

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)	108.20
Market Cap	£1.79bn

Directors
Robert Jennings (Chairman)
Sandra Platts
Jan Pethick
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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 101.23 pence per share from the prior month’s NAV of 100.09 pence per share (being the 31 December 2020 cum-income NAV of 101.65 pence less the dividend of 1.5625 pence per share declared in respect of the quarter ended 31 December 2020), representing an increase of 1.14 pence per share.

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

	pence per share
December NAV	101.65
Dividend declared for quarter ending 31 December 2020	-1.56
Adjusted opening NAV	100.09
Interest income, net of expenses	0.59
FX movements, net of hedges	0.02
Increase in asset valuations	0.53
January NAV	101.23

Update on the effects of COVID-19 on the Portfolio

Since 31 March 2020, being the date of the Company’s last annual results, the Company has continued to perform in line with expectations and the portfolio has seen a strong recovery since various loans were marked down at the onset of the March 2020 sell off. During this period, the NAV total return was 11.2%. This was driven in part by credit spreads tightening, which contributed about 5.16 pence per share to the NAV over that period. The Company’s strongest performing sub-sectors have been data centres and telecom towers which have delivered returns of 9.5% and 11.6% respectively since 31 March 2020.

Portfolio update

The Company’s invested portfolio comprised of 64 private debt investments and 11 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 8.8% and a cash yield of 5.6%. Based on the Investment Adviser’s analysis of our current portfolio our annual dividend remains fully cash covered, net of all expenses. While the events of 2020 saw the current level of loans not paying cash interest (“PIK loans”) rise to 20.7% currently from a typical range of 10 – 15% (consisting mainly of loans to assets in construction), the Investment Adviser expects the number of PIK loans to decrease throughout 2021, increasing dividend cash cover and capturing increased economics from the PIK terms. Moreover, some interest income which fell to be reported as PIK income has subsequently been received in cash, albeit sometime after the due date.

The weighted average portfolio life is approximately 4.4 years. Private debt investments represented 95% of the total portfolio and 61% of the portfolio comprised floating rate assets. The weighted average purchase price of the Company’s investments was 97.4% of par. Investments which are pre-operational represented 8.1% of total assets.

As at 29 January 2021, SEQI had cash of £114.8m and had drawn £209m on its £280m Revolving Credit Facility. The Company also had undrawn commitments on existing investments collectively valued at £127.8m.

The Company continues to see a strong pipeline of economic infrastructure opportunities globally, with a near term pipeline of opportunities under review in excess of £500m. These opportunities are both geographically diverse and include potential investment opportunities in data centres, electricity generation and supply and renewable energy. This pipeline of investments continues to strengthen the ESG credentials of the Company’s portfolio.

In light of the Company’s current level of gearing and the opportunities available to it, the Company is considering raising further equity to repay drawings under its revolving credit facility. If the Board resolves to proceed with an equity raise, any issue of shares will be at a price per share that is accretive to NAV. Any equity issue would likely be undertaken under the Company’s general authority to issue up to 10% of its shares in issue on a non-pre-emptive basis, as approved by shareholders at its 2020 Annual General Meeting.

At month end, approximately 97.0% 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 January include:

- A £65.0m loan to Infinis Energy Management, the UK’s leading generator of low-carbon power from captured methane;
- An additional \$1.1m disbursement to Sunrun Radcliffe, a leader in the US residential solar market; and
- An additional \$0.4m disbursement to Bourzou Equity, a company created for a data centre in Virginia.

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

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)	101.23
Premium / (Discount)	6.9%
Total gross assets	£1.9bn
Total net assets	£1.7bn
Invested portfolio as a % of NAV	103.6%
Total portfolio, including committed amounts, as a % of NAV	111.2%
Portfolio yield-to-maturity / yield-to-worst	8.8%
Dividend	Quarterly
Next expected dividend declaration	April 2021
Ongoing charge ratio ⁽¹⁾⁽²⁾	0.89%
Of which, the Investment Adviser’s fee ⁽¹⁾	0.68%
% 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 31/12/20.

(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	-1.5%	3.4%	3.0%	-5.4%	-3.0%	8.2%
TR	-0.1%	4.9%	6.0%	0.3%	8.6%	47.4%
NAV	1.0%	3.8%	6.3%	1.7%	11.8%	40.7%

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

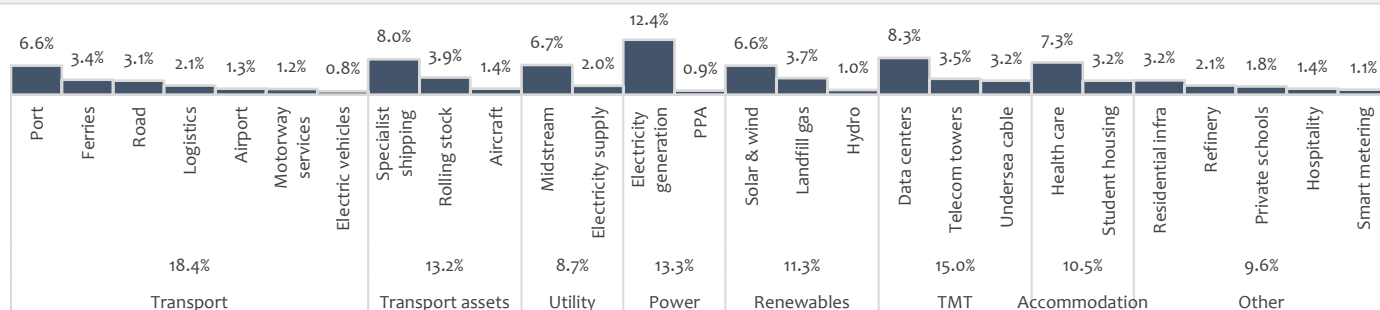
Portfolio summary ⁽³⁾

75 Investments	£67.5m Largest investment	£23.2m Average size	6.0 years Average maturity	4.4 years Average life	2.0 Portfolio mod. duration	34% Average equity cushion	8.1% Construction risk
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Estimated portfolio sensitivities	Change in NAV	NAV movements since IPO	Pence per share
Interest rates +0.5% ⁽⁵⁾	-0.9%	Interest income ⁽⁶⁾	41.32
Interest rates -0.5%	0.9%	Expenses	-7.15
Interest rates +1.0%	-1.8%	Market movements	-0.68
Interest rates -1.0%	1.9%	Acquisition costs ⁽⁷⁾	-3.42
Euro +/- 5% (against GBP)	± 0.1%	FX movements ⁽⁸⁾	3.48
Dollar +/- 5% (against GBP)	± 0.1%	Dividends	-33.93
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	67.5	Transport assets	Rolling stock	1.30	5.40
Infinis Energy	GBP	Private	Senior	65.0	Renewables	Landfill gas	5.00	5.00
AP Wireless Junior	EUR	Private	Mezz	61.7	TMT	Telecom towers	4.25	6.25
Tracy Hills TL 2025	USD	Private	Senior	55.9	Other	Residential infra	8.12	8.12
Hawaiki Mezzanine Loan	USD	Private	Mezz	54.8	TMT	Undersea cable	8.54	9.56
Warnow Tunnel	EUR	Private	Senior	51.9	Transport	Road	1.37	3.21
Expedient Data Centres	USD	Private	Senior	46.9	TMT	Data centres	5.68	5.85
Euroports 2nd Lien 2026	EUR	Private	Mezz	44.9	Transport	Port	7.79	7.85
Care4U Senior Secured	EUR	Private	Senior	44.8	Accommodation	Health care	6.00	6.00
Scandlines Mezzanine	EUR	Private	HoldCo	43.7	Transport	Ferries	0.00	9.13
Adani Abbot HoldCo 2021	AUD	Private	HoldCo	41.6	Transport	Port	5.76	17.61
Bannister Senior Secured	GBP	Private	Senior	41.6	Accommodation	Health care	6.54	6.74
Hawkeye Solar HoldCo	USD	Private	HoldCo	39.8	Renewables	Solar & wind	8.26	8.26
Jetpeaks HoldCo 2027	USD	Private	HoldCo	38.5	Power	Electricity generation	7.48	8.02
Ziton Senior Secured 2022	EUR	Private	Senior	38.2	Transport assets	Specialist shipping	7.79	15.61



(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 61%	Fixed 39%		
Ranking	Senior 57%	Mezz 17%	HoldCo 26%	
Region	UK 19%	N. America 46%	Europe 29%	Aus/NZ 6%
Currency net of hedges (9)	GBP 97%	USD 2%		

Disclaimer

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