

LSE Ticker	SEQL
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	1,654,671,448
Share price (pence)	98.00
Market Cap	£1.62bn

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

Sequoia Economic Infrastructure Income Fund Limited (“SEQL” 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 update

The NAV for SEQL, the specialist investor in economic infrastructure debt, increased to 96.80 pence per share from the prior month’s NAV of 96.69 pence per share (being the 31 March 2020 cum-income NAV of 98.2525 pence less the dividend of 1.5625 pence per share declared in respect of the quarter ended 31 March 2020), representing an increase of 0.11 pence per share.

The gain in asset valuations can be attributed primarily to minor spread tightening of comparable investments, and positive credit developments in the wake of the ongoing COVID-19 pandemic, partially offset by a decrease in the market prices of the Company’s aircraft securitisation investments.

A full attribution of the changes in the NAV per share is as follows:

	pence per share
March NAV	96.69
Interest income, net of expenses	0.70
FX movements, net of hedges	-0.09
Increase in asset valuations	1.06
Dividend declared in respect of the quarter ended 31 March	-1.56
April NAV	96.80

Update on the loan to a US midstream business

As we noted in the Monthly Investor Report as at 31 March 2020, we continue to closely monitor 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. As previously mentioned, this business is still in its ramp-up phase and capex overruns and the fall in the oil price has left it with a materially weakened credit position.

The Investment Adviser, together with the other lenders to the business, has appointed third-party consultants including legal counsel to advise on a range of scenarios which could include a restructuring of the business. As a result, this loan was marked down in March significantly to reflect the current situation.

Discussions among all stakeholders are ongoing, and it appears the highest probability outcome is a consensual restructuring of the business, although it is possible that this may not occur. On the basis of the current discussions, the Investment Adviser does not believe that this loan needs any further mark downs. This assessment is based on valuation work undertaken by the third-party consultants referenced above and is subject to independent verification by PWC.

Further Portfolio update

As at 30 April, the Company’s invested portfolio comprised of 60 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 11.5% and a weighted average life of approximately 5.7 years. Private debt investments represented 93% of the total portfolio and 66% 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 52% located across the US, 15% in the UK, 27% 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.

Company information

SEQL 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.

SEQL’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)	96.80
Premium / (Discount)	1.2%
Total gross assets	£1.7bn
Total net assets	£1.6bn
Invested portfolio as a % of NAV	99.6%
Total portfolio, including committed amounts, as a % of NAV	103.9%
Portfolio yield-to-maturity / yield-to-worst	11.5%
Dividend	Quarterly
Next expected dividend declaration	July 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.

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Further Portfolio update (continued)

At month end, approximately 102.0% 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 April include:

- A \$54.0m primary holdco loan to Hawkeye Solar, backed by an operating portfolio of residential solar project companies;
- An additional \$15.0m secondary acquisition of GE’s 5% perpetual bonds, an equipment manufacturer that is shifting its focus to the power, renewables, and aviation sectors;
- An additional \$14.6m secondary acquisition of Terra-Gen Finance TL B, a renewable energy company;
- An additional €13.3m secondary acquisition of Ziton, an offshore wind turbine maintenance company located in Denmark;
- An additional \$9.0m disbursement to Sierra financing 2024, the financing of a portfolio of nine Californian gas turbines;
- An additional \$5.0mm 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; and
- An additional \$1.2m disbursement to Bourzou Equity, a company created for the construction of a data centre in Virginia.

None of the Company’s investments were sold or prepaid in April.

Company information

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Investment Adviser

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Performance since IPO

SEQI	1 month	3 months	6 months	1 year	2 years	ITD ⁽²⁾
S/price	5.3%	-13.5%	-13.2%	-13.0%	-7.9%	-1.0%
TR	6.9%	-12.1%	-10.6%	-8.0%	2.7%	29.1%
NAV	1.6%	-6.9%	-4.3%	-0.3%	7.5%	28.8%

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

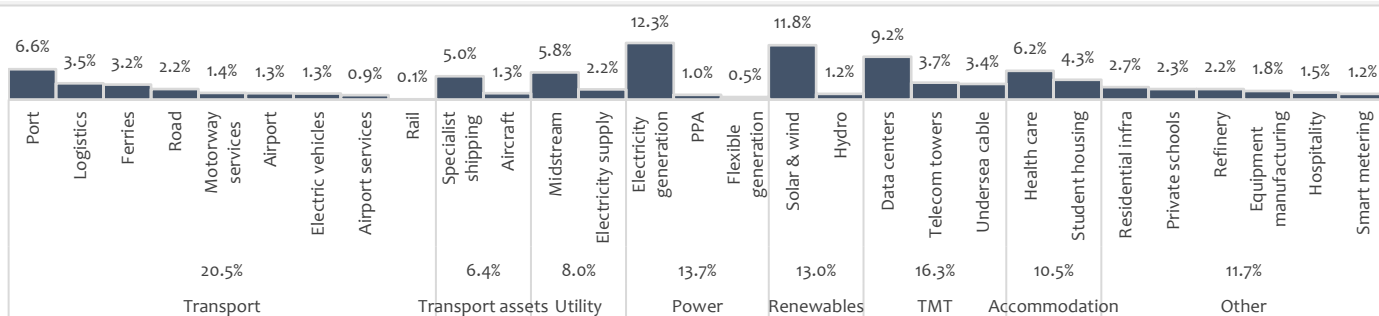
Portfolio summary ⁽³⁾

73 Investments	£58.5m Largest investment	£21.9m Average size	6.9 years Average maturity	5.7 years Average life	1.6 Portfolio mod. duration	34% Average equity cushion	11.7% Construction risk
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Estimated portfolio sensitivities	Change in NAV	NAV movements since IPO	Pence per share
Interest rates +0.5% ⁽⁵⁾	-0.6%	Interest income ⁽⁶⁾	36.52
Interest rates -0.5%	0.7%	Expenses	-6.31
Interest rates +1.0%	-1.3%	Market movements	-6.12
Interest rates -1.0%	1.4%	Acquisition costs ⁽⁷⁾	-3.23
Euro +/- 5% (against GBP)	± 0.1%	FX movements ⁽⁸⁾	3.59
Dollar +/- 5% (against GBP)	± 0.0%	Dividends	-29.24
Dollar up 5% and Euro down 5%	± 0.1%	Subscriptions	3.58

Top holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
AP Wireless Junior	EUR	Private	Mezz	58.5	TMT	Telecom towers	6.6
Hawaiki Mezzanine Loan	USD	Private	Mezz	53.6	TMT	Undersea cable	14.9
Expedient Data Centers	USD	Private	Senior	49.0	TMT	Data centers	7.5
Terra-Gen Power TL B	USD	Private	Senior	45.2	Renewables	Solar & wind	8.7
Hawkeye Solar HoldCo 2030	USD	Private	HoldCo	42.9	Renewables	Solar & wind	8.2
Jetpeaks HoldCo 2027	USD	Private	HoldCo	42.8	Power	Elec. generation	7.6
Tracy Hills TL 2025	USD	Private	Senior	42.3	Other	Residential infra	9.7
Bannister Senior Secured	GBP	Private	Senior	39.9	Accomm.	Health care	9.2
Euroports 2nd Lien 2026	EUR	Private	Mezz	39.4	Transport	Port	9.8
Bizkaia TL 2021	EUR	Private	HoldCo	38.0	Power	Elec. generation	9.4
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	37.9	Transport	Port	12.7
Scandlines Mezzanine 2032	EUR	Private	HoldCo	37.8	Transport	Ferries	8.9
Whittle Schools B	USD	Private	Senior	36.4	Other	Private schools	15.5
Salt Creek Midstream	USD	Private	Senior	36.0	Utility	Midstream	28.5
Corral HoldCo 2024	USD	Private	HoldCo	35.6	Other	Refinery	14.4



(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 by 2% of NAV

Debt type ⁽⁴⁾	Private	93%	Public	7%			
	Interest type	Floating	66%	Fixed	34%		
Ranking	Senior	54%	Mezz	18%	HoldCo	28%	
	Region	UK	15%	N. America	52%	EuropeAus/NZ	27%
Currency net of hedges ⁽⁹⁾		EUR	-2%	GBP	102%		

Disclaimer

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