

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)	113.00
Market Cap	£1.20bn

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 thirteen mature jurisdictions and a range of sectors & subsectors.

SEI NAV movements

The NAV for SEI, the specialist investor in economic infrastructure debt, increased to 103.41p from the prior month’s NAV of 102.77p per share. The change in NAV arose primarily through:

- Interest income net of expenses of 0.45p;
- An increase of 0.18p in asset valuations; and
- No change in NAV from FX movements.⁽³⁾

Company update

As at 29 March 2019, the Company had cash of £55.2m and outstanding drawings on its Revolving Credit Facility of £113.9m, resulting in net leverage of £58.6m. The Company also had undrawn commitments, and one additional investment in settlement, collectively valued at £99.4m.

The Company’s invested portfolio comprised of 48 private debt investments and 21 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 8.6% and a weighted average life of approximately 4.4 years. Private debt investments represented 85.1% of the total portfolio and 69.4% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company’s investments was 94.8% of par. Investments which are pre-operational represented 16.2% of total assets.

The Company’s invested portfolio remains geographically diverse with 46% located across the US, 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 economic infrastructure debt investments remains strong and is diversified by sector, sub-sector and jurisdiction.

As at 29 March 2019, approximately 100% 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 March include:

- A \$35.0m secondary bond purchase of GenOn Energy’s variable rate 2039 bonds backed by a portfolio of power generation assets in the US;
- A £6.0m secondary bond purchase of Voyage care’s 5.875% 2023 bonds backed by a portfolio of registered care homes providing care to people with complex needs;
- A £5.0m secondary loan acquisition of Euro Garages, one of the largest independent forecourt retailers in the UK;
- An additional €1.3m disbursement to Hatch Student Housing in Cork, Ireland;
- A €3.0m secondary bond purchase of Naviera Armas SA’s variable rate 2023 bonds backed by a fleet of twenty-three ferries which provide passenger and freight maritime transportation services in Spain;
- A €1.0m secondary bond purchase of Naviera Armas SA’s variable rate 2024 bonds;
- A €1.0m secondary bond purchase of Teekay Shuttle Tankers’ 7.125% 2022 bonds backed by a fleet of shuttle tankers optimised for deepwater oil transport; and
- An additional £100k disbursement to Bannister Senior Secured 2025, a specialist mental healthcare service provider in the UK.

The following investments prepaid during March:

- The \$35.7m primary loan to Epic Midstream; a midstream oil and gas facility located in West Texas;
- The £4.7m mezzanine loan to Welcome Break; a leading motorway services operator in the UK; and
- The \$1.9m class C notes issued by Castlelake 2015-1, an aircraft securitisation company.

Market summary

A total of 82 project finance transactions closed in March throughout the Company’s eligible jurisdictions, worth \$32.6bn in aggregate. Notable transactions during the month include, none of which SEI participated in:

- A CAD \$46.3m financing of the acquisition of the 280MW Bayside CCGT Power Plant in Canada;
- A €350m financing of the construction of the Skinansfjellet and Gravdal wind farms in Norway; and
- A £301m financing of the development of the Rookery South Efw plant in Bedfordshire, UK.

The US economy added 196,000 jobs in March 2019, with the unemployment rate at 3.8%. US GDP is now projected to grow between 2.0% and 2.5% in 2019, lower than 2.9% growth seen in 2018. The Federal Reserve has indicated that it is now unlikely to raise interest rates until 2020.

Brexit uncertainty and the global economic slowdown remains a concern in the UK. UK economic growth has been revised down to 1.3% for 2019, although the unemployment rate remains low, at 3.9%. Sterling remained volatile throughout the month, moving along with a series of Brexit votes.

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)	103.41
Premium	9.2%
Total gross assets	£1.2bn
Total net assets	£1.1bn

Invested portfolio as a % of NAV	103.8%
Total portfolio, including committed amounts, as a % of NAV	112.9%
Portfolio yield-to-maturity / yield-to-worst	8.6%

Dividend	Quarterly
Next expected dividend declaration	April 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

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 31/12/18.
(2) The OCR is calculated in line with AIC guidance and will differ from the PRIIP’s OCR as defined under the PRIIPs regulation due to borrowing costs being included under PRIIPs and as disclosed in the KID document which is available on the Company’s website.
(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%	-0.4%	2.3%	6.6%	2.5%	13.0%
Total share price return	1.8%	0.9%	5.0%	12.5%	14.1%	37.5%
NAV ⁽¹⁾	0.7%	3.0%	4.3%	7.7%	12.1%	28.4%

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

Portfolio summary ⁽³⁾

69 Investments	£56.4m Largest investment	£16.0m Average size	5.8 years Average maturity	4.4 years Average life	1.3 Portfolio mod. duration	35% Average equity cushion	16.2% Construction risk
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Estimated portfolio sensitivities

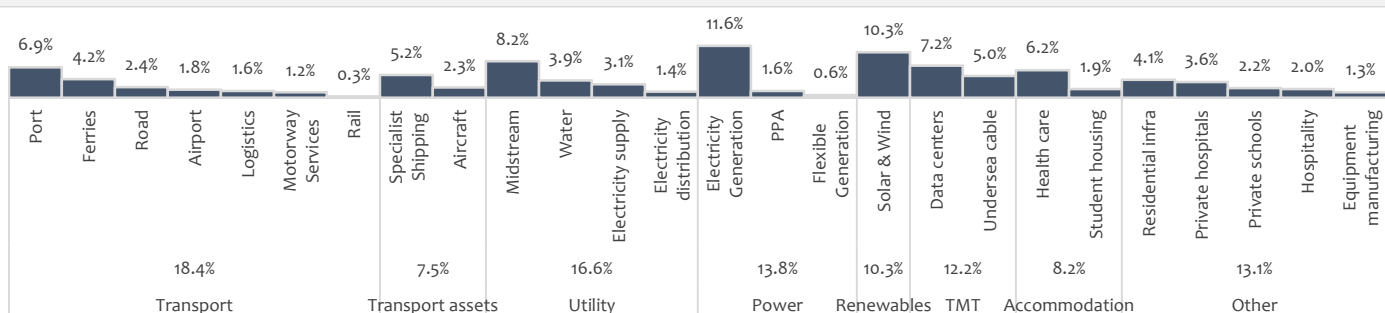
	Change in NAV
Interest rates +0.5% ⁽⁵⁾	-0.9%
Interest rates -0.5%	0.9%
Interest rates +1.0%	-1.7%
Interest rates -1.0%	1.8%
Euro +/- 5% (against GBP)	± 0.0%
Dollar +/- 5% (against GBP)	± 0.0%
Dollar up 5% and Euro down 5%	± 0.0%

NAV movements since IPO

	Pence per share
Interest income ⁽⁶⁾	26.89
Expenses	-4.78
Market movements	1.06
Acquisition costs ⁽⁷⁾	-2.58
FX movements ⁽⁸⁾	4.35
Dividends	-21.49
Subscriptions	1.95

Top holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
Hawaiki Mezzanine Loan	USD	Private	Mezz	56.4	TMT	Undersea cable	11.1
Salt Creek Midstream	USD	Private	Senior	53.1	Utility	Midstream	8.5
Tracy Hills TL 2025	USD	Private	Senior	46.2	Other	Residential infra	10.5
Scandlines Mezzanine 2032	EUR	Private	HoldCo	44.4	Transport	Ferries	6.1
Bannister Senior Secured	GBP	Private	Senior	42.1	Accomm.	Health care	8.0
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	41.0	Transport	Port	9.4
Kaveh Senior Secured TL 2021	USD	Private	Senior	38.5	TMT	Data centers	8.2
Bizkaia TL 2021	EUR	Private	HoldCo	35.5	Power	Electricity gen.	7.7
Bulb Senior TL 2021	GBP	Private	Senior	35.0	Utility	Electricity supply	7.2
Aquaventure	USD	Private	Senior	34.6	Utility	Water	8.1
Project Warsaw	EUR	Private	Senior	31.0	Renewables	Solar & wind	5.9
Seaport TL B	USD	Private	Senior	30.4	Transport	Port	8.3
Sunrun Hera 2017-B	USD	Private	Mezz	30.4	Renewables	Solar & wind	8.2
Sacramento Data Centre	USD	Private	Senior	28.4	TMT	Data centers	10.0
GenOn Energy Senior Secured	USD	Private	Senior	26.7	Power	Electricity gen.	9.4



- (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 85%	Public 15%		
Interest type	Floating 69%	Fixed 31%		
Ranking	Senior 64%	Mezz 22%	HoldCo 14%	
Region	UK 19%	N. America 46%	Europe 26%	Aus/NZ 9%
Currency net of hedges	GBP 100%			

Disclaimer

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