

| | |
|------------------------|---------------|
| LSE Ticker | SEI |
| LSE index constituency | FTSE 250 |
| 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) | 113.50 |
| Market Cap | £1.2bn |

| |
|--------------------------------------------------------|
| 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 101.78p from the prior month’s NAV of 101.34p. The changes in NAV arose primarily through:

- Interest income net of expenses of 0.60p;
- A decrease of 0.18p in asset valuations; and
- An increase of 0.03p from FX movements.⁽³⁾

Company update

During the month, the Company drew £55.7m on its Revolving Credit Facility which is expected to be deployed into its pipeline of investment opportunities. The Company’s cash balance after deducting net borrowings of £55.7m was £14.3m, with total net assets of £1.1bn at month end. The Company also had undrawn commitments, and three additional investments in settlement, collectively valued at £188.6m.

The Company’s invested portfolio comprised of 43 private debt investments and 20 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 8.8% and a weighted average life of approximately 5.4 years. Private debt investments represented 85.3% of the total portfolio and 65.4% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company’s investments was c. 97.1% of par. Investments which are pre-operational represented 15.9% of total assets.

The Company’s invested portfolio remains geographically diverse with 48% located across the US, 15% in the UK, 28% in Europe, and 10% 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 December 2018, approximately 99% 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 December include:

- A \$35.7m initial primary disbursement to Epic Midstream, a midstream oil and gas company that is constructing two pipelines from the Permian Basin to Corpus Christi, Texas;
- A \$20m secondary purchase of General Electric’s 5% perpetual bonds, an equipment manufacturer that is shifting its focus to the power, renewables, and aviation sectors;
- An additional \$10m secondary loan purchase of Midcoast Energy’s TL B;
- An additional \$5m disbursement to Whittle Schools in Washington, D.C.;
- An additional \$5m secondary purchase of Terra-Gen’s term loan maturing in 2021;
- An additional €2m primary investment in Hatch Student Housing in Ireland;
- An additional €1.7m secondary purchase of Ziton’s variable rate 2021 bonds;
- An additional £650k secondary purchase of Voyage Care 5.875% 2023 bonds;
- An additional NOK1.0m secondary purchase of Exmar variable rate 2019 bonds;

No investments were sold, called, or prepaid during December.

Market summary

A total of 59 project finance transactions closed in December throughout the Company’s eligible jurisdictions, worth \$22.6bn in aggregate. Notable transactions during the month include:

- A £1.4bn refinancing of the Dugeon offshore wind farm in the United Kingdom;
- CAD 239m PPP for the redevelopment of the Rutherford GO station in Ontario, Canada;
- A €250m revolving facility for TDF, an internet network services provider in France;

In the US, rising interest rates and trade tensions with China continued to weigh on investor confidence at the end of 2018. Global growth concerns were compounded by hawkish comments from the Federal Reserve which would further stress an already-stretched credit market in the US, particularly in the leveraged loan space. Rate rises are contributing to a strengthening Dollar, especially against the Pound, ending the month at 1.2746 GBP/USD.

UK retail sales were higher in November on the back of Black Friday sales, but fell in December after a weak Christmas period as Brexit continues to impact consumer confidence. Mark Carney also presented a bearish assessment of the Brexit uncertainty which eroded any upside for the Pound.

Lastly, Italy’s populist government agreed to delay some planned expenditures, thus ending a long-running disagreement with the EU over the feasibility of Italy’s proposed budget. European markets responded positively to this development but are still cautious regarding the eurozone’s vulnerability to slowing growth and economic problems in China and other emerging markets. GBP ended the month down 1.3% against the Euro at 1.1130.

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) | 101.78 |
| Premium | 11.5% |
| Total gross assets | £1.14bn |
| Total net assets | £1.1bn |
| Invested portfolio as a % of NAV | 99.2% |
| Total portfolio, including committed amounts, as a % of NAV | 116.6% |
| Portfolio yield-to-maturity / yield-to-worst | 8.8% |

| | |
|------------------------------------|-------------|
| Dividend | Quarterly |
| Next expected dividend declaration | 17 Jan 2019 |

| | |
|--------------------------------------------------------------------------|-------|
| Ongoing charge ratio ⁽¹⁾⁽²⁾ | 1.06% |
| Of which, the Investment Adviser’s fee ⁽¹⁾ | 0.74% |
| % of Investment Adviser’s fee relative to Invested Assets ⁽¹⁾ | 0.77% |

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 twelve months ending 30/09

(2) 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.

(3) Net of currency hedges.

Performance since IPO

| SEQI | 1 month | 3 months | 6 months | 1 year | 2 years | ITD ⁽²⁾ |
|--------------------------|---------|----------|----------|--------|---------|--------------------|
| Share price | 3.2% | 2.7% | 0.4% | 0.4% | -0.5% | 13.5% |
| Total share price return | 3.2% | 4.1% | 3.2% | 6.0% | 10.8% | 36.3% |
| NAV ⁽¹⁾ | 0.4% | 1.3% | 2.8% | 5.5% | 10.6% | 24.7% |

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

Portfolio summary (settled investments only)

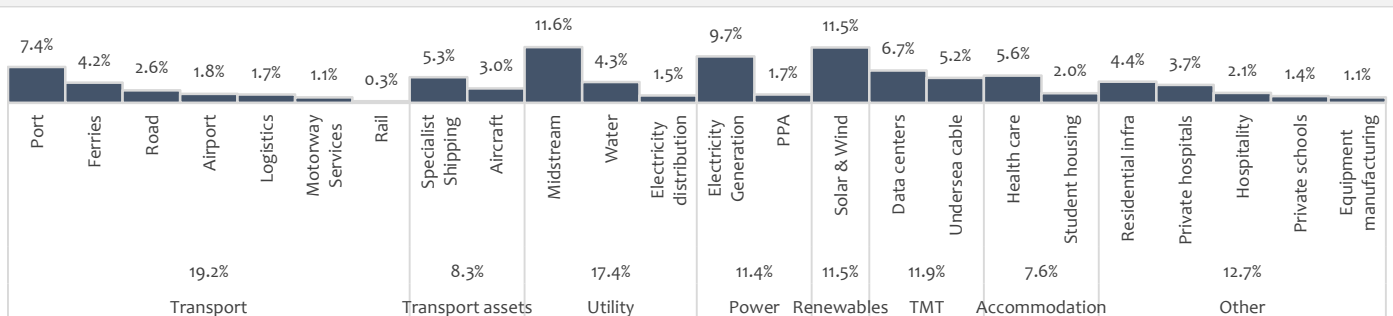
| | | | | | | | |
|--------------------------|-------------------------------------|-------------------------------|--------------------------------------|----------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|
| 63 Investments | £55.5m Largest investment | £17.0m Average size | 7.1 years Average maturity | 5.4 years Average life | 1.4 Portfolio mod. duration | 34% Average equity cushion | 15.9% Construction risk |
|--------------------------|-------------------------------------|-------------------------------|--------------------------------------|----------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|

Estimated portfolio sensitivities

| | Change in NAV | NAV movements since IPO ⁽¹⁰⁾ | Pence per share |
|-------------------------------------|---------------|-----------------------------------------|-----------------|
| Interest rates +0.5% ⁽⁵⁾ | -0.9% | Interest income ⁽⁶⁾ | 24.79 |
| Interest rates -0.5% | 0.9% | Expenses | -4.44 |
| Interest rates +1.0% | -1.7% | Market movements | -0.53 |
| Interest rates -1.0% | 1.9% | Acquisition costs ⁽⁷⁾ | -2.47 |
| Euro +/- 5% (against GBP) | ± 0.0% | FX movements ⁽⁸⁾ | 4.45 |
| Dollar +/- 5% (against GBP) | ± 0.1% | Dividends | -20.00 |
| Dollar up 5% and Euro down 5% | ± 0.1% | Subscriptions | 1.95 |

Top holdings

| Investment name | Ccy | Type | Ranking | Value £m ⁽¹⁾ | Sector | Sub-sector | Yield ⁽²⁾ |
|---------------------------|-----|---------|---------|-------------------------|------------|-------------------|----------------------|
| Hawaiki Mezzanine Loan | USD | Private | Mezz | 55.5 | TMT | Undersea cable | 11.8 |
| Salt Creek Midstream | USD | Private | Senior | 54.9 | Utility | Midstream | 8.0 |
| Tracy Hills TL 2025 | USD | Private | Senior | 47.1 | Other | Residential infra | 10.5 |
| Scandlines Mezzanine 2032 | EUR | Private | HoldCo | 44.9 | Transport | Ferries | 6.5 |
| Bannister Senior Secured | GBP | Private | Senior | 42.0 | Accomm. | Health care | 7.9 |
| Adani Abbot HoldCo 2021 | AUD | Private | HoldCo | 41.4 | Transport | Port | 9.2 |
| Bizkaia TL 2021 | EUR | Private | HoldCo | 37.0 | Power | Elec. generation | 7.7 |
| Aquaventure | USD | Private | Senior | 35.3 | Utility | Water | 8.3 |
| Project Warsaw | EUR | Private | Senior | 32.2 | Renewables | Solar & wind | 5.9 |
| Sunrun Hera 2017-B | USD | Private | Mezz | 31.4 | Renewables | Solar & wind | 7.5 |
| Seaport TL B | USD | Private | Senior | 31.2 | Transport | Port | 8.4 |
| Sacramento Data Centre | USD | Private | Senior | 28.6 | TMT | Data centers | 11.0 |
| Epic Midstream | USD | Private | Senior | 28.0 | Utility | Midstream | 8.4 |
| Abteen Ventures | USD | Private | Senior | 27.7 | TMT | Data centers | 5.0 |
| EIF Van Hook TL B 2024 | USD | Private | Senior | 26.2 | Utility | Midstream | 8.8 |



- (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 65% | Fixed 35% | | |
| Ranking | Senior 62% | Mezz 24% | HoldCo 14% | |
| Region | UK 15% | N. America 48% | Europe 28% | Aus/NZ 9% |
| Currency net of hedges | GBP 99% | USD 2% | | |

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.