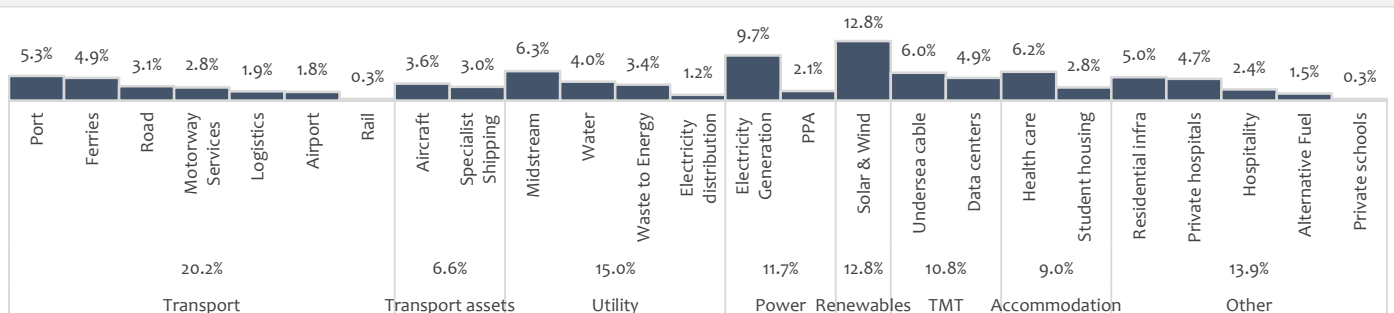
Portfolio summary (settled investments only)

58 Investments	£54.5m Largest investment	£15.8m Average size	7.0 years Average maturity	5.0 years Average life	1.4 Portfolio mod. duration	32% Average equity cushion	11.2% 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⁾	22.75
Interest rates -0.5%	1.0%	Expenses	-4.13
Interest rates +1.0%	-1.9%	Market movements	0.10
Interest rates -1.0%	2.1%	Acquisition costs ⁽⁷⁾	-2.22
Euro +/- 5% (against GBP)	± 0.1%	FX movements ⁽⁸⁾	4.48
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	54.5	TMT	Undersea cable	10.4
Salt Creek Midstream	USD	Private	Senior	49.8	Utility	Midstream	6.8
Tracy Hills TL 2025	USD	Private	Senior	46.0	Other	Residential infra	10.2
Scandlines Mezzanine 2032	EUR	Private	HoldCo	44.5	Transport	Ferries	6.8
Bannister Senior Secured	GBP	Private	Senior	42.0	Accomm.	Health care	7.9
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	41.6	Transport	Port	6.8
Bizkaia TL 2021	EUR	Private	HoldCo	35.6	Power	Elec. generation	7.7
Cory Environmental	GBP	Private	HoldCo	31.5	Utility	Waste-to-energy	7.9
Sunrun Hera 2017-B	USD	Private	Mezz	30.7	Renewables	Solar & wind	7.3
Aquaventure	USD	Private	Senior	26.8	Utility	Water	8.2
Abteen Ventures	USD	Private	Senior	26.7	TMT	Data centers	7.9
Warnow Tunnel	EUR	Private	Senior	25.4	Transport	Road	6.9
Terra-Gen Power TL B	USD	Private	Senior	22.8	Renewables	Solar & wind	11.7
Panda Patriot	USD	Private	Senior	22.3	Power	Elec. generation	8.5
Clyde Street Glasgow	GBP	Private	Senior	21.6	Other	Hospitality	9.9



- (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. 2% of NAV

Debt type (4)	Private 87%	Public 13%		
Interest type	Floating 66%	Fixed 34%		
Ranking	Senior 54%	Mezz 28%	HoldCo 18%	
Region	UK 22%	N. America 39%	Europe 28%	Aus/NZ 11%
Currency net of hedges (9)	GBP 99%			

Disclaimer

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