

LSE Ticker	SEI
LSE index constituency	FTSE 250
Listing date	03/03/2015
Year end	31 March
Annual dividend target	6.25 pence p.a.
Shares in issue	1,061,153,014
Share price (pence)	112.20
Market Cap	£1.19bn

SEI	SEI
FTSE 250	FTSE 250
03/03/2015	03/03/2015
31 March	31 March
6.25 pence p.a.	6.25 pence p.a.
1,061,153,014	1,061,153,014
112.20	112.20
£1.19bn	£1.19bn

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 thirteen mature jurisdictions and a range of sectors & subsectors.

SEQI NAV movements

The NAV for SEQI, the specialist investor in economic infrastructure debt, increased to 103.04p from the prior month’s NAV of 102.62p per share. The changes in NAV arose primarily through:

- Interest income net of expenses of 0.75p;
- A decrease of 0.21p in asset valuations; and
- Unhedged FX losses of 0.12p.⁽³⁾

Company update

As at 31 May 2019, the Company had cash of £46.9m and outstanding drawings on its Revolving Credit Facility of £175.4m, resulting in net leverage of £128.5m. The Company also had undrawn commitments and three additional investments in settlement, collectively valued at £136.3m. On 14 May 2019, the Company announced the successful close of an additional £50m accordion tranche of its Revolving Credit Facility, increasing the maximum facility amount to £200m.

The Company’s invested portfolio comprised 51 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 8.4% and a weighted average life of approximately 4.2 years. Private debt investments represented 84.0% of the total portfolio and 70.5% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company’s investments was 94.9% of par. Investments which are pre-operational represented 16.9% of total assets.

The Company’s invested portfolio remains geographically diverse with 46% located across the US, 18% in the UK, 28% in Europe, and 9% in Australia/New Zealand. Currently the Company is not investing in Portugal or Italy but has selectively invested in opportunities in Spain. The Company’s pipeline of economic infrastructure debt investments remains strong and is diversified by sector, sub-sector, and jurisdiction.

Approximately 96% 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 May include:

- A NOK 218.0m primary purchase of Exmar’s variable rate bonds maturing in 2022, backed by LNG and LPG vessels;
- An additional €10.2m secondary bond purchase of ferry operator Naviera Armas SA’s variable rate 2023 bonds;
- A final \$2.6m disbursement to Whittle Schools in Washington D.C.;
- An initial \$2.9m disbursement to Bourzou Equity LLC, a company created for the construction of a data center in Virginia;
- An additional \$1.7m secondary loan acquisition of Midcoast Energy’s TL B; and
- An additional £1.3m secondary loan acquisition of Elysium Healthcare’s TL B, a leading behavioural health services provider in the UK.

The Company also sold its position in Talen Energy’s 6.5% 2024 bonds in May.

Market summary

A total of 33 project finance transactions closed in May throughout the Company’s eligible jurisdictions, worth \$20.9bn in aggregate. Notable transactions, outside of the Company’s investment activities, during the month include:

- A €228m financing of the 300MW Talasol solar PV plant in Spain;
- A zł1.25bn financing for the construction of the 219.5MW Potegowo wind farm in northern Poland; and
- A CAD 500m financing for the modernisation of the Ottawa district energy system that heats and cools over 80 buildings in Ottawa.

Data released in June showed the US economy growing by 3.1% in Q1 2019, driven primarily by a build-up in inventories. Deteriorating US-China relations and a May jobs figure of 75,000 have both contributed to cautious market sentiment. In the last week of May, the yield curve inverted the most since 2007.

The Eurozone remains vulnerable to a slowdown in global trade due to its reliance on export countries for growth. Positive Eurozone economic indicators include unemployment which has fallen to 7.7% and wage growth which continues to increase across member states.

The UK economy recently contracted due to temporary factors including a decline in car production. It was reported in June that UK GDP fell by 0.4% as output of motor vehicles producers fell 24%. It is expected that the UK economy is likely to experience more subdued growth for the rest of 2019.

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)	103.04
Premium	8.9%
Total gross assets	£1.3bn
Total net assets	£1.1bn
Invested portfolio as a % of NAV	112.2%
Total portfolio, including committed amounts, as a % of NAV	124.7%
Portfolio yield-to-maturity / yield-to-worst	8.4%
Dividend	Quarterly
Next expected dividend declaration	July 2019
Ongoing charge ratio ⁽¹⁾⁽²⁾	1.02%
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 31/03/19.
(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	-1.4%	1.1%	2.0%	2.9%	-0.7%	12.2%
Total share price return	-1.4%	2.4%	4.7%	8.6%	10.6%	38.4%
NAV ⁽¹⁾	0.4%	1.6%	4.4%	7.5%	13.3%	29.7%

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

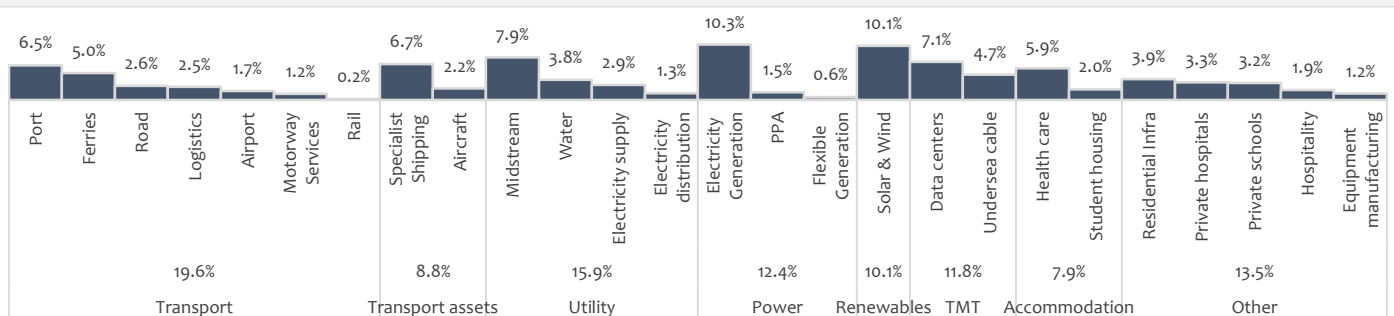
Portfolio summary ⁽³⁾

72 Investments	£58.0m Largest investment	£17.0m Average size	5.4 years Average maturity	4.2 years Average life	1.3 Portfolio mod. duration	35% Average equity cushion	16.9% Construction risk
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Estimated portfolio sensitivities	Change in NAV	NAV movements since IPO	Pence per share
Interest rates +0.5% ⁽⁵⁾	-0.8%	Interest income ⁽⁶⁾	28.60
Interest rates -0.5%	0.9%	Expenses	-5.05
Interest rates +1.0%	-1.6%	Market movements	1.25
Interest rates -1.0%	1.8%	Acquisition costs ⁽⁷⁾	-2.63
Euro +/- 5% (against GBP)	± 0.0%	FX movements ⁽⁸⁾	3.89
Dollar +/- 5% (against GBP)	± 0.0%	Dividends	-22.99
Dollar up 5% and Euro down 5%	± 0.0%	Subscriptions	1.95

Top holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
Hawaiki Mezzanine Loan	USD	Private	Mezz	58.0	TMT	Undersea cable	10.1
Salt Creek Midstream	USD	Private	Senior	54.6	Utility	Midstream	8.5
Tracy Hills TL 2025	USD	Private	Senior	47.5	Other	Residential infra	10.4
Scandlines Mezzanine 2032	EUR	Private	HoldCo	45.5	Transport	Ferries	6.1
Bannister Senior Secured	GBP	Private	Senior	42.1	Accomm.	Health care	8.0
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	41.2	Transport	Port	9.5
Kaveh Senior Secured TL 2021	USD	Private	Senior	39.6	TMT	Data centers	8.2
Whittle Schools B	USD	Private	Senior	39.4	Other	Private schools	11.1
Bizkaia TL 2021	EUR	Private	HoldCo	36.4	Power	Electricity gen.	7.7
Aquaventure	USD	Private	Senior	35.6	Utility	Water	8.1
Bulb Senior TL 2021	GBP	Private	Senior	35.0	Utility	Electricity supply	7.2
Project Warsaw	EUR	Private	Senior	31.7	Renewables	Solar & wind	5.9
Sunrun Hera 2017-B	USD	Private	Mezz	31.3	Renewables	Solar & wind	8.1
Seaport TL B	USD	Private	Senior	30.6	Transport	Port	8.6
Sacramento Data Centre	USD	Private	Senior	30.1	TMT	Data centers	11.0



- (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 84%	Public 16%		
Interest type	Floating 70%	Fixed 30%		
Ranking	Senior 64%	Mezz 22%	HoldCo 15%	
Region	UK 18%	N. America 46%	Europe 28%	Aus/NZ 9%
Currency net of hedges	GBP 96%	NOK 2%		

Disclaimer

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