

# SEQUOIA ECONOMIC INFRASTRUCTURE

INCOME FUND LIMITED

LSE Ticker	SEQL
LSE index constituency	FTSE 250
Listing date	03/03/2015
Year end	31 March
Annual dividend target	6.25p p.a.
Shares in issue	1,768,238,998
Share price (pence)	98.70
<b>Market cap</b>	<b>£1.75bn</b>

## Monthly Investor Report

as at 29 April 2022

### PORTFOLIO SUMMARY<sup>1</sup>

<b>73</b>	<b>£64.7m</b>	<b>4.1 yrs</b>	<b>2.0</b>
Investments	Largest investment	Average life	Portfolio modified duration
<b>£25.3m</b>	<b>5.1 yrs</b>	<b>33%</b>	<b>13%</b>
Average size	Average maturity	Average equity cushion	Construction risk

Sequoia Economic Infrastructure Income Fund Limited 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 SEQL, the specialist investor in economic infrastructure debt, decreased marginally to 98.75 pence per share from the prior month's NAV of 98.94 pence per share, (being the 31 March 2022 cum-income NAV of 100.50 less the dividend of 1.5625 pence per share in respect of the quarter ended 31 March 2022), representing a decrease of 0.19 pence per share.

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

	pence per share
<b>March NAV</b>	<b>100.50</b>
Interest income, net of expenses	0.61
FX movements, net of hedges	0.09
Dividends	-1.56
Decrease in asset valuations	-0.89
<b>April NAV</b>	<b>98.75</b>

### PORTFOLIO INFORMATION

NAV per share (pence)	98.75
Premium/(discount)	0%
Total gross assets	1.9bn
Total net assets	1.8bn
Invested portfolio as a % of NAV	103.94%
Total portfolio, including committed amounts, as a % of NAV	105.3%
Portfolio yield-to-maturity/ yield-to-worst <sup>2</sup>	8.81%
Dividend	Quarterly
Next expected dividend declaration	Jul 22
Ongoing charge ratio	0.87%
Of which, the Investment Adviser's fee	0.66%
% of Investment Adviser's fee relative to Invested Assets	0.66%

- All information based on settled investments only.
- Non-performing loans are excluded from YTM and YTW.
- <https://www.seqifund.com/investors/regulatory-news-alerts/>
- For the twelve months ending 31/12/2021.
- 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.



## PERFORMANCE SINCE IPO

SEQI	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	2 YEARS	3 YEARS	5 YEARS	ITD <sup>2</sup>
<b>Share price</b>	-3.99%	-3.99%	-9.78%	-7.58%	-0.30%	-13.27%	-11.08%	-1.30%
<b>Total return</b>	-2.47%	-2.47%	-6.95%	-2.00%	12.08%	4.49%	17.73%	44.72%
<b>Net Asset Value<sup>1</sup></b>	-0.19%	0.00%	0.12%	2.39%	14.68%	15.94%	29.36%	47.75%

1. NAV performance includes dividends paid.

2. From inception-to-date (ITD).

## PORTFOLIO UPDATE

Over the month, yield curves in US Dollars, Sterling and Euros rose materially, with, for example, 10-year Treasuries rising from 2.4% to 2.9% and 10-year Gilts rising from 1.6% to 1.9%. This resulted in the values on many fixed rates loans falling, and explains a substantial part of the fall in the NAV this month. It should be noted that this decline is simply a timing effect as the price of those fixed rate loans will accrete back up to par as they get closer to their maturity dates.

As at 29 April 2022, the Company had cash of £107.70m and had drawn £123.30m on its £325m revolving credit facility. The Company also had undrawn commitments on existing investments collectively valued at £65.54m. The Company's invested portfolio consisted of 65 private debt investments and 8 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 8.8% and a cash yield of 6.5%. The weighted average portfolio life is approximately 4.1 years. Private debt investments represented 95% of the total portfolio and 50% of the portfolio comprised floating rate assets. Investments which are pre-operational represented 13% of total assets.

The Company's invested portfolio remains geographically diverse with 51% located across the US, 17% in the UK, 27% in Europe, and 5% 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 100% 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 Investment Advisor continues to focus on the Company's non-performing loans. While the values on the Company's loans to Bulb Energy, Salt Lake Potash and the school in Washington are more-or-less unchanged over the month, progress is being made on each one:

- **Bulb Energy:** shortly after the end of the month, the Company received an interim distribution of £10 million from the administrators appointed to Simple Energy (the parent of Bulb Energy). This is sufficient to pay all the interest that had accrued on the loan since the borrower entered administration, and also to reduce the loan balance by approximately £7.5 million; Bulb's value is now approximately 1.3% of NAV. Further distributions are also expected;
- **Salt Lake Potash:** the Investment Advisor continues to work with the Receiver and other parties on the resolution of this investment. Currently, there is a M&A process underway to sell the business, which is expected to be completed over the coming months, at which point a fuller disclosure can be made to investors; and
- **Washington school:** the Investment Adviser has made substantial progress on putting the capital structure of the borrower on to a more stable, long-term basis and expects the definitive documentation in relation to that to be signed shortly.

### The Company's settled investment activities during April include:

- an advance of \$1.41m under the Salt Lake Potash Super Senior Facility, an Australian potash facility in Australia. This is a super-senior liquidity facility to a non-performing asset. The purpose of the loan is to finance the company during the restructuring process; and
- an additional \$0.2m disbursement to Lanthanum, a leading developer of hyperscale data centres in the USA.

### The following assets sold or prepaid in April:

- a loan of \$19.1m to Sierra, a HoldCo financing of a portfolio of nine Californian gas turbines;
- an interim distribution of £10.0m from the administrators appointed to Simple Energy (the parent of Bulb Energy), a UK-based energy provider. Further distributions are expected; and
- a full sale of our Talen 2025 and 2026 Bonds for \$3.7m and \$3.8m respectively, thereby avoiding having to participate in the subsequent Chapter 11 Bankruptcy proceedings announced last week.

## COMPANY INFORMATION

### DIRECTORS

**Robert Jennings** (Chair)

**Sandra Platts** (SID)

**Jon Bridel**

**Tim Drayson**

**Sarika Patel**

**Jan Pethick**

**James Stewart**

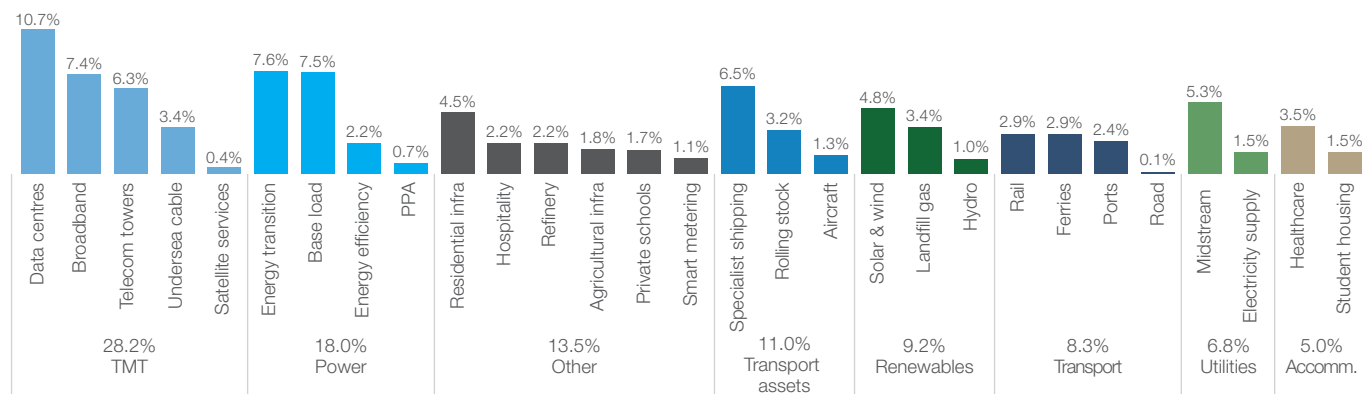
The Board is temporarily enlarged with the above mentioned Directors on account of succession planning.

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.

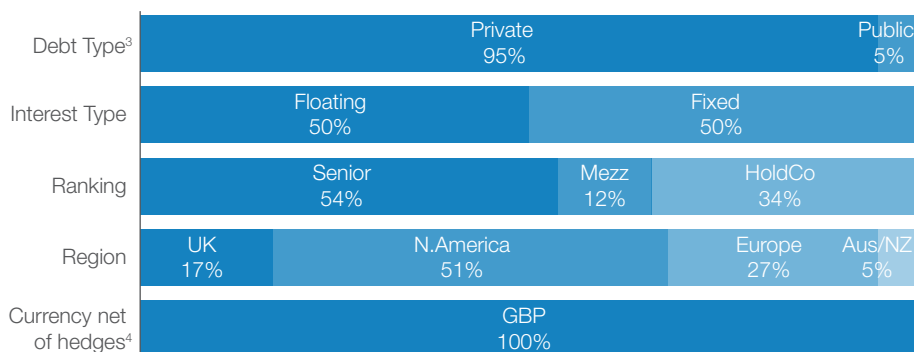
Its policy is not to invest any of its assets in equity products, including other listed closed-ended investment funds. As such, the Company considers its shares to be eligible investments, under the FCA's Listing Rule 15.4.5, for other listed closed-ended investment funds.

**SEQI's ESG policy which sets out the ESG criteria and principles applied to its investing activities can be found on its website.**

## TOP HOLDINGS

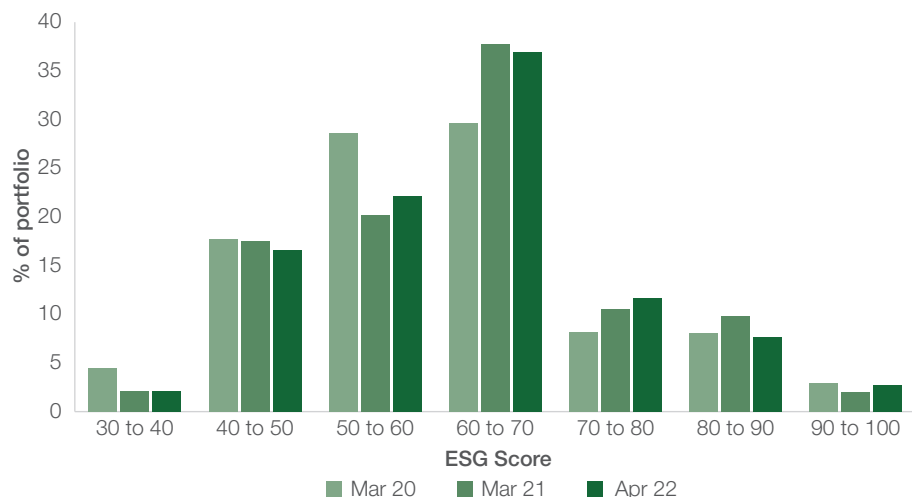


Investment name	Currency	Type	Ranking	Value £m <sup>1</sup>	Sector	Sub-sector	Cash-on-cash yield %	Yield % <sup>2</sup>
Bannister Senior Secured	GBP	Private	Senior	64.7	Accommodation	Health care	7.29	7.57
Hawaiki Mezzanine Loan	USD	Private	Mezz	61.4	TMT	Undersea cable	8.31	8.66
Infinis Energy	GBP	Private	Senior	60.9	Renewables	Landfill gas	5.34	5.86
AP Wireless Junior	EUR	Private	Mezz	59.6	TMT	Telecom towers	6.28	6.34
AP Wireless US Holdco	USD	Private	HoldCo	54.6	TMT	Telecom towers	6.05	6.83
Tracy Hills TL 2025	USD	Private	Senior	54.6	Other	Residential infra	8.76	8.76
Hawkeye Solar HoldCo	USD	Private	HoldCo	54.4	Renewables	Solar & wind	8.75	9.26
Project Camden	EUR	Private	HoldCo	53.6	Power	Base load	7.62	7.88
Brightline	USD	Private	Senior	53.2	Transport	Rail	8.37	8.94
Madrid Metro	EUR	Private	HoldCo	51.9	Transport assets	Rolling stock	1.34	6.09
Expedient Data Centers	USD	Private	Senior	51.7	TMT	Data centers	6.31	6.31
Lightspeed Fibre Group Ltd	GBP	Private	Senior	50.1	TMT	Broadband	6.69	6.69
Sacramento Data Centre	USD	Private	Senior	48.4	TMT	Data centers	7.00	7.00
Project Nimble	EUR	Private	HoldCo	44.4	TMT	Data centers	8.35	9.14
Kenai HoldCo 2024	EUR	Private	HoldCo	42.8	Power	Base load	0.00	11.43



1. Excluding accrued interest.
2. Yield to maturity/worst.
3. Percentage of invested assets (excluding cash), due to rounding this may not total 100%.
4. Hedged 100% GBP.

## PORTFOLIO ESG DISTRIBUTION



## NAV MOVEMENTS SINCE IPO

	Pence per share
Interest income	50.9
Expenses	-10.2
Market movements	-3.2
Acquisition costs	-3.8
FX movements	3.5
Dividends	-40.2
Subscriptions	3.7

## ESTIMATED PORTFOLIO SENSITIVITIES

	Change in NAV
Interest rates +0.5% <sup>4</sup>	-1.1%
Interest rates -0.5%	1.1%
Interest rates +1.0%	-2.1%
Interest rates -1.0%	2.3%
Euro +/- 5% (against GBP)	± 0.0%
Dollar +/- 5% (against GBP)	± 0.0%
Dollar up 5% and Euro down 5%	± 0.0%

## INVESTMENT ADVISER

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## FUND SERVICE PROVIDERS

<b>Administrator</b>	Sanne Fund Services (Guernsey) Limited
<b>AIFM</b>	Sanne Fund Management (Guernsey) Limited
<b>Auditors</b>	KPMG
<b>Brokers</b>	Jefferies International Ltd
<b>Custodian</b>	Bank of New York Mellon

- PIK interest and fee income were previously recorded as capital gains, and have been retroactively applied up to and including this month's NAV movements.
- 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.
- Net of currency hedges.
- A simultaneous parallel shift in EUR, GBP and USD yield curves.

## Disclaimer

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