

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	1,386,353,491
Share price (pence)	115.60
Market Cap	£1.60bn

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.
1,386,353,491	1,386,353,491
115.60	115.60
£1.60bn	£1.60bn

Directors
Robert Jennings (Chairman)
Sandra Platts
Jan Pethick
Jon Bridel
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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 portfolio of private debt and bond investments diversified across fourteen mature jurisdictions and a range of sectors & subsectors.

SEI NAV movements

The NAV for SEI, the specialist investor in economic infrastructure debt, increased to 105.30p from the prior month’s NAV of 104.62p per share. The changes in NAV arose primarily through:

- Interest income net of expenses of 0.59p;
- A decrease of 0.07p in asset valuations;
- Unhedged FX losses of 0.29p;⁽³⁾ and
- Gain of 0.45p from issuing shares at a premium to NAV.

Company update

On 20 September 2019, the Company announced that its placing of shares was significantly oversubscribed, raising gross proceeds of £138.75m. On 30 September 2019, the Company deployed substantially all the placing proceeds to repay c. £136.6m of outstanding debt, resulting in a month-end cash balance of £70.5m and outstanding debt balance of £63.4m. The Company also had undrawn commitments and three additional investments in settlement collectively valued at £137.3m.

The Company’s invested portfolio comprised 62 private debt investments and 16 infrastructure bonds across 8 sectors and 30 sub-sectors and had an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 8.2% and a weighted average life of approximately 4.2 years. Private debt investments represented 88.4% of the total portfolio and 72.0% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company’s investments was 95.3% of par. Investments which are pre-operational represented 15.7% of total assets.

The Company’s invested portfolio remains geographically diverse with 49% located across the US, 16% in the UK, 28% in Europe, and 8% 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.

At month end, approximately 93.1% 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 September include:

- A \$49m primary loan to Nasco Helium, a company that specialises in the extraction and processing of helium from productive oilfields;
- An additional \$5.0m secondary loan acquisition of Heritage Power, a holding company that owns a portfolio of 16 power plants located across Pennsylvania, Ohio, and New Jersey, USA;
- An additional \$3.0m secondary loan acquisition of Midcoast Energy, a highly contracted NGL pipeline system in Texas, USA;
- An additional \$1.8m disbursement to Bourzou Equity LLC, a company created for the construction of a data center in Virginia, USA; and
- A final €272k disbursement to Hatch Student Housing in Cork, Ireland.

The following investments were repaid in September in line with expectations:

- €35.5m and 2.3m Polish złoty senior loans to Project Warsaw, a portfolio of solar-powered generation assets in Poland.

Market summary

A total of 85 project finance transactions closed in September throughout the Company’s eligible jurisdictions, worth \$31.4bn in aggregate. Notable transactions outside of the Company’s investment activities during the month include:

- A CAD \$900m bond issue to finance the operations of the Greater Toronto Airports Authority in Toronto, Canada;
- A \$508m financing of the construction of a 200MW wind farm in South Dakota, USA; and
- A \$565m refinancing of the 644MW Bayonne Energy Center in New Jersey, USA.

In September, the US economy added 136,000 new jobs, bringing the unemployment rate down to 3.5%. The jobs report was below expectations, but past months’ estimates were revised higher, leading to the decline in the unemployment rate. There remain concerns about the strength of the economy so the Fed is expected to cut interest rates by another quarter point.

The ECB announced a new stimulus plan during the month, cutting interest rates and resuming bond buying. The Eurozone economy as a whole is expected to grow 0.1% during Q3 2019.

The UK economy remains weak, with job decreases across the services, construction, and manufacturing industries. This has continued fears of a recession, with concerns that the economy has contracted in Q3.

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)	105.30
Premium	9.8%
Total gross assets	£1.5bn
Total net assets	£1.4bn
Invested portfolio as a % of NAV	99.3%
Total portfolio, including committed amounts, as a % of NAV	108.7%
Portfolio yield-to-maturity / yield-to-worst	8.2%
Dividend	Quarterly
Next expected dividend declaration	Oct 2019
Ongoing charge ratio ⁽¹⁾⁽²⁾	0.99%
Of which, the Investment Adviser’s fee ⁽¹⁾	0.75%
% of Investment Adviser’s fee relative to Invested Assets ⁽¹⁾	0.74%

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 28/06/19.
(2) The OCR is calculated in line with AIC guidance and will differ from the PRIIPs 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	-1.0%	1.8%	2.3%	4.6%	2.5%	15.6%
Total share price return	-1.0%	3.2%	5.1%	10.4%	14.1%	44.5%
NAV ⁽¹⁾	0.7%	2.4%	4.6%	9.1%	15.8%	34.3%

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

Portfolio summary ⁽³⁾

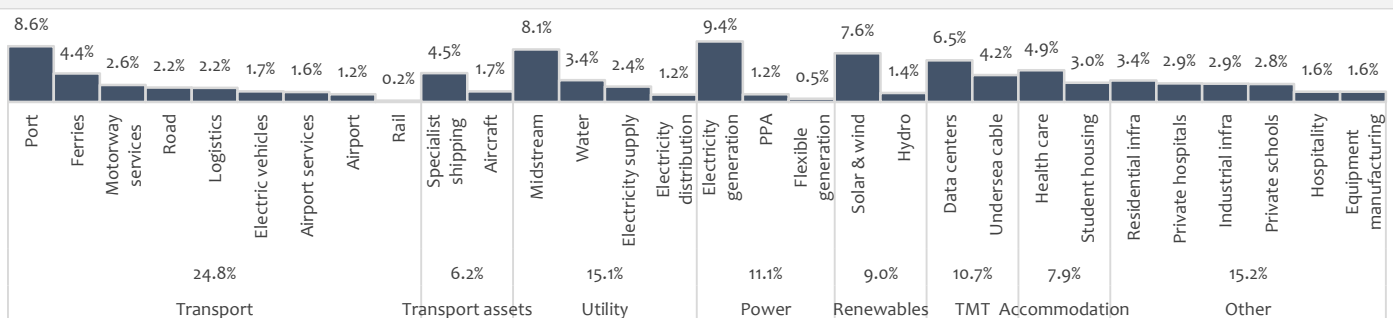
78 Investments	£60.4m Largest investment	£18.6m Average size	5.7 years Average maturity	4.2 years Average life	1.2 Portfolio mod. duration	37% Average equity cushion	15.7% Construction risk
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Estimated portfolio sensitivities

	Change in NAV	NAV movements since IPO	Pence per share
Interest rates +0.5% ⁽⁵⁾	-0.7%	Interest income ⁽⁶⁾	31.22
Interest rates -0.5%	0.7%	Expenses	-5.53
Interest rates +1.0%	-1.3%	Market movements	2.30
Interest rates -1.0%	1.4%	Acquisition costs ⁽⁷⁾	-2.88
Euro +/- 5% (against GBP)	± 0.1%	FX movements ⁽⁸⁾	3.78
Dollar +/- 5% (against GBP)	± 0.4%	Dividends	-24.56
Dollar up 5% and Euro down 5%	± 0.4%	Subscriptions	2.95

Top holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
Hawaiki Mezzanine Loan	USD	Private	Mezz	60.4	TMT	Undersea cable	11.6
Salt Creek Midstream	USD	Private	Senior	55.9	Utility	Midstream	8.1
Tracy Hills TL 2025	USD	Private	Senior	48.8	Other	Residential infra	10.0
Scandlines Mezzanine 2032	EUR	Private	HoldCo	46.4	Transport	Ferries	5.8
Euroports 2nd Lien 2026	EUR	Private	Mezz	44.2	Transport	Port	7.8
Nasco Senior Secured 2020	USD	Private	Senior	41.4	Other	Industrial infra	2.6
Bannister Senior Secured	GBP	Private	Senior	41.2	Accomm.	Health care	8.4
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	41.2	Transport	Port	9.0
Kaveh Senior Secured TL 2021	USD	Private	Senior	40.7	TMT	Data centers	7.8
Whittle Schools B	USD	Private	Senior	40.5	Other	Private schools	10.9
Bizkaia TL 2021	EUR	Private	HoldCo	37.9	Power	Elec. generation	7.7
Aquaventure	USD	Private	Senior	36.6	Utility	Water	8.0
Heritage Power	USD	Private	Senior	35.7	Power	Elec. generation	8.6
Bulb Senior TL 2021	GBP	Private	Senior	35.0	Utility	Electricity supply	7.2
Sunrun Hera 2017-B	USD	Private	Mezz	32.1	Renewables	Solar & wind	7.8



(1) Excluding accrued interest;

(2) Yield to maturity / worst;

(3) All information based on settled investments only;

(4) Percentage of invested assets (excluding cash), 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.

(9) Currently over-hedged in EUR by c. 1% of NAV

Debt type ⁽⁴⁾	Private 88%	Public 12%		
Interest type	Floating 72%	Fixed 28%		
Ranking	Senior 62%	Mezz 20%	HoldCo 18%	
Region	UK 16%	N. America 49%	Europe 28%	Aus/NZ 8%
Currency net of hedges ⁽⁹⁾	EUR -1%	GBP 93%	USD 8%	

Disclaimer

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