

LSE Ticker	SEQI
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	1,657,237,553
Share price (pence)	109.80
Market Cap	£1.82bn

Directors
Robert Jennings (Chairman)
Sandra Platts
Jan Pethick
Jon Bridel
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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 twelve mature jurisdictions and a range of sectors & subsectors.

The NAV for SEQI, the specialist investor in economic infrastructure debt, increased to 101.65 pence per share from the prior month’s NAV of 100.27 pence per share, representing an increase of 1.38 pence per share.

The gain in asset valuations this month can be attributed primarily to the increase in valuation of several sizeable Company positions that have seen material credit improvements and outperformed expectations.

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

	pence per share
November NAV	100.27
Interest income, net of expenses	0.74
FX movements, net of hedges	-0.14
Increase in asset valuations	0.78
December NAV	101.65

Update on the effects of COVID-19 on the Portfolio

The Investment Adviser, the Investment Manager, and PWC, the independent valuation agent, have continued their close analysis of the effects of COVID-19 on the Company’s portfolio which includes a market benchmarking exercise to conclude on spread and yield adjustments for each of the investments. The Investment Adviser is also closely monitoring the Company’s assets that have not been performing as expected.

Broadly speaking, the spread widening across the portfolio during the second half of March 2020 continued its reversal throughout December, with several of the Company’s investments performing better than expectations despite the various governmental COVID-19 induced restrictions in various countries. Spread tightening driven by credit improvements was evident across various sectors in the portfolio which resulted in uplifts to valuations of the relevant assets.

Further Portfolio update

As at 31 December 2020, the Company had cash of £102.6m and had drawn £149.0m on its £280m Revolving Credit Facility. The Company also had undrawn commitments on existing investments collectively valued at £158.3m. The Company’s invested portfolio comprised of 63 private debt investments and 11 infrastructure bonds across 8 sectors and 27 sub-sectors. It had an annualised yield-to-maturity (or yield-to-worst in the case of callable bonds) of 9.3% and a cash yield of 5.7%. Based on the Investment Adviser’s analysis of our current portfolio we continue to believe that our annual dividend remains fully cash covered, net of all expenses. The weighted average portfolio life is approximately 4.1 years. Private debt investments represented 95% of the total portfolio and 63% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company’s investments was 97.3% of par. Investments which are pre-operational represented 8.4% of total assets.

The Company’s invested portfolio remains geographically diverse with 48% located across the US, 15% in the UK, 31% 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 98.0% 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 December include:

- A €76.1m primary loan in Madrid Metro, financing 4 SPVs that lease rolling stock to the Madrid Metro;
- An €18.0m primary investment in Ziton Wind Enterprise’s bonds, an offshore wind turbine maintenance company located in Denmark;
- An additional \$25m investment in Tracy Hills, a residential infrastructure project in California;
- An additional \$0.4m disbursement to Bourzou Equity, a company created for a data center in Virginia.

The Company’s investments that were sold or prepaid in December include:

- A \$45m sale of General Electric’s 5% perpetual bonds, a diversified industrial conglomerate.

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)	101.65
Premium / (Discount)	8.0%
Total gross assets	£1.8bn
Total net assets	£1.7bn
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	9.3%
Dividend	Quarterly
Next expected dividend declaration	Jan 2021
Ongoing charge ratio ⁽¹⁾⁽²⁾	0.89%
Of which, the Investment Adviser’s fee ⁽¹⁾	0.69%
% of Investment Adviser’s fee relative to Invested Assets ⁽¹⁾	0.68%

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 30/09/20.

(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.

Performance since IPO

SEQI	1 month	3 months	6 months	1 year	2 years	ITD ⁽²⁾
S/price	3.4%	5.2%	5.6%	-5.8%	-3.3%	9.8%
TR	3.4%	6.7%	8.7%	-0.2%	8.2%	47.5%
NAV	1.4%	3.0%	5.5%	1.3%	11.7%	39.3%

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

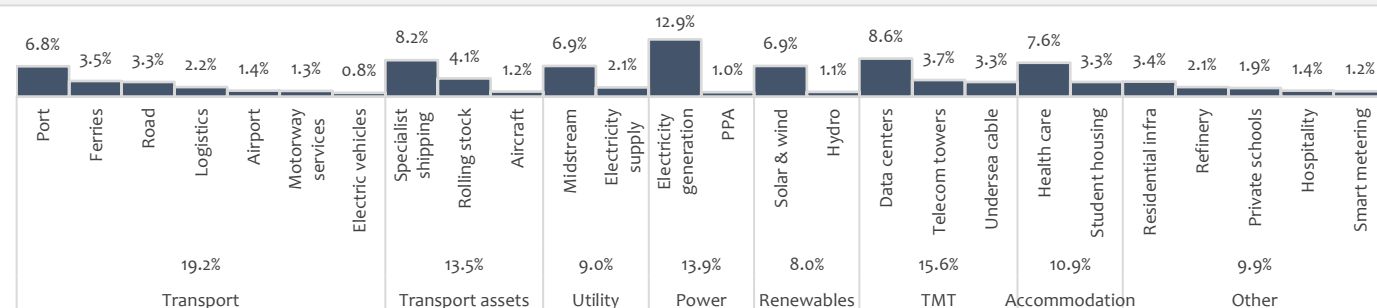
Portfolio summary ⁽³⁾

74 Investments	£68.2m Largest investment	£22.6m Average size	5.3 years Average maturity	4.1 years Average life	1.8 Portfolio mod. duration	34% Average equity cushion	8.4% 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⁾	41.14
Interest rates -0.5%	0.8%	Expenses	-7.05
Interest rates +1.0%	-1.5%	Market movements	-1.76
Interest rates -1.0%	1.6%	Acquisition costs ⁽⁷⁾	-3.38
Euro +/- 5% (against GBP)	± 0.1%	FX movements ⁽⁸⁾	3.46
Dollar +/- 5% (against GBP)	± 0.0%	Dividends	-32.37
Dollar up 5% and Euro down 5%	± 0.0%	Subscriptions	3.59

Top holdings

Investment name	Ccy	Type	Ranking	Value £m ⁽¹⁾	Sector	Sub-sector	Cash-on-cash yield (%)	Yield (%) ⁽²⁾
Madrid Metro	EUR	Private	HoldCo	68.2	Transport assets	Rolling stock	1.30	5.40
AP Wireless Junior	EUR	Private	Mezz	62.1	TMT	Telecom towers	4.25	6.25
Tracy Hills TL 2025	USD	Private	Senior	56.1	Other	Residential infra	8.15	8.15
Hawaiki Mezzanine Loan	USD	Private	Mezz	55.0	TMT	Undersea cable	8.55	9.56
Warnow Tunnel Tranches	EUR	Private	Senior	52.5	Transport	Road	1.37	2.26
Expedient Data Centers	USD	Private	Senior	47.0	TMT	Data centers	5.68	5.85
Care4U Senior Secured	EUR	Private	Senior	45.3	Accommodation	Health care	6.50	6.50
Euroports 2nd Lien 2026	EUR	Private	Mezz	45.3	Transport	Port	7.81	7.92
Scandlines Mezzanine 2032	EUR	Private	HoldCo	44.2	Transport	Ferries	0.00	9.13
Bannister Senior Secured	GBP	Private	Senior	42.1	Accommodation	Health care	6.58	6.78
Adani Abbot HoldCo	AUD	Private	HoldCo	42.1	Transport	Port	5.76	15.33
Hawkeye Solar HoldCo	USD	Private	HoldCo	39.9	Renewables	Solar & wind	8.25	8.25
Ziton Senior Secured 2022	EUR	Private	Senior	38.9	Transport assets	Specialist shipping	8.86	14.95
Jetpeaks HoldCo 2027	USD	Private	HoldCo	38.6	Power	Electricity generation	7.49	8.02
Terra-Gen Power TL B	USD	Private	Senior	38.6	Renewables	Solar & wind	5.31	6.55



(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) 1% EUR underhedged

Debt type (4)	Private 95%	Public 5%		
Interest type	Floating 63%	Fixed 37%		
Ranking	Senior 54%	Mezz 18%	HoldCo 29%	
Region	UK 15%	N. America 48%	Europe 31%	Aus/NZ 6%
Currency net of hedges (9)	GBP 98%	USD 1%		

Disclaimer

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