SEQUOIA ECONOMIC INFRASTRUCTURE INCOME FUND LIMITED

Monthly Investor Report as at 31 March 2020

LSE Ticker	SEQI	**Directors**
LSE index constituency	FTSE 250	Robert Jennings (Chairman)
Listing date	03/03/2015	Sandra Platts
Year end	31 March	Jan Pethick
Annual dividend target	6.25 pence p.a.	Jon Bridel
Shares in issue	1,654,671,448	www.seqifund.com
Share price (pence)	94.00	
Market Cap	**£1.56bn**	

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 portfolio of private debt and bond investments diversified across thirteen mature jurisdictions and a range of sectors & subsectors.

NAV, Portfolio update and re-affirmation of dividend target

The NAV report for SEQI, the specialist investor in economic infrastructure debt, for the month to 31 March 2020 follows a period of exceptional market volatility and widening of spreads. In response the Board, our Investment Adviser, our Consultants and other advisers have thoroughly considered how best to protect and enhance the Company's interests. Accordingly, as well as presenting our NAV and Portfolio Update, we also take this opportunity to report on some of the key conclusions from the portfolio and balance sheet review recently undertaken as well as re-affirming the Company's dividend target for the current financial year.

NAV update

The NAV decreased from 106.36 pence per share at the end of February 2020 to 96.69 pence per share at the end of March 2020, representing a decrease of 9.67 pence per share or 9.1%. Approximately 86% of the declines to asset valuations are attributable to spread widening and the assumption of a higher discount rate when applying mark to market adjustments to the valuation process. A full attribution of the changes in the NAV per share is as follows:

	pence per share
February NAV	**106.36**
Interest income, net of expenses	+0.69
FX movements, net of hedges	-0.03
Gain from issuing shares at a premium to NAV	+0.67
Decline in asset valuations	-11.00
March NAV	**96.69**

In reviewing the discount rate, PwC as the independent Valuation Agent took account of the credit quality and sector of each private investment and benchmarked each one to appropriate public investments or indices. The decline in asset valuations reflects the Company's policy to assess the fair value of its assets on a monthly basis. SEQI does not apply the IFRS9 expected credit losses model to its portfolio as, under IFRS9, this requirement only applies to financial assets measured at amortised cost and not to assets valued at fair value.

Although the general widening of spreads negatively impacts the Company's monthly NAV estimate, it does not in itself affect the Company's expectations at this time for the receipt of interest and principal payments. Any subsequent reduction of the discount rate will serve to increase the mark to market NAV and will over time result in a greater pull to par effect.

In addition, the underlying performance of three of the Company's investments have been adversely affected by COVID-19 and the steep decline in the price of oil to varying degrees which accounts for a 1.54 pence per share reduction in the NAV per share when marked to market.

When compared to other debt indices, the fall in the company's NAV compares relatively favourably to non-infrastructure asset classes. For example, the Credit Suisse Leveraged Loan Index fell approximately 21% on a price basis in March 2020 yet has since rebounded by nearly one-third of that amount as global volatility waned since the end of March 2020.

Key conclusion of the portfolio and balance sheet review

a. Dividend

For the financial year ending 31 March 2021 SEQI will continue to target an annual dividend of 6.25 pence per share. Given current performance of our investment portfolio, we anticipate that this level of dividend pay-out should be fully cash covered over the current financial year. Our Investment Adviser has considered a range of scenarios which have led us, to conclude that, based on the information currently available to us the dividend is likely to be secure.

The Company's next quarterly dividend payment is expected to be declared on 16 April 2020 for the period from 31 December 2019 to 31 March 2020.

b. Balance sheet

Having completed our most recent £300 million capital raise on 3 March, the Company entered the current downturn with a strong balance sheet. As at 31 March 2020 the balance drawn on our RCF had fallen to £35.0 million, including £24.6 million of margin held by FX counterparties as a consequence of Sterling's sharp decline over the month. At month end our cash balances amounted to £135.7 million.

Over the period to 6 December 2021, when our existing RCF expires, principal obligations amounting to £234.8 million in aggregate from our portfolio of loans and bonds will reach their contractual maturities.

c. *New investment*

Recognising the severity of the COVID-19 pandemic, on 16 March SEQI announced a two-week moratorium on new primary lending to allow for a window of time in which to reassess our strategy for the utilisation of our funds available to invest. We concluded that on prudential grounds, it made sense to restrict the pace of our investment activity with the result that our Investment Adviser decided not to proceed with certain of the loans that were in their pipeline but to which we were not contractually committed. As a consequence allowing for new loans which were drawn in March (details of which are given below) and for two further attractive primary loans amounting to £86.0 million in total which are still to be drawn, we now anticipate that at the end of April we will have £80.9 million of cash, net of £35.0 million of outstanding leverage.

The disciplined approach we have adopted will afford us the opportunity to use our balance sheet capacity over the coming months if appropriate opportunities arise, as we believe they might, to take advantage of difficult market conditions and acquire bonds or extend new loans on attractive and accretive terms.

d. *Credit monitoring*

In response to the ongoing COVID-19 crisis, the Investment Adviser has redirected some of its origination resources to enhanced credit and portfolio monitoring.

Across the range of sectors in which we invest, the outlook for some is largely unaffected though the situation remains fluid and dependent on the length and severity of impact on the economy of continued COVID-19 lockdowns. These include renewables, data centres, mobile phone cell towers, smart metering, specialised health care, US power, specialist shipping and residential infrastructure. Some investments in other sectors, such as transportation, transportation assets and midstream oil & gas, however, have greater exposure to COVID-19 and low oil prices and will require close monitoring and communication with the borrowers.

As noted previously, there are three investments which have been adversely affected and are being very closely monitored. These are:

1. An investment in the senior and holdco loans of a US midstream business, based in the Permian basin. These loans are equal to 2.8% of the Company's gross asset value and approximately 81% of the Company's exposure to this borrower is through senior secured loans. This business is still in its ramp-up phase and capex overruns and the fall in the oil price has left it with short-term liquidity concerns. The Investment Adviser, together with the other lenders to the business, have appointed third-party consultants to advise on a range of scenarios which could include a restructuring of the business. As a result, this loan has been marked down significantly to reflect the current situation.

2. A loan backed by a Swedish business that owns two oil refineries, as well as some downstream assets. This loan is equal to 2.3% of the Company's gross asset value. The business suffered a liquidity shock when the decline in the price of oil reduced the amount of inventory financing it could draw, coupled with margin calls on its commodity hedging book. However, post-month-end events have materially improved its situation and the Investment Adviser expects that the loan will continue to be serviced.

3. A loan backed by a German Combined Heat and Power plant that provides heat (in the form of steam) to industrial companies in the automotive sector, as well as selling electricity to the grid. This loan is approximately 1.5% of the Company's gross asset value. Following the COVID-19 pandemic the German automotive industry has almost completely shut down and the key off-takers to the plant are operating at minimum utilisation rates. The Investment Adviser is closely following the situation and maintains continuous contact with management and shareholders. It is likely that the key off-takers will be eligible for different forms of government support, but the specific details remain unclear.

e. *SEQI's rating relative to its Net Asset Value*

Your Board noted the volatility in SEQI's share price during the peak of the recent equity market sell off. While in recent days, greater market confidence has returned, it is possible that we will face further periods of significant volatility. In light of the current and possible further market dislocation associated with COVID-19, the Board continues to monitor the rating of the Company's shares closely.

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Further Portfolio update

As at 31 March, the Company's invested portfolio comprised of 59 private debt investments and 13 infrastructure bonds across 8 sectors and 29 sub-sectors. It had an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 12.0% and a weighted average life of approximately 5.3 years. Private debt investments represented 93% of the total portfolio and 69% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company's investments was 96.4% of par. Investments which are pre-operational represented 11.7% of total assets.

The Company's invested portfolio remains geographically diverse with 50% located across the US, 16% in the UK, 28% in Europe, and 6% 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 105.3% of the Company's NAV consisted of either Sterling assets or was hedged into Sterling. The Company has adequate resources to cover margin calls on its hedging book.

The Company's settled investment activities during March include:

- A $55.0m primary loan to JetPeaks, an operator of two natural gas-fired plants located on the East Coast of the US;
- A $30.0m primary loan to CSG Holdings backed by 7 interconnecting natural gas pipelines throughout the US;
- An additional $15.2m secondary acquisition of American Tanker Inc's 9.25% 2022 bonds, which are backed by a ship finance company focused on the intercoastal U.S. Jones Act shipping market;
- An additional $10.0m secondary acquisition of Terra-Gen Finance TL B, a renewable energy company;
- An additional $5.1m secondary purchase of Heathrow's 3.875% 2027 bonds;
- An additional $2.8m secondary acquisition of EIF Van Hook Midstream's TL B, a midstream oil & gas company that operates primarily in North Dakota, USA; and
- An additional $1.4m disbursement to Bourzou Equity, a company created for the construction of a data centre in Virginia.

The following investments were sold or prepaid in March:

- $45.0m loan to Aquaventure, a US-based water desalination and wastewater company ; and
- €24.9m Naviera Armas' 2023 and 2024 floating rate bonds.

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)	96.69
Premium / (Discount)	-2.8%
Total gross assets	£1.7bn
Total net assets	**£1.6bn**
Invested portfolio as a % of NAV	95.1%
Total portfolio, including committed amounts, as a % of NAV	100.5%
Portfolio yield-to-maturity / yield-to-worst	12.0%
Dividend	Quarterly
Next expected dividend declaration	April 2020
Ongoing charge ratio (1) (2)	0.98%
Of which, the Investment Adviser's fee (1)	0.75%
% of Investment Adviser's fee relative to Invested Assets (1)	0.71%

Investment Adviser

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Fund Service Providers

Administrator	Praxis Fund Services Limited
AIFM	International Fund Mgmt Ltd
Auditors	KPMG
Brokers	Jefferies International Ltd
Custodian	Bank of New York Mellon

(1) For the twelve months ending 31/12/19.
(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)
S/price	-17.1%	-19.4%	-18.7%	-16.8%	-11.3%	-6.0%
TR	-17.1%	-18.3%	-16.5%	-12.2%	-1.2%	20.7%
NAV	-9.1%	-7.8%	-5.7%	-1.3%	6.3%	26.7%

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

Portfolio summary (3)

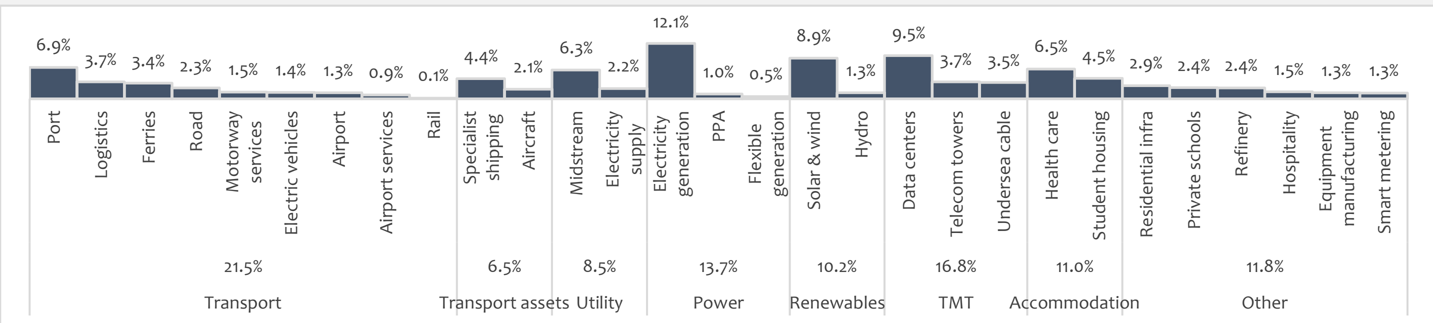
72	£56.5m	£21.1m	6.6 years	5.3 years	1.5	35%	11.7%
Investments	Largest investment	Average size	Average maturity	Average life	Portfolio mod. duration	Average equity cushion	Construction risk

Estimated portfolio sensitivities	*Change in NAV*
Interest rates +0.5% (5)	-0.6%
Interest rates -0.5%	0.6%
Interest rates +1.0%	-1.1%
Interest rates -1.0%	1.2%
Euro +/- 5% (against GBP)	± -0.2%
Dollar +/- 5% (against GBP)	± -0.1%
Dollar up 5% and Euro down 5%	± 0.1%

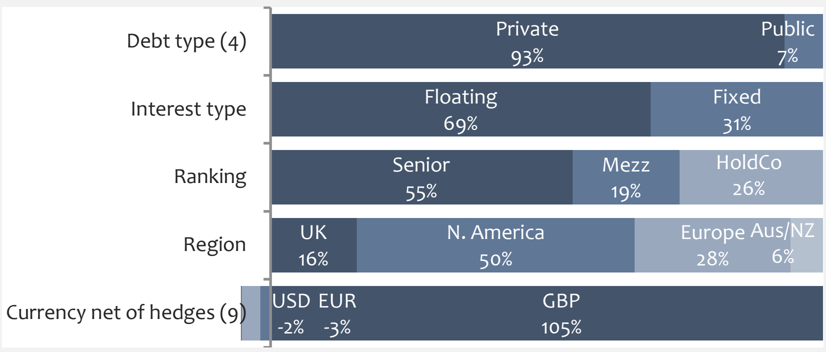
NAV movements since IPO	*Pence per share*
Interest income (6)	35.85
Expenses	-6.23
Market movements	-7.36
Acquisition costs (7)	-3.18
FX movements (8)	3.68
Dividends	-27.68
Subscriptions	3.58

Top holdings

Investment name	Ccy	Type	Ranking	Value £m (1)	Sector	Sub-sector	Yield (2)
AP Wireless Junior	EUR	Private	Mezz	56.5	TMT	Telecom towers	7.2
Hawaiki Mezzanine Loan	USD	Private	Mezz	54.0	TMT	Undersea cable	15.2
Expedient Data Centers	USD	Private	Senior	48.6	TMT	Data centers	7.9
Tracy Hills TL 2025	USD	Private	Senior	44.2	Other	Residential infra	10.5
Jetpeaks HoldCo 2027	USD	Private	HoldCo	42.2	Power	Elec. generation	8.1
Bannister Senior Secured	GBP	Private	Senior	39.5	Accomm.	Health care	9.4
Euroports 2nd Lien 2026	EUR	Private	Mezz	39.2	Transport	Port	10.2
Bizkaia TL 2021	EUR	Private	HoldCo	38.7	Power	Elec. generation	9.3
Scandlines Mezzanine 2032	EUR	Private	HoldCo	38.1	Transport	Ferries	9.1
Whittle Schools B	USD	Private	Senior	37.0	Other	Private schools	15.3
Salt Creek Midstream	USD	Private	Senior	36.8	Utility	Midstream	27.9
Corral HoldCo 2024	USD	Private	HoldCo	36.4	Other	Refinery	14.3
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	35.6	Transport	Port	13.3
Terra-Gen Power TL B	USD	Private	Senior	34.3	Renewables	Solar & wind	11.0
Bulb Senior TL 2021	GBP	Private	Senior	34.2	Utility	Electricity supply	13.4



(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
(9) Currently over-hedged in EUR and US by c. 3% and 2% of NAV, respectively



Disclaimer

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