

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	1,060,793,997
Share price (pence)	109.50
Market Cap	£1.16bn

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 101.42p from the prior month’s NAV of 100.36p per share (being the 28 September cum-income NAV less the dividend declared in respect of the quarter ended 28 September). The changes in NAV arose primarily through:

- Interest income net of expenses of 0.66p;
- A decrease of 0.20p in asset valuations;
- An increase of 0.02p from FX movements;⁽⁴⁾ and
- A gain of 0.58p from the issuance of shares at a premium to NAV.

Company update

During October, the Company completed its successful equity issue, raising approximately £253 million of gross proceeds. The proceeds have principally been used to repay the outstanding balance of approximately £116 million of the £150 million multi-currency revolving credit facility. The Company intends to deploy the remaining proceeds of the equity issue into its strong pipeline of attractive investment opportunities.

At month end, the Company’s total net assets were £1.08bn. The Company also had undrawn commitments, four additional investments and one asset sale in the process of settlement, collectively valued at £149.9m.

The Company’s invested portfolio comprised of 43 private debt investments and 16 infrastructure bonds 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 8.5% and a weighted average life of approximately 4.9 years. Private debt investments represented 87.1% of the total portfolio and 67.4% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company’s investments was c.96.2% of par. Investments which are pre-operational represented 15.2% of total assets.

The Company’s invested portfolio remains geographically diverse with 42% located across the US, 18% in the UK, 29% 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.

As at 31 October 2018, approximately 95% of the Company’s 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 October include:

- A \$70.0m participation in the Salt Creek Midstream term loan refinancing;
- A \$30.0m primary loan to EIF Van Hook Term Loan B, a midstream oil and gas company in North Dakota;
- A €25.6m primary purchase of Ziton AS’ 6.90% 2021 first-lien bonds backed by three offshore wind maintenance vessels;
- An additional €5.0m disbursement to Whittle Schools, a private school in Washington D.C.

The investments that were sold, called, or prepaid during October were:

- The \$65.0m prepayment of the Salt Creek Midstream term loan;
- The £30.6m prepayment of the mezzanine loan to Cory Riverside;
- The €10.9m call of the DBB Jack-up 8.5% 2019 bonds.

All repayments during October were in-line with the Company’s expectations.

Market summary

A total of 39 project finance transactions closed in October throughout the Company’s eligible jurisdictions, worth \$28.1bn in aggregate. Notable transactions during the month include:

- €71m financing of the development of a Finnish wind farm;
- A £75m bond issuance by Places for People to refinance debt;
- A £900m debt issuance to fund the development of the Blankenburg Tunnel in Germany; and
- A £31m financing for the development of a Primary Care Centre in Northern Ireland.

High-yield bond investors withdrew \$36bn from bond funds in October; the largest monthly withdrawal since 2015. While the spreads on US and EUR corporate bonds increased by c. 50bps during the month, the private loan market did not experience the same increase in yields as evidenced by the spreads on the S&P US and European Leveraged Loans Index which remained relatively steady month-on-month.

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)	101.42
Premium	7.9%
Total gross assets	£1.08bn
Total net assets	£1.08bn
Invested portfolio as a % of NAV	87.6%
Total portfolio, including committed amounts, as a % of NAV	101.7%
Portfolio yield-to-maturity / yield-to-worst	8.5%
Dividend	Quarterly
Next expected dividend declaration	18 Jan 2018
Ongoing charge ratio ⁽²⁾⁽³⁾	1.06%
Of which, the Investment Adviser’s fee ⁽²⁾	0.74%
% of Investment Adviser’s fee relative to Invested Assets ⁽²⁾	0.77%

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 30/09

⁽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%	-3.1%	1.9%	-2.2%	-0.5%	9.5%
Total share price return	0.5%	-1.8%	4.6%	3.2%	10.9%	31.5%
NAV ⁽¹⁾	0.9%	2.3%	3.8%	6.3%	10.7%	24.3%

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

Portfolio summary (settled investments only)

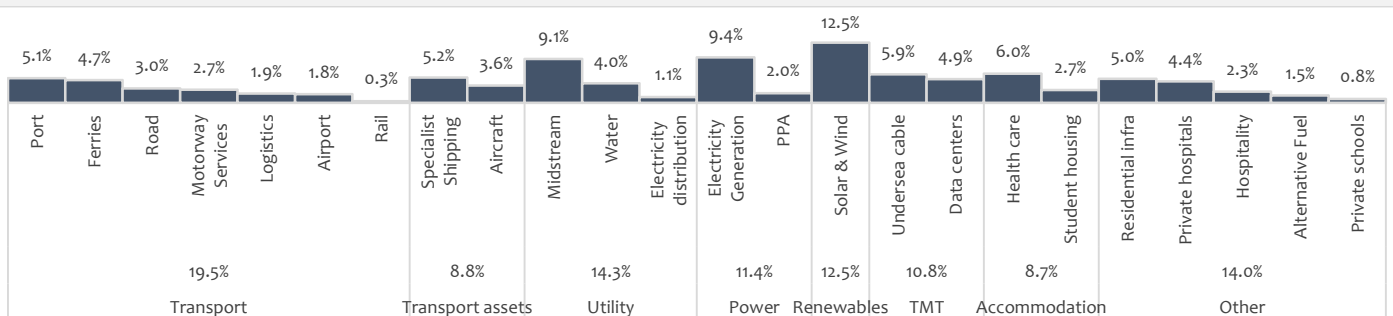
59 Investments	£55.8m Largest investment	£16.0m Average size	6.6 years Average maturity	4.9 years Average life	1.3 Portfolio mod. duration	33% Average equity cushion	15.2% Construction risk
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Estimated portfolio sensitivities

	Change in NAV	NAV movements since IPO ⁽¹⁰⁾	Pence per share
Interest rates +0.5% ⁽⁵⁾	-0.8%	Interest income ⁽⁶⁾	23.47
Interest rates -0.5%	0.8%	Expenses	-4.23
Interest rates +1.0%	-1.5%	Market movements	0.04
Interest rates -1.0%	1.7%	Acquisition costs ⁽⁷⁾	-2.32
Euro +/- 5% (against GBP)	± 0.0%	FX movements ⁽⁸⁾	4.50
Dollar +/- 5% (against GBP)	± 0.2%	Dividends	-20.00
Dollar up 5% and Euro down 5%	± 0.2%	Subscriptions	1.94

Top holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
Hawaiki Mezzanine Loan	USD	Private	Mezz	55.8	TMT	Undersea cable	10.4
Salt Creek Midstream	USD	Private	Senior	54.9	Utility	Midstream	5.5
Tracy Hills TL 2025	USD	Private	Senior	47.0	Other	Residential infra	10.3
Scandlines Mezzanine 2032	EUR	Private	HoldCo	44.3	Transport	Ferries	6.5
Bannister Senior Secured	GBP	Private	Senior	42.0	Accomm.	Health care	7.9
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	41.6	Transport	Port	6.9
Bizkaia TL 2021	EUR	Private	HoldCo	35.5	Power	Elec. generation	7.7
Sunrun Hera 2017-B	USD	Private	Mezz	31.4	Renewables	Solar & wind	7.5
Abteen Ventures	USD	Private	Senior	27.9	TMT	Data centers	5.2
Aquaventure	USD	Private	Senior	27.4	Utility	Water	8.4
Warnow Tunnel	EUR	Private	Senior	25.7	Transport	Road	6.9
EIF Van Hook TL B 2024	USD	Private	Senior	23.3	Utility	Midstream	7.8
Panda Patriot	USD	Private	Senior	23.0	Power	Elec. generation	8.1
Ziton Senior Secured 2021	EUR	Private	Senior	22.9	Transport assets	Specialist shipping	6.5
Terra-Gen Power TL B	USD	Private	Senior	22.5	Renewables	Solar & wind	12.2



- (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 87%	Public 13%		
Interest type	Floating 67%	Fixed 33%		
Ranking	Senior 58%	Mezz 27%	HoldCo 14%	
Region	UK 18%	N. America 42%	Europe 29%	Aus/NZ 11%
Currency net of hedges	GBP 95%		USD 5%	

Disclaimer

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