

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	1,060,975,849
Share price (pence)	111.50
Market Cap	£1.18bn

Directors
Robert Jennings (Chairman)
Sandra Platts
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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 101.38p from the prior month’s NAV of 100.28p per share (being the 31 December cum-income NAV less the dividend of 1.5 pence per share declared in respect of the quarter ended 31 December). The changes in NAV arose primarily through:

- Interest income net of expenses of 0.76p;
- An increase of 0.40p in asset valuations; and
- A decrease of 0.07p from FX movements.⁽³⁾

Company update

During the month, the Company deployed the remaining equity issue proceeds into additional economic infrastructure debt investments and did not make any further drawings on its Revolving Credit Facility. The Company’s own cash balance after deducting total net borrowings of £55.2m was -£5.9m. Company also had undrawn commitments, and two additional investments in settlement, collectively valued at £188.7m.

The Company’s invested portfolio comprised of 49 private debt investments and 20 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 8.7% and a weighted average life of approximately 5.4 years. Private debt investments represented 85.2% of the total portfolio and 65.8% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company’s investments was 96.2% of par. Investments which are pre-operational represented 16.2% of total assets.

The Company’s invested portfolio remains geographically diverse with 47% located across the US, 16% in the UK, 27% 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 January 2019, approximately 97% 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 January include:

- An initial £10.0m primary loan to Bulb Energy, an electricity supplier in the UK;
- An additional \$7.8m disbursement to Whittle Schools;
- An additional £5.0m secondary purchase of Elysium Healthcare’s B1 facility;
- An additional £2.0m secondary purchase of Euro Garages term loan B, one of the largest motorway service station operators in the UK; and
- An additional €1.8m secondary purchase of Ziton A/S floating rate 10/2021 bonds, an offshore wind turbine maintenance company operating in the North Sea.

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

Market summary

A total of 29 project finance transactions closed in January throughout the Company’s eligible jurisdictions, worth \$4.3bn in aggregate. Notable transactions during the month include:

- A €2.5bn refinancing of the LGV Tours-Bordeaux high speed rail line in France;
- A €493m financing for the Liege Tram PPP in Belgium, which will be 11.4km of tramline connecting Sclessin and Coronmeuse; and
- A €150 million mezzanine loan for the EllaLink subsea cable project linking data centres in Brazil, Portugal, Spain, and France.

The US economy added 304,000 jobs in January 2019, with the unemployment rate slightly increasing to 4.0%. US GDP growth is expected to slow in 2019 to 2.3%, with continued pressure from tensions with China and the prolonged government shut down in December and January putting pressure on US economic growth. The Federal Reserve has indicated that it will put further rate rises on hold.

Eurozone economic growth has stagnated, with only 0.2% growth in Q4 2018 and concern that economic growth will slow further. Italy, the third-largest Eurozone economy, entered a recession, with its second consecutive quarter of economic contraction. Germany has also cut its projections for growth to 1.0% from 1.8%.

Amid Brexit fears and a global economic slowdown, UK economic growth has slowed as well, with only 0.2% growth in Q4 2018 and 1.4% growth for all of 2018, the slowest growth rate since 2012. The BoE has forecast growth for 2019 at 1.2%.

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)	101.38
Premium	10.0%
Total gross assets	£1.13bn
Total net assets	£1.08bn
Invested portfolio as a % of NAV	99.8%
Total portfolio, including committed amounts, as a % of NAV	117.3%
Portfolio yield-to-maturity / yield-to-worst	8.7%
Dividend	Quarterly
Next expected dividend declaration	18 Apr 2019
Ongoing charge ratio ⁽¹⁾⁽²⁾	1.03%
Of which, the Investment Adviser’s fee ⁽¹⁾	0.77%
% of Investment Adviser’s fee relative to Invested Assets ⁽¹⁾	0.78%

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 twelve months ending 31/12/18.
⁽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	-1.8%	1.8%	-1.3%	2.3%	0.0%	11.5%
Total share price return	-0.5%	3.2%	1.3%	7.9%	11.3%	35.7%
NAV ⁽¹⁾	0.9%	1.3%	3.7%	5.9%	10.3%	25.9%

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

Portfolio summary (settled investments only)

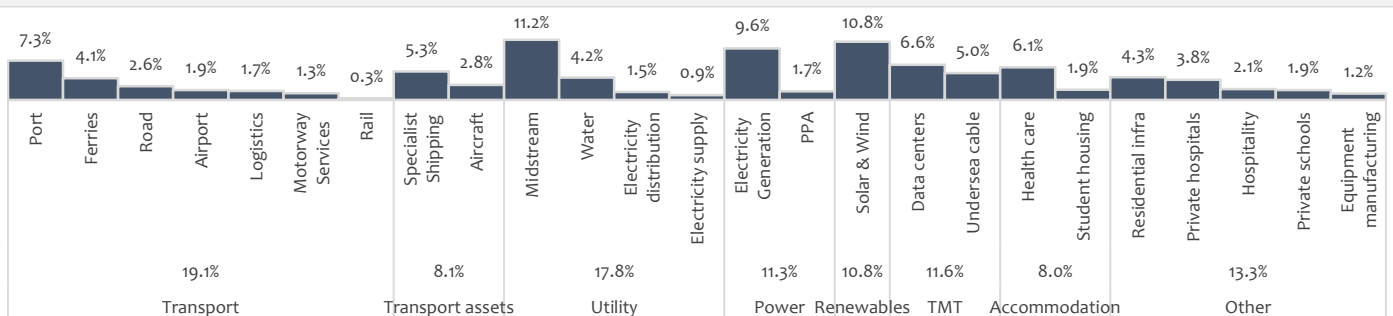
68 Investments	£54.2m Largest investment	£16.0m Average size	7.0 years Average maturity	5.4 years Average life	1.4 Portfolio mod. duration	34% Average equity cushion	16.2% Construction risk
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Estimated portfolio sensitivities

	Change in NAV	NAV movements since IPO ⁽¹⁰⁾	Pence per share
Interest rates +0.5% ⁽⁵⁾	-0.9%	Interest income ⁽⁶⁾	25.62
Interest rates -0.5%	0.9%	Expenses	-4.55
Interest rates +1.0%	-1.7%	Market movements	-0.02
Interest rates -1.0%	1.9%	Acquisition costs ⁽⁷⁾	-2.49
Euro +/- 5% (against GBP)	±0.0%	FX movements ⁽⁸⁾	4.34
Dollar +/- 5% (against GBP)	±0.2%	Dividends	-21.49
Dollar up 5% and Euro down 5%	±0.2%	Subscriptions	1.95

Top holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
Hawaiki Mezzanine Loan	USD	Private	Mezz	54.2	TMT	Undersea cable	11.4
Salt Creek Midstream	USD	Private	Senior	52.6	Utility	Midstream	8.5
Tracy Hills TL 2025	USD	Private	Senior	45.7	Other	Residential infra	10.5
Scandlines Mezzanine 2032	EUR	Private	HoldCo	43.6	Transport	Ferries	6.5
Bannister Senior Secured	GBP	Private	Senior	42.0	Accomm.	Health care	8.0
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	41.6	Transport	Port	9.3
Bizkaia TL 2021	EUR	Private	HoldCo	35.9	Power	Elec. generation	7.7
Aquaventure	USD	Private	Senior	34.3	Utility	Water	8.3
Project Warsaw	EUR	Private	Senior	31.3	Renewables	Solar & wind	5.9
Seaport TL B	USD	Private	Senior	30.4	Transport	Port	8.3
Sunrun Hera 2017-B	USD	Private	Mezz	30.1	Renewables	Solar & wind	8.2
Sacramento Data Centre	USD	Private	Senior	28.1	TMT	Data centers	10.0
Epic Midstream	USD	Private	Senior	27.2	Utility	Midstream	8.5
Abteen Ventures	USD	Private	Senior	26.9	TMT	Data centers	4.5
Ziton Senior Secured 2021	EUR	Private	Senior	26.4	Transport assets	Specialist Shipping	6.5



(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 66%	Fixed 34%		
Ranking	Senior 62%	Mezz 24%	HoldCo 14%	
Region	UK 16%	N. America 47%	Europe 27%	Aus/NZ 10%
Currency net of hedges	GBP 97%	USD 3%		

Disclaimer

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