

LSE Ticker
LSE index constituency
Listing date
Year end
Annual dividend target
Shares in issue
Share price (pence)
Market Cap

SEI
FTSE 250
03/03/2015
31 March
6 pence p.a.
1,060,975,849
111.00
£1.18bn

Directors
Robert Jennings (Chairman)
Sandra Platts
Jan Pethick
Jon Bridel
www.seqifund.com

Sequoia Economic Infrastructure Income Fund Limited (“SEQI” 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.

SEQI NAV movements

The NAV for SEQI, the specialist investor in economic infrastructure debt, increased to 102.77p from the prior month’s NAV of 101.38p per share. The changes in NAV arose primarily through:

- Interest income net of expenses of 0.71p;
- An increase of 0.67p in asset valuations; and
- An increase of 0.1p from FX movements.⁽³⁾

Company update

During the month, the Company made two additional drawings on its Revolving Credit Facility of \$50.0m and £20.0m respectively, resulting in total outstanding debt of £112.8m. After deducting cash, the Company had net leverage of £62.8m as at 28 February. The Company also had undrawn commitments, and one additional investment in settlement, collectively valued at £88.4m.

The Company’s invested portfolio comprised of 48 private debt investments and 20 infrastructure bonds across 8 sectors and 26 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 5.4 years. Private debt investments represented 86% of the total portfolio and 70% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company’s investments was 94% of par. Investments which are pre-operational represented 18.8% of total assets.

The Company’s invested portfolio remains geographically diverse with 47% located across North America, 19% in the UK, 26% in Europe, and 9% 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 future economic infrastructure debt investments remains strong and is diversified by sector, sub-sector, and jurisdiction.

As at 28 February 2019, 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 February include:

- A \$50.0m primary loan to Kaveh Ventures for the construction of a 96MW data centre in Ashburn, Virginia;
- A final £25.0m disbursement to Bulb Energy, an electricity supplier in the UK;
- An initial £7.2m primary loan to Forsa Energy, a company with a portfolio of gas-fired flexible generation assets in the UK;
- An additional PLN 2.3m disbursement to Project Warsaw’s VAT facility;
- An additional \$6.7m disbursement to Whittle Schools in the US; and
- An additional €0.5m disbursement to Hatch student housing in Cork, Ireland.

The following investment was prepaid during February, in-line with expectations:

- The \$34.7m primary loan to Abteen Ventures.

Market summary

A total of 28 project finance transactions closed in February throughout the Company’s eligible jurisdictions, worth \$6.3bn in aggregate. Notable transactions during the month include:

- A €260m financing of the construction of the 240 MW Yerevan power plant in Armenia;
- A \$742m financing of the 485MW Hannibal Port Power Plant in the United States;
- A \$435m refinancing of the Brooklyn Navy Yard Cogeneration plant in New York City; and
- A CAD \$412m PPP financing of the Tlicho All Season road in the Northwest Territories, Canada.

US GDP growth was confirmed to slow to an annualized rate of 2.6% in Q4 2018, a slowdown, but not as much as some investors had feared. This finalized growth for the year at 2.9%. US GDP is estimated to grow 0.5% in Q1 2019, a decrease from Q1 2018. China’s economy continues to slow, with negative implications for US GDP growth.

Eurozone growth is estimated for 0.2% in Q1 2019, the same as Q4 2018. US tariffs and concerns about Brexit continue to undermine economic confidence, with the export-driven German economy particularly concerned. After ending its financial stimulus program, the ECB has decided to once again re-instate financial stimulus and has pushed back the earliest date at which it would increase interest rates.

Sterling has remained volatile throughout the month, weighed down by fears of a no-deal Brexit. UK economic growth remains slow, with a forecast of 1.4% GDP growth for 2019, although unemployment remains at 4.0%, its lowest rate since the 1970’s. There remains considerable uncertainty driven by the lack of a clear plan for how the UK will manage its 29 March deadline for leaving the EU.

Company information

SEQI 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.

SEQI’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)	102.77
Premium	8.0%
Total gross assets	£1.20bn
Total net assets	£1.09bn
Invested portfolio as a % of NAV	102.4%
Total portfolio, including committed amounts, as a % of NAV	110.5%
Portfolio yield-to-maturity / yield-to-worst	8.5%
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	-0.4%	0.9%	1.4%	4.2%	1.1%	11.0%
Total share price return	-0.4%	2.2%	4.1%	10.0%	12.6%	35.1%
NAV ⁽¹⁾	1.3%	2.7%	4.3%	6.9%	11.2%	27.5%

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

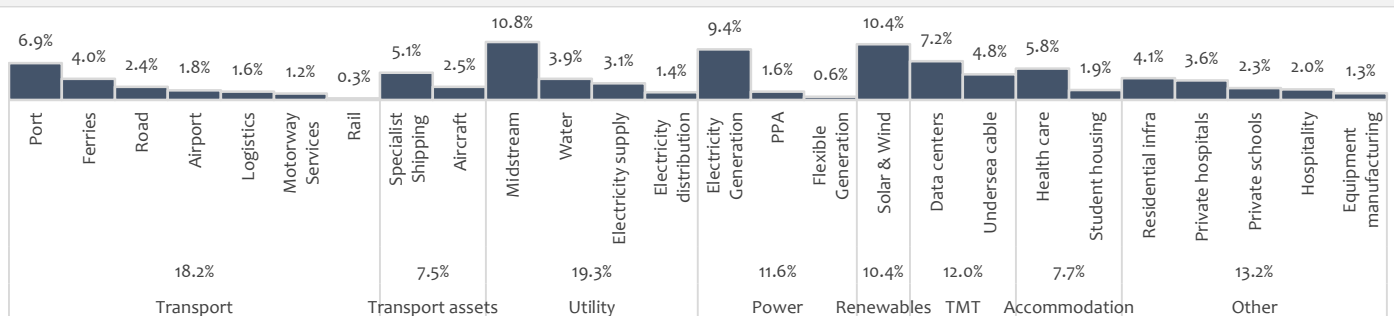
Portfolio summary ⁽³⁾

68 Investments	£53.6m Largest investment	£16.4m Average size	6.9 years Average maturity	5.4 years Average life	1.3 Portfolio mod. duration	36% Average equity cushion	18.8% Construction risk
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Estimated portfolio sensitivities	Change in NAV	NAV movements since IPO	Pence per share
Interest rates +0.5% ⁽⁵⁾	-0.9%	Interest income ⁽⁶⁾	26.39
Interest rates -0.5%	0.9%	Expenses	-4.66
Interest rates +1.0%	-1.7%	Market movements	0.79
Interest rates -1.0%	1.9%	Acquisition costs ⁽⁷⁾	-2.56
Euro +/- 5% (against GBP)	±0.0%	FX movements ⁽⁸⁾	4.35
Dollar +/- 5% (against GBP)	±0.1%	Dividends	-21.49
Dollar up 5% and Euro down 5%	±0.1%	Subscriptions	1.95

Top 15 holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
Hawaiki Mezzanine Loan	USD	Private	Mezz	53.6	TMT	Undersea cable	10.8
Salt Creek Midstream	USD	Private	Senior	52.0	Utility	Midstream	8.5
Tracy Hills TL 2025	USD	Private	Senior	45.2	Other	Residential infra	10.5
Scandlines Mezzanine 2032	EUR	Private	HoldCo	44.1	Transport	Ferries	6.1
Bannister Senior Secured	GBP	Private	Senior	42.0	Accomm.	Health care	8.0
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	40.1	Transport	Port	9.3
Kaveh Senior Secured TL 2021	USD	Private	Senior	37.7	TMT	Data centers	8.2
Bizkaia TL 2021	EUR	Private	HoldCo	35.3	Power	Electricity gen.	7.7
Bulb Senior TL 2021	GBP	Private	Senior	35.0	Utility	Electricity supply	7.2
Aquaventure	USD	Private	Senior	33.9	Utility	Water	8.3
Project Warsaw	EUR	Private	Senior	30.8	Renewables	Solar & wind	5.9
Seaport TL B	USD	Private	Senior	30.0	Transport	Port	8.2
Sunrun Hera 2017-B	USD	Private	Mezz	29.8	Renewables	Solar & wind	8.2
Epic Midstream	USD	Private	Senior	28.7	Utility	Midstream	8.0
Sacramento Data Centre	USD	Private	Senior	27.8	TMT	Data centers	10.0



- (1) Excluding accrued interest;
- (2) Yield to maturity / worst;
- (3) All information based on settled investments only;
- (4) Percentage of invested assets (excluding cash), due to rounding this may not total 100%;
- (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 86%	Public 14%		
Interest type	Floating 70%	Fixed 30%		
Ranking	Senior 64%	Mezz 23%	HoldCo 14%	
Region	UK 19%	N. America 47%	Europe 26%	Aus/NZ 9%
Currency net of hedges	GBP 99%	USD 1%		

Disclaimer

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