

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)	104.00
Market Cap	£1.72bn

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.

The NAV for SEQL, the specialist investor in economic infrastructure debt, increased to 99.28 pence per share from the prior month’s NAV of 98.21 pence per share, representing an increase of 1.07 pence per share.

The gain in asset valuations can be attributed primarily to spread tightening of comparable investments across the portfolio and continued positive credit developments in the wake of the ongoing COVID-19 pandemic.

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

	pence per share
May NAV	98.21
Interest income, net of expenses	0.72
FX movements, net of hedges	-0.18
Increase in asset valuations	0.53
June NAV	99.28

Update on the effects of COVID-19 on the Portfolio

The Investment Adviser, the Investment Manager, and PWC, the independent valuation agent have continued analysing the effect of COVID-19 on the Company’s portfolio which also includes a market benchmarking exercise to conclude on spread and yield adjustments for each of the investments in the portfolio.

In summary, the spread widening across the portfolio during the second half of March 2020 continued its reversal throughout June, with several of the Company’s investments performing better than expectations throughout the lockdown. The spread tightening seen in the markets and the broader credit outperformance contributed to another market movements gain this month of 0.53 pence per share.

The restructuring process of the US midstream business is still ongoing. Since March, there has been some recovery in the valuations of the previous investments that have been significantly marked down as a result of the ongoing pandemic and continued weakness in oil prices. There were no material asset write downs in June.

Further Portfolio update

As at 30 June 2020, the Company had cash of £74.2m and had drawn £76.0m on its £280m Revolving Credit Facility. The Company also had undrawn commitments on existing investments collectively valued at £67.4m. As of 30 June 2020, the Company’s invested portfolio comprised of 59 private debt investments and 12 infrastructure bonds across 8 sectors and 28 sub-sectors. It had an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 10.7% and a weighted average life of approximately 5.5 years. Private debt investments represented 94% of the total portfolio and 66% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company’s investments was 96.6% of par. Investments which are pre-operational represented 11.5% of total assets.

The Company’s invested portfolio remains geographically diverse with 53% located across the US, 15% in the UK, 26% 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)	99.28
Premium / (Discount)	4.8%
Total gross assets	£1.7bn
Total net assets	£1.6bn
Invested portfolio as a % of NAV	100.9%
Total portfolio, including committed amounts, as a % of NAV	105.0%
Portfolio yield-to-maturity / yield-to-worst	10.7%
Dividend	Quarterly
Next expected dividend declaration	July 2020
Ongoing charge ratio ⁽¹⁾⁽²⁾	0.96%
Of which, the Investment Adviser’s fee ⁽¹⁾	0.73%
% of Investment Adviser’s fee relative to Invested Assets ⁽¹⁾	0.70%

Investment Adviser

Sequoia Investment Management Company

www.seqimco.com	
Randall 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
Anurag Gupta	a.gupta@seqimco.com +44 (0)20 7079 0496

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 31/03/20.

(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 97.3% 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 June include:

- A \$50.0m primary senior secured loan to Genon Bowline Power with 1st lien on a natural-gas plant serving the NYISO market;
- An additional NOK 3.0m secondary acquisition of Exmar’s variable rate bonds maturing in 2022, backed by LNG and LPG vessels;
- An additional \$1.6m disbursement to Prime Data Centres for the development of a data centre campus in Sacramento, California; and
- An additional \$0.9m disbursement to Bourzou Equity, a company created for the construction of a data centre in Virginia.

The following Company’s investments were sold or prepaid in June:

- \$28.2m senior secured loan to Panda Patriot backed by an 829MW CCGT power plant in Pennsylvania; and
- €26.4m secondary loan to Project Serrezuela, a portfolio of operational solar PV plants in the Murcia region of Spain.

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.

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Ongoing charge ratio ⁽¹⁾⁽²⁾	0.96%
Of which, the Investment Adviser’s fee ⁽¹⁾	0.73%
% of Investment Adviser’s fee relative to Invested Assets ⁽¹⁾	0.70%

Investment Adviser

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Performance since IPO

SEQI	1 month	3 months	6 months	1 year	2 years	ITD ⁽²⁾
S/price	2.6%	10.6%	-10.8%	-8.5%	-8.0%	4.0%
TR	2.6%	12.3%	-8.2%	-3.2%	2.7%	35.6%
NAV	1.1%	4.2%	-3.9%	0.7%	8.9%	32.1%

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

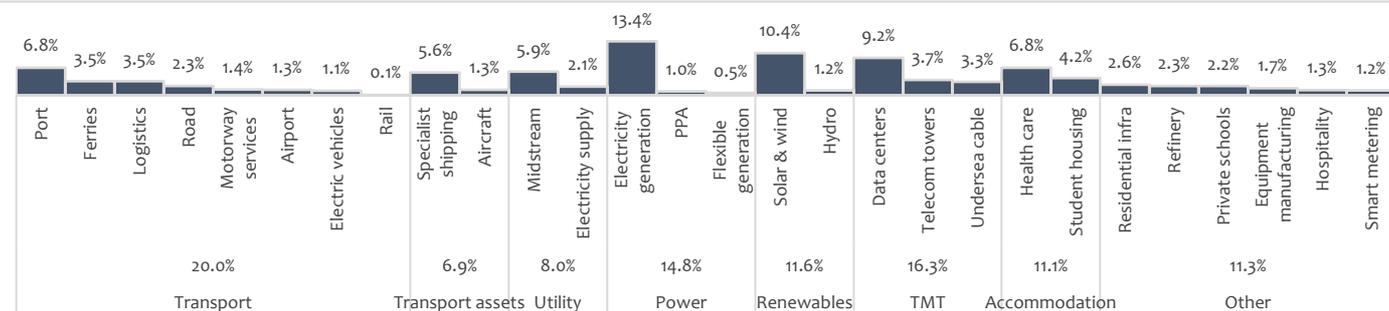
Portfolio summary ⁽³⁾

71	£62.1m	£23.4m	6.6 years	5.5 years	1.6	34%	11.5%
Investments	Largest investment	Average size	Average maturity	Average life	Portfolio mod. duration	Average equity cushion	Construction risk

Estimated portfolio sensitivities	Change in NAV	NAV movements since IPO	Pence per share
Interest rates +0.5% ⁽⁵⁾	-0.8%	Interest income ⁽⁶⁾	37.79
Interest rates -0.5%	0.9%	Expenses	-6.49
Interest rates +1.0%	-1.6%	Market movements	-4.69
Interest rates -1.0%	1.8%	Acquisition costs ⁽⁷⁾	-3.26
Euro +/- 5% (against GBP)	± 0.1%	FX movements ⁽⁸⁾	3.57
Dollar +/- 5% (against GBP)	± 0.1%	Dividends	-29.24
Dollar up 5% and Euro down 5%	± 0.0%	Subscriptions	3.58

Top holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Yield ⁽²⁾
AP Wireless Junior	EUR	Private	Mezz	62.1	TMT	Telecom towers	6.30
Hawaiki Mezzanine Loan	USD	Private	Mezz	54.5	TMT	Undersea cable	15.00
Expedient Data Centers Senior Secured	USD	Private	Senior	51.2	TMT	Data centers	6.16
Terra-Gen Power TL B	USD	Private	Senior	45.7	Renewables	Solar & wind	9.31
Hawkeye Solar HoldCo 2030 1, 2, and 3	USD	Private	HoldCo	43.6	Renewables	Solar & wind	8.25
Tracy Hills TL 2025	USD	Private	Senior	43.5	Other	Residential infra	9.29
Scandlines Mezzanine 2032	EUR	Private	HoldCo	43.0	Transport	Ferries	7.98
Jetpeaks HoldCo 2027	USD	Private	HoldCo	43.0	Power	Electricity generation	7.79
Euroports 2nd Lien 2026	EUR	Private	Mezz	42.7	Transport	Port	9.05
Bizkaia TL 2021	EUR	Private	HoldCo	41.4	Power	Electricity generation	9.07
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	41.0	Transport	Port	12.55
Bannister Senior Secured 2025	GBP	Private	Senior	40.7	Accommodation	Health care	8.76
GenOn Bowline Senior Secured 2026	USD	Private	Senior	40.4	Power	Electricity generation	7.00
Corral HoldCo 2024	USD	Private	HoldCo	37.9	Other	Refinery	11.69
American Shipping Company 9.25% 2022	USD	Private	Senior	37.3	Transport assets	Specialist shipping	7.48



(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 1% of NAV

Debt type ⁽⁴⁾	Private	94%	Public	6%			
	Interest type	Floating	66%	Fixed	34%		
Ranking	Senior	54%	Mezz	18%	HoldCo	28%	
	Region	UK	15%	N. America	53%	EuropeAus/NZ	26%
Currency net of hedges ⁽⁹⁾		GBP	97%	USD	2%		

Disclaimer

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