2019

INTERIM REPORT

Diversified
Sustainable
Growth

SEQUOIA
ECONOMIC
INFRASTRUCTURE
INCOME FUND LIMITED

Purpose

Our purpose is to generate attractive and sustainable returns for a wide range of investors through responsible and disciplined investment into a growing portfolio of diverse economic infrastructure debt. These assets would otherwise be difficult for investors to access, given the specialist nature of the necessary credit rating and advisory skills needed. Our investments support the operation and development of infrastructure, with clear sustainability standards, benefitting societies across the range of geographies where we invest.

Contents

Overview

ABOUT SEQUOIA ECONOMIC INFRASTRUCTURE INCOME FUND LIMITED

The Company seeks to provide investors with regular, sustained, long-term distributions and capital appreciation from a diversified portfolio of senior and subordinated economic infrastructure debt investments. The Company is advised by Sequoia Investment Management Company Limited.

Portfolio summary (as at 30 September 2019)

78 Investments	£60.4m Largest investment	£18.6m Average size	5.7 years Average maturity
4.2 years Average life	1.2 Portfolio mod. duration	37% Average equity cushion	15.7% Construction risk

Quote from the Chairman

"I am pleased to report another good first half year performance. The strength of the Fund's performance in the four-and-a-half years since listing means that we have been able to raise our targeted dividend pay out for the first time. Even after the substantial 4.2% increase in this target, net asset value per share grew by 1.8% over the half year. Gross assets under management increased by over £300 million, reflecting substantial and attractive opportunities to debt finance economic infrastructure providers. The Board remains confident in the business model and strategy."

Robert Jennings Chairman of the Company

Highlights

2019/20 INTERIM RESULTS

Diverse and cash-generative portfolio

Highlights for the period from 1 April 2019 to 30 September 2019

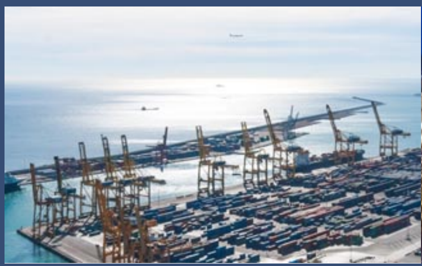
- Annualised portfolio yield-to-maturity of 8.2% as at 30 September 2019[1]
- Dividends of 3.0625p per Ordinary Share paid during the period; increased dividend target from 6p to 6.25p per share announced in May 2019
- Two over-subscribed equity issues:
  - Raised gross proceeds of £216.0 million through an over-subscribed Open Offer, Placing and Offer for Subscription of Ordinary Shares in June 2019
  - Raised gross proceeds of £138.8 million through an over-subscribed Placing of Ordinary Shares in September 2019
- Increasingly diversified portfolio of 78 investments made across 8 sectors, 30 sub-sectors and 13 mature jurisdictions
  - 88% of investments in private debt
  - 72% floating rate investments, capturing short-term rate rises
  - Short weighted average life of 4.2 years creating re-investment opportunities
  - Weighted average equity cushion of 37%
- Continued low ongoing charges ratio of 0.95% (calculated in accordance with AIC guidance)[1]
- Investment Adviser committed to implementing Environmental, Social and Governance ("ESG") policy as part of the credit process, with the goal of full implementation by 2020 to support the sustainability of the Company's business model and preserve long-term shareholder value
- Portfolio is well positioned to benefit from a rising interest rate environment given the balance of floating rate and shorter-term fixed investments

Financial highlights

	30 September 2019	31 March 2019
Total gross Assets Under Management ("AUM")	**£1,543,120,604**	£1,216,799,963
Total net assets	**£1,459,847,194**	£1,097,139,421
Net Asset Value ("NAV") per Ordinary Share *	**105.30p**	103.41p
Ordinary Share price *	**115.60p**	113.00p
Ordinary Share premium to NAV	**9.8%**	9.3%

1 See appendix
** Cum dividend*

Company summary



Principal activity

Sequoia Economic Infrastructure Income Fund Limited (the “Company”) invests in a diversified portfolio of senior and subordinated economic infrastructure debt investments through its subsidiary Sequoia IDF Asset Holdings S.A. (the “Subsidiary”, together the “Group” or the “Fund”). The Company controls the Subsidiary through a holding of 100% of its shares.

Investment objective

The Company’s investment objective is to provide investors with regular, sustained, long term distributions and capital appreciation from a diversified portfolio of senior and subordinated economic infrastructure debt investments. This objective is subject to the Fund having a sufficient level of investment capital from time to time and the ability of the Fund to invest its cash in suitable investments.

Investment policy

The Company’s principal investment policy is to invest in a portfolio of loans, notes and bonds where all or substantially all of the associated underlying revenues are from business activities in the following market sectors: transport, transportation equipment, utilities, power, renewable energy, accommodation and telecommunications infrastructure. The revenues should derive from certain eligible jurisdictions, as defined in the Company’s Prospectus. In addition, in excess of 50% of the portfolio should be floating rate or inflation-linked debt, and not more than 10% by value of the Fund’s investments (at the time of investment) should relate to any one individual infrastructure asset.

Dividend policy

In the absence of any significant restricting factors, the Board expects to pay dividends totalling 6.25p per Ordinary Share per annum with effect from the quarter ended 30 June 2019 (increased from 6p per Ordinary Share) for the foreseeable future. The Company pays dividends on a quarterly basis.

Chairman's statement

It is my pleasure to present to you the Interim Report of Sequoia Economic Infrastructure Income Fund Limited for the six-month period of operations ended 30 September 2019.

CONSISTENT GROWTH AND PERFORMANCE

Since the Company's initial public offering ("IPO"), in March 2015, the Company's market capitalisation has grown from approximately £150 million to approximately £1.6 billion, with a net asset value ("NAV") of approximately £1.5 billion as at 30 September 2019. The Company has successfully completed a number of growth and shareholder value initiatives throughout the first half of this financial year:

- Raised gross proceeds of £354.8 million through two equity issues in June and September 2019;
- Increased the Company's Revolving Credit Facility ("RCF") from £150 million to £200 million; and
- Increased the Company's dividend target from 6p to 6.25p per share.

This growth has enabled the Company to build an increasingly diversified portfolio of investments, reducing the Company's exposure to its largest single asset from approximately 10% of NAV four years ago, to approximately 4.1%.

The Company's shares have consistently traded at a premium to its NAV, averaging 9.9% over the first half of the financial year and standing at 9.8% on 30 September 2019. The Board of Directors of the Company (the "Board") believes that this is a reflection of the Company's strong dividend policy and the uniqueness of its investment proposition to investors.

On 22 May 2019 the Board announced an increase to the dividend target from 6p per share to 6.25p per share, which we believe better reflects the underlying growth in the Company's asset base since IPO, and is supported by a highly cash-generative portfolio.

Investors in the IPO have received total dividends of 24.56p per share and have seen the share price increase from 100.0p to 115.6p, representing a total gain of 40.2p per share and an annualised total return[2] (or "IRR") of 8.4% (7.0% calculated on a NAV basis, based on a day-one NAV of 98.0p per share).

COMPANY GROWTH AND NET ASSET VALUE PERFORMANCE

Over the first half of this financial year, the Company's NAV per share has increased from 103.4p to 105.3p. Over the same period, the Company has paid dividends of 3.06p per share, resulting in a total NAV return[2] of 4.9%.

This performance is predominantly the result of four factors: the portfolio consists of stable, cash-generative assets which generate an annual return[2] of over 8%; costs and expenses are moderate with an ongoing charges ratio of just under 1%; positive market movements on many of the Company's investments; and a total gain of just under 1% from issuing shares at a premium to NAV during the first half of the financial year.

Issue size (shares)	Issue close date	Issue price (p per share)	Gross proceeds (£m)	Net proceeds (£m)	Discount to pre-announcement price	Premium to prevailing NAV	NAV accretion (p per share)
200,000,000	27-Jun-19	108.00	216.0	213.0	-3.7%	4.9%	0.55
125,000,000	20-Sep-19	111.00	138.8	137.0	-5.0%	6.1%	0.41

2 See appendix

The Board is grateful for the support that existing and new investors showed during the share issues in June and September. This support allowed us to issue shares at premia to the prevailing net asset values, resulting in a total gain of 0.96p per share.

We believe that this measured growth has had several benefits for the Company, first of which is a gain in NAV per share for all investors regardless of whether they participated in the share issues. The second benefit of this growth is increased portfolio diversification from acquiring additional assets from the strong pipeline of investments. Lastly, growth of the Company allows it to benefit from economies of scale which reduces operational expenses in percentage terms.

A DIVERSE AND CASH-GENERATIVE PORTFOLIO

The Board continues to be pleased with the progress made by the Investment Adviser in building a portfolio of attractive infrastructure debt investments. As at 30 September 2019, the invested portfolio comprised 78 investments, diversified by borrower, jurisdiction, sector and sub-sector, and generating an average yield-to-maturity[3] of 8.2% from a portfolio of loans and bonds with an average equity cushion of 37%.

In constructing the portfolio, the Investment Adviser is mindful of a number of factors. Paramount is credit quality, with each investment subject to rigorous scrutiny and due diligence. In addition, the yield on investments needs to be attractive both in relative terms (when compared to assets of a similar quality) and in absolute terms (to ensure the Company can meet its target of paying a dividend of 6.25p per share). Lastly, a range of other criteria must also be met, including adherence to the Company's ESG principles, compliance with concentration limits to ensure a well-diversified portfolio, and targeting floating rate investments for at least half of the portfolio.

Approximately 88% of the portfolio consists of private debt investments; this is important, as private debt typically enjoys a higher yield (an "illiquidity premium") compared to rated, listed bonds. Since the Company's fundamental strategy is buy-and-hold, as opposed to a debt trading strategy, it makes sense to capture this illiquidity premium. At the same time, having infrastructure bonds within the portfolio provides the Company with considerable liquidity, and the Directors believe there is value in having the flexibility to raise liquid funds at short notice, should the need arise.

The portfolio is also highly cash-generative, the benefits of which are perhaps under-appreciated. The cash arises from not just the investments' regular, contractual and therefore predictable interest payments, but in many cases from either periodic amortisation payments (i.e. the borrower repaying the loan or bond over its life in instalments) or short investment maturities.

The Investment Adviser estimates that the portfolio will, over the next twelve months, generate over £80.0 million of free cash (c.5.5% of NAV), after payment of its operating expenses and a dividend of 6.25p per share. The practical benefit of this cash generation is that the Company can redeploy it into higher credit quality investments or investments with better ESG credentials.

The Investment Adviser will continue to update you on the Company's progress by way of the monthly Investor Reports.

CREDIT RISK

As with any fund which invests in the debt markets, credit risk is arguably the single largest risk factor in our investment strategy. The Investment Adviser, prior to making any loan, undertakes a thorough due diligence process and credit analysis and I am pleased to say that in the four-and-a-half years since the IPO, the Company has not had a single loan default. This is a remarkable achievement, but the Board, together with the Investment Adviser, the Investment Manager and our consultants, are not complacent about credit risk, and are ever-alert to the evolving market environment. One of the ways that this risk is managed is by increasing the level of diversification in the investment portfolio: six months ago, the largest investment was 5.1% of the Company's NAV; as at 30 September 2019 it was only 4.1%. Over time we expect this trend to continue.

The Board also feels strongly that thorough investment monitoring by the Investment Adviser and regular engagement of the Directors, independent consultants and our Investment Manager in this process further mitigates credit risk. To this end we hold portfolio review days semi-annually. These provide an invaluable forum for the Investment Adviser to present updates on each investment

3 See appendix

in the portfolio to our full team, and for considered discussion of market conditions, trends and other strategic considerations. In addition, the Risk Committee reviews any individual investments and issues that merit its consideration at its quarterly meetings, and holds ad hoc calls in between those meetings to discuss any matters arising.

INTEREST RATE RISK AND CURRENCY RISK

As the US Federal Reserve contemplates cutting interest rates even further, the Company has defensively positioned itself to support the Company's operational expenses and a 6.25p dividend even in a falling rate environment by maintaining an overall portfolio yield[4] of 8.2%. In rising or falling rate environments, the portfolio is susceptible to some NAV volatility resulting from change in asset values. For example, a 1% reduction in interest rates is estimated to have the effect of increasing the value of the portfolio by c.1.4%.

The Investment Adviser has successfully managed to mitigate potential NAV volatility by ensuring that 72% of the portfolio is comprised of floating rate investments and that the overall portfolio modified duration is 1.2 as at 30 September 2019.

The effect of currency exchange rates on the NAV also deserves further explanation. Currently, only about 16% of the portfolio consists of UK assets denominated in Sterling, with the balance diversified across assets denominated in US Dollars, Australian Dollars, Euros, and Norwegian Kroner. In order to reduce the potential for NAV volatility arising from movements in the exchange rates, the Company has a large currency hedging position, which is designed to rise in value when Sterling strengthens and fall in value when Sterling weakens. The net effect is that the NAV behaves as though approximately 99% of the Company's assets were denominated in Sterling.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INITIATIVES

The Board strongly believes that responsible investment principles play an integral role in achieving long-term investment performance. As such, the Company has worked over the first half of the financial year to develop several comprehensive ESG policies that incorporate quantitative and qualitative assessments of current and potential investments. The process of this programme and an outline of what investors can expect to see over the second half of the financial year are both described more fully in the Investment Adviser's report.

POSITIVE OUTLOOK

Over the first half of this financial year, the Company has operated in relatively calm macroeconomic environments across the US, the UK and Europe compared to the end of 2018, when the global corporate bond and loan markets declined, caused by a flight of capital to lower risk investments. The bond and loan markets have since recovered, but signs of economic slowdowns are beginning to surface along with social unrest in some emerging and mature markets, catalysed by climate change, wealth inequality, and claims of corruption.

Despite these threats, the Company is well-positioned to continue performing as it has done during other bouts of volatility throughout the first four-and-a-half years of its life. For example, the Company has achieved a total NAV return[4] of 34.0% since IPO, in a period that witnessed uncertain domestic and foreign policies in the US, the rise of populist political movements in Europe, and heightened tensions in East Asia and the Middle East. Comparatively, the iShares Global High Yield GBP-Hedged ETF returned only 15.6% over the same period.

Some developing macro-economic and political themes may be advantageous to the Company, such as a renewed focus on infrastructure spending by the US Government and other OECD countries, and a strong US economy in which the Company holds approximately 49% of its investments.

Whilst many of the above risks continue to be present, it is in such periods of volatility that the stability of infrastructure debt has historically demonstrated its real value to investors. We remain confident in our Investment Adviser's ability to deploy funds in a very attractive and active pipeline of mostly private debt infrastructure lending opportunities. The Board therefore believes that the Company's portfolio and investment pipeline will continue to deliver an attractive risk-adjusted return with a relatively low correlation to the broader financial markets.

4 See appendix

I continue to be delighted with the way in which the Board and our advisers have pulled together as a well-balanced team and with how our approach has evolved over the first four-and-a-half years of our Company's life. This has helped the Company to grow successfully and support an increased dividend, while also protecting NAV per share. We see our duty going forward as being to remain as actively focused as we have been to date so that we can sustain the new target yield while also advancing NAV per share. In turn, this should help to support the premium at which our shares have traded over the period since our admission to listing on 3 March 2015.

I would like to close by thanking you for your commitment and support.

Robert Jennings
Chairman

26 November 2019

Investment Adviser's report

THE INVESTMENT ADVISOR'S OBJECTIVES FOR THE YEAR
Over the first half of the financial year, Sequoia Investment Management Company ("Sequoia" or the "Investment Adviser") has had a number of objectives for the Company:

SEQUOIA INVESTMENT MANAGEMENT COMPANY

Goal	Commentary	
Gross portfolio return of 8-9%	The Company is fully invested with a portfolio that yields in excess of 8%	✓
Capital growth to deliver economies of scale and broader benefits	Gross proceeds of £354.8 million raised during the period across two over-subscribed capital raises	✓
Timely and transparent investor reporting	Factsheet, commentary, and the full portfolio are provided monthly for full transparency	✓
Meet dividend target of 6p/6.25p as applicable*	The Company paid 3.06p of dividends during the period, in accordance with applicable targets	✓

** Dividend target was 6p per share up to 30 June 2019, and 6.25p per share thereafter*

CAPITAL RAISED AND SHARE PERFORMANCE

The Company completed two capital raises during the first half of this financial year, both of which were very significantly oversubscribed: an Ordinary Share placing in June 2019 which raised gross proceeds of £216.0 million, and an additional Ordinary Share placing in September 2019 which raised gross proceeds of £138.8 million. The proceeds from both placings were used primarily to repay debt and to acquire assets from the Company's pipeline of investments.

Capital raising and deployment since IPO

As at 30 September 2019, the Company had 1,386,353,491 Ordinary Shares in issue. The closing share price on that day was 115.60p per share, implying a market capitalisation for the Company of approximately £1.6 billion, compared to £908 million a year previously.

NAV PERFORMANCE

Over the first half of this financial year, the Company's NAV increased from 103.41p per share to 105.30p per share, driven by the following effects:

Factor	NAV effect
Interest income on the Company's investments	4.65p
Losses on foreign exchange movements, net of the effect of hedging	(0.57)p
Positive market movements	0.96p
One-off cost of writing down acquired assets to their bid price	(0.29)p
Operating costs	(0.76)p
Gains from issuing shares at a premium to NAV	0.96p
Gross increase in NAV	**4.95p**
Less: Dividends paid	(3.06)p
Net increase in NAV after payments of dividends	**1.89p**

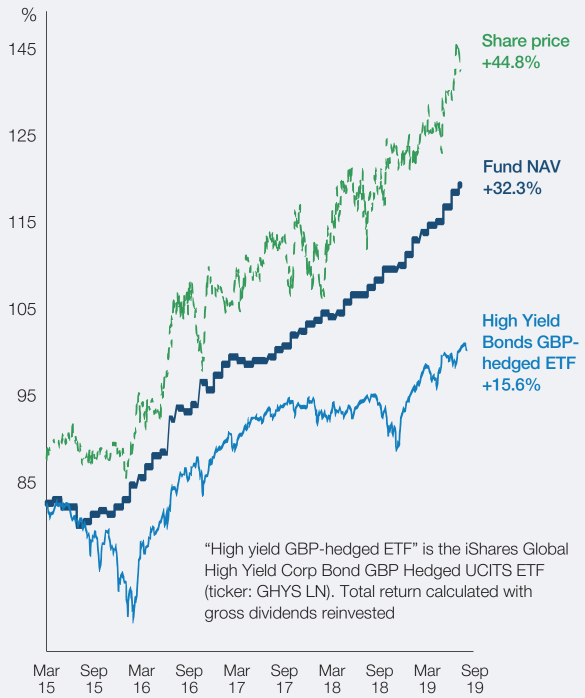
The Company made a loss of 0.57p from foreign exchange movements, largely due to the cost of hedging nearly 100% of non-GBP assets back into Sterling. On 30 September 2019, approximately 100% of the Company's NAV consisted of either Sterling assets or was hedged into Sterling through foreign exchange forward contracts. The values of these contracts are marked-to-market along with the investments on a monthly basis in order to reduce the potential for foreign exchange rate volatility in the Company's NAV over the longer term.

Including the loss arising from foreign exchange movements and the 3.06p per share of dividends, the net gain over the period was 1.89p per share.

THE MARKET ENVIRONMENT DURING THE PERIOD

The Company has operated in a relatively calm environment over the last six months with tightening lending margins and bond spreads since the volatility of the corporate bond and loan markets in the fourth quarter of 2018. The stability of the private and public debt markets during the first half of this financial year has contributed to a steady stream of infrastructure debt opportunities that the Investment Adviser was able to acquire at attractive prices.

Total return since the inception of the Fund



Primary market issuance in the infrastructure loan markets has been exceptionally strong, with deal volumes of US$264 billion over the last six months, split approximately 30% in the North America, 36% in EMEA, 15% in Asia[5], and 19% in the rest of the world. In addition, there were significant amounts of infrastructure debt issued in the bond markets, and through bilateral loans and private placements that are not always captured in the market data. The opportunity for the Company to deploy capital, therefore, is exceedingly large.

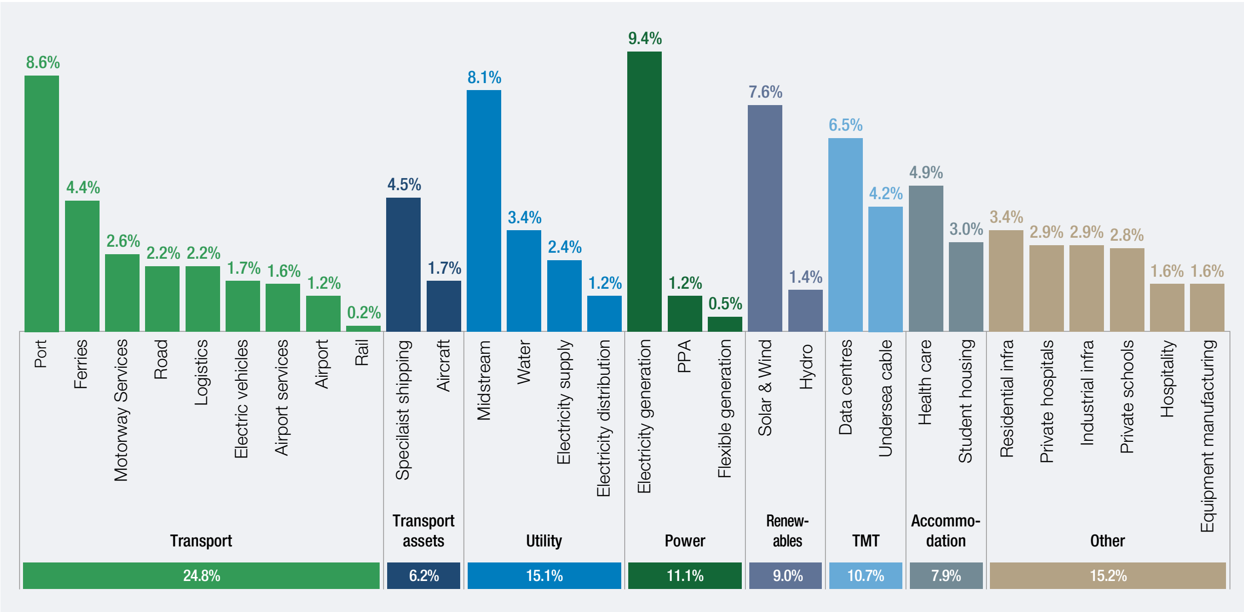
DIVERSIFIED PORTFOLIO

The Company has taken advantage of these favourable market conditions to assemble a diversified portfolio of infrastructure loans and bonds over its four-and-a-half years of operations. These investments are capable of providing the regular, sustained, and long-term distributions of income which is the primary stated investment objective of the Company. In addition, the Company has acquired in the secondary loan markets a number of assets at a material discount to their par value which offer the potential for appreciation over time.

The Company's focus is in economic infrastructure, which includes transportation, utility, power, telecommunication, renewable and other related sectors that exhibit infrastructure characteristics and typically have demand exposure. Sequoia believes that lending into these sectors is more attractive than lending into availability-based PFI/PPP projects, which are often hotly contested among lenders and therefore offer lower yields. Moreover, economic infrastructure projects usually have much more conservative capital structures than availability-based PFI/PPP projects, with equity cushions of typically 20-30% rather than 10%, and in Sequoia's opinion this compensates for the potentially higher revenue risk. Lending into the economic infrastructure sector has delivered an investment portfolio with equity-like returns but with the protections of debt, including lower volatility and less downside risk than equity. None of the loans or bonds acquired has defaulted and were selected, in part, based on their prospects for high recovery in the event of a default. Each loan and bond in the portfolio is to a borrower with an adequate equity cushion which helps to protect the Company from credit losses. Sequoia believes that diversification is an important risk management tool for an infrastructure debt portfolio, since a large component of credit risk in infrastructure is idiosyncratic or project-specific risk and is typically not highly correlated to exogenous factors such as the broader economy. As such, a properly diversified portfolio ought to have a more stable performance than one which is concentrated in one jurisdiction or sector, e.g. a debt portfolio that was largely focused on financing UK renewable projects might be highly exposed to specific risks such as regulatory changes.

The Company's investment portfolio is therefore diversified by borrower, jurisdiction, sector and sub-sector, with strict investment limits in place to ensure that this remains the case. The chart below shows portfolio sectors and sub-sectors on 30 September 2019:

5 Preqin Quarterly Infrastructure Update: Q2 and Q3 2019 Data Pack



Geographically, the Company invests in stable low-risk jurisdictions. Under the terms of its investment criteria, the Company is limited to investment-grade countries, and has chosen to pursue selected opportunities in Spain, but not in Portugal or Italy, where in addition to the obvious economic challenges, infrastructure projects have also been exposed to regulatory and legal risks. The Company has been focused on the United States, Canada, Australia, the UK, and Northern and Western Europe.

The Company focuses predominantly on private debt, which on 30 September 2019 represented approximately 88% of its portfolio. This is because, typically, private debt enjoys an illiquidity premium: i.e. a higher yield than a liquid bond with otherwise similar characteristics. Since the Fund's main investment strategy is "buy and hold", it makes sense to capture this illiquidity premium. Sequoia's research indicates that infrastructure private debt instruments yield approximately 1% more than public, rated bonds. However, in some cases, bonds can also be an attractive investment for three reasons. Firstly, some bonds are "private placements" which, whilst in bond format, have an attractive yield that is comparable to loans. Secondly, some sectors, such as US utility companies, predominantly borrow through the bond markets, and therefore having an allocation to bonds can improve the diversification of the portfolio. Thirdly, having some liquid assets in the portfolio enables the Company to take advantage of future opportunities and can also be used to satisfy the Company's potential obligations under its tender obligations.

The Company remains committed to limiting exposure to greenfield construction risk in the portfolio. Whilst up to 20% of the NAV can consist of lending to such projects, the actual exposure to assets in construction on 30 September 2019 was 15.7% of the portfolio. Sequoia is careful to select projects where it believes the Company is well compensated for taking a moderate level of construction risk, and where the underlying strength of the borrower's business or project mitigates the risk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") CONSIDERATIONS

In addition to the Company's investment process described in the Prospectus, the Company now also includes an ESG review of potential investments. The Company is also implementing a comprehensive ESG policy with the goal of full implementation by 2020. The Company's ESG policy comprises the following guidelines:

Guidelines	Considerations
Alignment with community goals	• Health & safety of residents: pollution & noise • Historical and cultural elements preservation and project's visual impact
Commitment to sustainability goals	• Counterparties' commitment to sustainability, including an adequate maintenance plan • Other indicators of commitment to sustainability
Efficient use of resources	• Materials recycling, reduction of energy & water consumption and limitation on use of landfills • Alternative water sources usage and consumption of renewable energy
Reduced environmental footprint	• Emissions of greenhouse gasses and air pollutants • Usage of environmentally friendly and biodegradable materials • Use of farmland and natural buffer zones
Sustainable economic development	• Job creation and workforce skills development • Support of local social and business community

The Company's comprehensive ESG policy outlines the three ways in which the above ESG principles will be applied:

1. Negative screening;
2. Thematic investing (positive screening); and
3. ESG scoring

These investment screens are already being applied to new investments. A retrospective review of the existing portfolio is underway and is expected to be completed by the end of 2019. It is intended then that the lowest scoring assets will be either sold in the market (if a strong bid can be found) or placed into a segregated "run off" portfolio. Investors can expect to be updated on the average portfolio score and the trend of the score by way of the Company's monthly factsheets and marketing materials beginning in 2020.

Lastly, in connection with the Company's commitment to ESG, the Investment Adviser successfully signed up to the United Nations Principles of Responsible Investment ("UNPRI") in April 2019. Whilst these have historically been tailored towards equity investors, their scope has expanded to private debt. The UNPRI encompass all stages of the private debt process (origination, due diligence, documentation, holding period and exit decisions).

ORIGINATION ACTIVITIES

The Company's strategy is to invest in both the primary and secondary debt markets. Sequoia believes that this combination delivers a number of benefits: participating in the primary markets allows the Company to generate upfront lending fees and to structure investments to meet its own requirements; and buying investments in the secondary markets can permit the rapid deployment of capital into seasoned assets with a proven track record. As the Company grows in size, Sequoia expects to source an increasing number of opportunities from the primary market.

CASE STUDY:

Great River Hydro


COMERFORD DAM


MOORE DAM

Great River Hydro is the largest conventional hydro system in New England, comprising 13 hydro facilities and 3 reservoirs located on the Connecticut and Deerfield rivers in Vermont, New Hampshire and Massachusetts.

Two of the facilities, Moore and Comerford, are the two largest conventional hydroelectric stations in New England.

Hydroelectric facilities are among the lowest cost power producers in New England and comprise an important component of the regional generation supply. Great River's position as the largest hydro system represents critical infrastructure for the market. The fleet's scale and asset diversity allow the company to optimise production by directing flow between select projects while maintaining stable generation and limiting operational risks.

Sequoia participated with a US$25m HoldCo loan in July 2019.

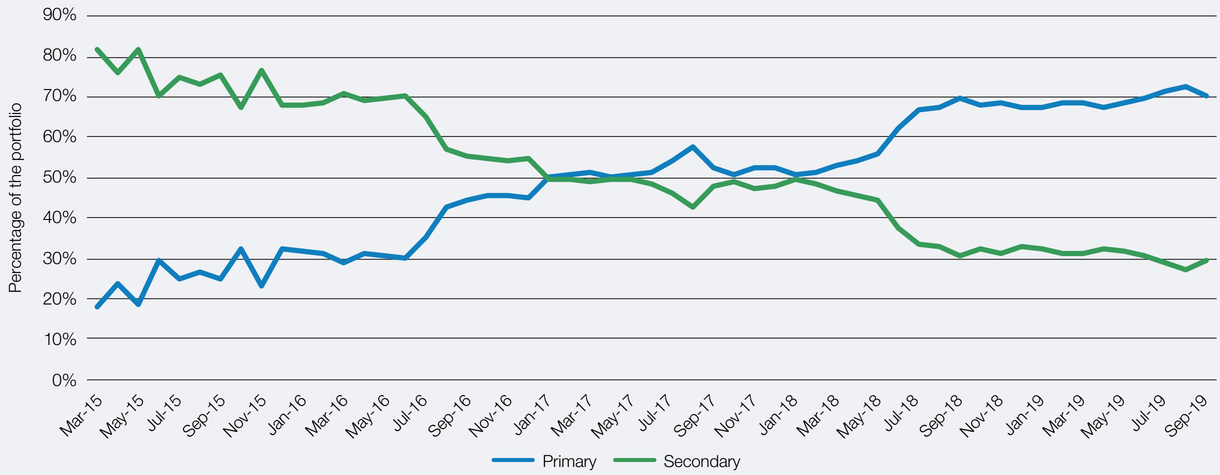
Primary market origination

The primary loan markets are an increasingly important opportunity for the Company. The Investment Adviser has sourced bilateral loans and participated in "club" deals, where a small number of lenders join together. The Company has also participated in more widely-syndicated infrastructure loans. Primary market loans often have favourable economics because the Company, as lender, benefits from upfront lending fees. As the Company has grown, primary market investment activity has grown to surpass secondary market investments, with 71% of the portfolio comprising primary investments as at 30 September 2019.

Secondary market origination

Some of the Company's investments were acquired from banks or other lenders in the secondary markets. This enabled a relatively rapid deployment of capital, since primary market transactions in infrastructure debt can often take a considerable time to execute. In addition, secondary market loans have performance history that permits credit analysis on actual results rather than financial forecasts. Finally, research[6] shows that infrastructure loans improve in credit quality over time so secondary loans in many cases have improved in credit quality from the time of their initial origination.

Primary and secondary investments since IPO



STRONG PIPELINE OF OPPORTUNITIES

Sequoia has developed a very strong pipeline of mostly private debt infrastructure lending opportunities, which are expected to become executable mostly over the next three to nine months. Pricing on these opportunities is consistent with the Company generating a gross return in excess of 8%. The potential investments are widely spread across a range of sectors and jurisdictions. Sequoia is especially excited about potential investments in the transport assets, accommodation and renewables sectors where the current portfolio is arguably underweight, lending opportunities are often attractive and additional investments into these sectors would be desirable.

Sequoia expects project finance senior lending margins, especially in the UK and Europe and for "core" infrastructure projects and availability-based PFI/PPP projects to remain tight, driven by sustained commercial bank appetite for these types of assets and by increasing demand from institutional investors such as continental European insurance companies. However, spreads in the mezzanine market, and for senior debt in the US and some asset classes in the UK and Europe, are expected to remain more attractive.

Overall, the opportunity for the Company in economic infrastructure debt is strong and the asset class remains under-invested and attractive. Sequoia is optimistic about the prospects for growing the Company while maintaining its track record of sourcing suitable investments and delivering to Shareholders a total return of 7-8% over the long term.

6 Average annual European broad infrastructure and global project finance default rates. Moody's, "Default and Recovery Rates for Project Finance Bank Loans 1983-2017," Mar 2019

FUND PERFORMANCE

		30 September 2019	31 March 2019	30 September 2018
Net asset value	*per Ordinary Share*	105.30p	103.41p	101.86p
	£ million	1,459.9	1,097.1	837.1
Invested portfolio	*percentage of net asset value*	99.3%	103.8%	109.2%
Total portfolio	*including investments in settlement*	108.7%	112.9%	123.4%

PORTFOLIO CHARACTERISTICS

		30 September 2019	31 March 2019	30 September 2018
Number of investments		78	69	58
Single largest investment	*£ million*	£60.4	£56.4	£54.5
	percentage of NAV	4.1%	5.1%	6.5%
Average investment size	*£ million*	£18.6	£16.5	£15.8
Sectors	*by number of assets*	8	8	8
Sub-sectors		30	26	25
Jurisdictions		13	13	13
Private debt	*percentage of invested assets*	88.4%	85.1%	86.6%
Senior debt		62.0%	64.3%	53.8%
Floating rate		72.0%	69.4%	66.5%
Construction risk		15.7%	16.2%	11.2%
Weighted-average maturity	*years*	5.7	5.8	7.0
Weighted-average life		4.2	4.4	5.0
Yield-to-maturity		8.2%	8.6%	8.4%
Modified duration		1.2	1.3	1.4

Sequoia Investment Management Company Limited

26 November 2019

SEQUOIA INVESTMENT MANAGEMENT COMPANY

THE SEQUOIA INVESTMENT MANAGEMENT COMPANY TEAM

Sequoia Investment Management Company Limited ("Sequoia") is an experienced investment adviser, which has acted as Investment Adviser to the Company from its inception. The key members of the team, all of whom were founders of Sequoia, are as follows:

Randall Sandstrom
CEO / CIO

27 years of experience in the international and domestic credit markets and infrastructure debt markets.

Has managed global high yield and investment grade bonds, leveraged loans, ABS and money market securities.

Board of Directors, LCF Rothschild and MD of Structured Finance. Former CEO/CIO, Eiger Capital.

Head of Euro Credit Market Strategy, Morgan Stanley. Institutional Investors "All-American" senior Industrial Credit Analyst, CS First Boston (energy and transportation). Has worked in London, New York and Tokyo.

Dolf Kohnhorst
Chief Risk Officer

35 years of experience in investment banking, debt capital markets and project finance commercial lending.

Head of Société Générale's Financial Institutions Group covering UK, Irish, Benelux and Scandinavian banks, insurance companies, pension funds and investment management companies.

16 years at Morgan Stanley heading Benelux and Scandinavian sales teams and DCM Structured Solutions Group.

Commercial lending to shipping, construction and project finance sectors.

Greg Taylor
Head of Infrastructure, Portfolio Manager

More than 30 years of infrastructure experience.

Head of Infrastructure Finance at Merrill Lynch and Co-Head of Infrastructure Finance at UBS.

Developed Moody's methodology for rating regulated infrastructure companies.

Broad perspective as bond arranger, direct lender, credit analyst and financial adviser to both borrowers and public sector. Includes lending in Europe, the UK, North America and Latin America.

Steve Cook
Portfolio Manager

19 years of infrastructure experience.

European Head of Whole Business Securitisation and CMBS and Co-Head of Infrastructure Finance at UBS.

Head of European Corporate Securitisation at Morgan Stanley with lending and balance sheet responsibility.

Wide variety of infrastructure projects in the UK and across Europe as a lender, arranger and adviser.

Board of Directors and independent consultants

The Directors of Sequoia Economic Infrastructure Income Fund Limited, all of whom are non-executive and independent, are as follows:

ROBERT JENNINGS, CBE (CHAIRMAN)

Robert Jennings is a resident of the United Kingdom and qualified as a Chartered Accountant in 1979. He has over 30 years' experience in the infrastructure sector. Mr Jennings was a managing director of UBS Investment Bank and was joint head of the Bank's Infrastructure Group until 2007. He has twice acted as a special senior adviser to HM Treasury; in 2001/02 during Railtrack's administration and again in 2007/08 in relation to Crossrail.

Mr Jennings served as one of the Department for Transport appointed non-executives on the Board of Crossrail, and was Chair of Southern Water until February 2017. He was appointed to the Board of 3i Infrastructure plc in a non-executive role with effect from 1 February 2018, which is ongoing. In June 2019, he became one of the founding directors of Chapter Zero, whose aim is to provide non-executive directors and other parties a forum by which they can conveniently access guidance on carbonisation, climate change and the role of boards in responding to these challenges, having been a member of its executive committee since November 2018.

SANDRA PLATTS (SENIOR INDEPENDENT DIRECTOR)

Sandra Platts is a resident of Guernsey and holds a Masters in Business Administration. Mrs Platts joined Kleinwort Benson (CI) Ltd in 1986 and was appointed to the board in 1992. She undertook the role of Chief Operating Officer for the Channel Islands business and in 2000 for the Kleinwort Benson Private Bank Group – UK and Channel Islands. In January 2007, she was appointed to the position of Managing Director of the Guernsey Branch of Kleinwort Benson and led strategic change programmes as part of her role as Group Chief Operating Officer. Mrs Platts also held directorships on the strategic holding board of the KB Group, as well as sitting on the Bank, Trust Company and Operational Boards. She resigned from these boards in 2010. Mrs Platts is a non executive director of NB Global Floating Rate Income Fund Limited and UK Commercial Property REIT (both listed on the Main Market of the London Stock Exchange) and Investec Bank (Channel Islands) Limited, plus a number of other investment companies. She is a member of the Institute of Directors.

JAN PETHICK

Jan Pethick is a resident of the United Kingdom and has over 35 years' experience in the debt sector. Mr Pethick was Chair of Merrill Lynch International Debt Capital Markets for 10 years, from 2000 to 2010. He had previously been Head of Global Debt Origination at Dresdner Kleinwort Benson which had acquired the credit research boutique, Luthy Baillie which he had co founded in 1990. Prior to that, he worked for 12 years at Lehman Brothers where he was a member of the Executive Management Committee in Europe. Mr Pethick is currently also Chair of Troy Asset Management and was until July 2019 an independent member of the Supervisory Board of Moody's Investor Services Europe.

JONATHAN (JON) BRIDEL

Jon Bridel is a resident of Guernsey. Mr Bridel is currently a non executive director of a number of London-listed investment funds. Mr Bridel was previously Managing Director of Royal Bank of Canada's investment businesses in the Channel Islands.

After qualifying as a Chartered Accountant in 1987, Mr Bridel worked with Price Waterhouse Corporate Finance in London. He subsequently held senior positions in banking, credit and corporate finance, investment management and private international businesses where he was Chief Financial Officer.

Mr Bridel holds a Master of Business Administration and also holds qualifications from the Institute of Chartered Accountants in England and Wales, where he is a Fellow, the Chartered Institute of Marketing, where he is a Chartered Marketer, and the Australian Institute of Company Directors. He is also a Chartered Director and Fellow of the Institute of Directors and is a Chartered Fellow of the Chartered Institute for Securities and Investment.

The independent consultants of Sequoia Economic Infrastructure Income Fund Limited are as follows:

TIM DRAYSON

Tim Drayson has over thirty years' experience in the US and European debt capital markets. He was most recently Global Head of Corporate Sales & Deputy Head of the European Corporate Debt Platform at BNP Paribas and had been a member of the Fixed Income Transaction Approval Committee, screening complex transactions and interacting with the bank's credit committee. He joined BNP Paribas as Global Head of Securitization in 2005, with responsibility for managing all origination and structuring teams, including infrastructure. Prior to joining BNP Paribas, Tim held senior roles at Morgan Stanley in London as Head of Securitized Products Distribution and Paine Webber in New York.

KATE THURMAN

Kate Thurman is a highly experienced and respected credit market professional having spent over 30 years identifying and analysing credit risk in bond and loan instruments for institutional portfolios. Kate has broad experience across industry sectors, credit grades, legal structures and jurisdictions, having special expertise in the assessment of quantitative and qualitative credit factors and downside risks. She is a former board and audit committee member of Colne Housing Society, a not-for-profit Housing Association with 3,000 units under management and ca. £150 million of commercial debt. Her former executive career included senior roles in Asset Management and Investment Banking organisations.

Principal risks and uncertainties

The Board has established a Risk Committee, which is responsible for reviewing the Company's overall risks and monitoring the risk control activity designed to mitigate these risks. The Risk Committee has carried out a robust assessment of the principal risks facing the Company, including those that would threaten the Company's business model, future performance, solvency or liquidity. The Board has appointed International Fund Management Limited ("IFML" or the "Investment Manager") as the Alternative Investment Fund Manager ("AIFM") to the Company. IFML is also responsible for providing risk management services compliant with that defined in the Alternative Investment Fund Managers Directive ("AIFMD") and as deemed appropriate by the Board.

Under the instruction of the Risk Committee, IFML is responsible for the implementation of a risk management policy and ensuring that appropriate risk mitigation processes are in place; for monitoring risk exposure; preparing quarterly risk reports to the Risk Committee; and otherwise reporting on an ad hoc basis to the Board as necessary.

Since their appointment on 30 January 2018, Tim Drayson and Kate Thurman, independent consultants to the Company, have provided guidance to the Board on the overall approach to risk management across the Company's portfolio. Part of their focus has been to assist the Investment Manager in scrutinising certain of the Investment Adviser's credit evaluations.

The principal risks associated with the Company are as follows:

MARKET RISK

The value of the investments made and intended to be made by the Company will change from time to time according to a variety of factors, including the performance of the underlying borrowers, expected and unexpected movements in interest rates, exchange rates, inflation and bond ratings and general market pricing of similar investments will all impact the Company and its Net Asset Value.

CREDIT RISK

Borrowers in respect of loans or bonds in which the Group has invested may default on their obligations. Such default may adversely affect the income received by the Company and the value of the Company's assets.

LIQUIDITY RISK

Infrastructure debt investments in loan form are not likely to be publicly-traded or freely marketable, and debt investments in bond form may have limited or no secondary market liquidity. Such investments may therefore be difficult to value or sell and therefore the price that is achievable for the investments might be lower than the valuation of these assets.

COUNTERPARTY RISK

Counterparty risk can arise through the Company's exposure to particular counterparties for executing transactions and the risk that the counterparties will not meet their contractual obligations.

LEVERAGE RISK

Leverage risk arises where the Company takes on additional exposure to other risks because of the leverage of exposures, along with the specific potential for loss arising from a leverage counterparty being granted a charge over assets. The Board monitors the level of leverage on an ongoing basis as well as the credit ratings of any leverage counterparties.

COMPLIANCE & REGULATORY RISK

Compliance and regulatory risk can arise where processes and procedures are not followed correctly or where incorrect judgement causes the Company to be unable to fulfil its objectives or obligation, exposing the Company to the risk of loss, sanction or action by Shareholders, counterparties or regulators. The Investment Adviser and the Administrator monitor compliance with regulatory requirements and the Administrator presents a report at quarterly Board meetings.

OPERATIONAL RISK

This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This can include, but is not limited to, internal/external fraud, business disruption and system failures, data entry errors and damage to physical assets.

POLITICAL AND ECONOMIC RISK

The Risk Committee reviews risks as they relate to Brexit and the impact of Brexit on the above risks.

These risks, and the way in which they are managed, are described in more detail in note 5 to the Company's Annual Financial Statements for the year ended 31 March 2019. The Company's principal risks and uncertainties have not changed materially since the date of that Report and are not expected to change materially for the remainder of the Company's financial year.

Statement of Directors' responsibilities

We confirm that to the best of our knowledge:

- The Unaudited Condensed Interim Financial Statements (the "Financial Statements") have been prepared in accordance with IAS 34 'Interim Financial Reporting', as required by Disclosure Guidance & Transparency Rule ("DTR") 4.2.4R of the UK's Financial Conduct Agency ("FCA"); and
- The Interim Report, together with the Financial Statements, meet the requirements of an interim management report, and include a fair review of the information required by:
  - DTR 4.2.7R of the DTR of the UK's FCA, being an indication of important events that have occurred during the period ended 30 September 2019 and their impact on the Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the DTR of the UK's FCA, being related party transactions that have taken place during the period ended 30 September 2019 and have materially affected the financial position or performance of the Company during that period, and any changes since the related party transactions described in the last Annual Report that could do so.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by:

Sandra Platts
Director

26 November 2019

Independent review report

to Sequoia Economic Infrastructure Income Fund Limited

CONCLUSION

We have been engaged by Sequoia Economic Infrastructure Income Fund Limited (the "Company") to review the unaudited condensed interim financial statements in the half-yearly financial report for the six months ended 30 September 2019 of the Company which comprises the unaudited condensed interim statement of comprehensive income, the unaudited condensed interim statement of changes in Shareholders' equity, the unaudited condensed interim statement of financial position, the unaudited condensed interim statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2019 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

THE PURPOSE OF OUR REVIEW WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Dermot Dempsey
for and on behalf of KPMG Channel Islands Limited
Chartered Accountants, Guernsey

26 November 2019

Unaudited condensed interim statement of comprehensive income

For the period from 1 April 2019 to 30 September 2019

	Note	For the period from 1 April 2019 to 30 September 2019 (unaudited) £	For the period from 1 April 2018 to 30 September 2018 (unaudited) £
Income			
Net gains on non-derivative financial assets at fair value through profit or loss	6	64,525,295	12,260,087
Net losses on derivative financial assets at fair value through profit or loss	8	(48,152,440)	(34,283,697)
Investment income	9	42,035,685	56,516,886
Net foreign exchange losses		(1,361,595)	(1,326,840)
Total income		57,046,945	33,166,436
Expenses			
Investment Adviser's fees	10	4,849,982	3,307,798
Investment Manager's fees	10	178,366	160,000
Directors' fees and expenses	10	113,723	108,458
Administration fees	10	220,331	208,082
Loan interest	13	2,825,180	1,542,174
Custodian fees		141,317	96,852
Audit and related non-audit fees		67,074	64,876
Legal and professional fees		106,162	65,540
Valuation fees		333,100	268,300
Listing and regulatory fees		58,481	55,521
Other expenses		243,799	149,524
Total operating expenses		9,137,515	6,027,125
Profit and total comprehensive income for the period		47,909,430	27,139,311
Basic and diluted earnings per Ordinary Share	12	4.10p	3.37p

All items in the above statement derive from continuing operations.

The accompanying notes on pages 25 to 41 form an integral part of the Financial Statements.

Unaudited condensed interim statement of changes in shareholders' equity

FOR THE PERIOD FROM 1 APRIL 2019 TO 30 SEPTEMBER 2019

	Note	Share capital £	Retained earnings £	Total £
At 1 April 2019		1,072,031,030	25,108,391	1,097,139,421
Issue of Ordinary Shares during the period, net of issue costs	*11*	350,418,497	–	350,418,497
Total comprehensive income for the period		–	47,909,430	47,909,430
Dividends paid during the period	*5*	–	(35,620,154)	(35,620,154)
At 30 September 2019		**1,422,449,527**	**37,397,667**	**1,459,847,194**

FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2018 (UNAUDITED)

	Note	Share capital £	Retained earnings £	Total £
At 1 April 2018		746,867,128	11,303,074	758,170,202
Issue of Ordinary Shares during the period, net of issue costs	*11*	75,358,510	–	75,358,510
Total comprehensive income for the period		–	27,139,311	27,139,311
Dividends paid during the period	*5*	–	(23,546,262)	(23,546,262)
At 30 September 2018		822,225,638	14,896,123	837,121,761

The accompanying notes on pages 25 to 41 form an integral part of the Financial Statements.

Unaudited condensed interim statement of financial position

At 30 September 2019

	Note	30 September 2019 (unaudited) £	31 March 2019 (audited) £
Non-current assets			
Non-derivative financial assets at fair value through profit or loss	6	**1,446,938,214**	1,118,045,818
Current assets			
Cash and cash equivalents		**24,721,405**	27,633,414
Trade and other receivables	7	**62,482,783**	60,522,481
Derivative financial assets at fair value through profit or loss	8	**8,978,202**	10,598,250
Total current assets		**96,182,390**	98,754,145
Total assets		**1,543,120,604**	1,216,799,963
Current liabilities			
Loan payable	13	**63,400,000**	113,875,164
Trade and other payables		**3,280,692**	2,364,618
Derivative financial liabilities at fair value through profit or loss	8	**16,592,718**	3,420,760
Total current liabilities		**83,273,410**	119,660,542
Total liabilities		**83,273,410**	119,660,542
Net assets		**1,459,847,194**	1,097,139,421
Equity			
Share capital	11	**1,422,449,527**	1,072,031,030
Retained earnings		**37,397,667**	25,108,391
Total equity		**1,459,847,194**	1,097,139,421
Number of Ordinary Shares	11	**1,386,353,491**	1,060,975,849
Net Asset Value per Ordinary Share		**105.30p**	103.41p

The Unaudited Condensed Interim Financial Statements on pages 21 to 41 were approved and authorised for issue by the Board of Directors on 26 November 2019 and signed on its behalf by:

Sandra Platts
Director

The accompanying notes on pages 25 to 41 form an integral part of the Financial Statements.

Unaudited condensed interim statement of cash flows

For the period from 1 April 2019 to 30 September 2019

	Note	For the period from 1 April 2019 to 30 September 2019 (unaudited) £	For the period from 1 April 2018 to 30 September 2018 (unaudited) £
Cash flows from operating activities			
Profit for the period		47,909,430	27,139,311
Adjustments for:			
Net unrealised gains on non-derivative financial assets at fair value through profit or loss	6	(64,525,295)	(12,260,087)
Net losses on derivative financial assets at fair value through profit or loss	8	48,152,440	34,283,697
Net foreign exchange losses		1,361,595	1,326,840
Investment Adviser's fees settled through equity	11	426,420	746,161
Loan interest and transaction costs	13	2,825,180	1,542,174
Increase in trade and other receivables		(1,620,275)	(32,618,536)
Increase in trade and other payables		834,270	241,305
		35,363,765	20,400,865
Net cash received on settled forward contracts	8	4,295,788	2,219,082
Net cash paid on settled forward contracts	8	(37,656,222)	(3,505,574)
Purchases of investments	6	(506,044,896)	(252,980,099)
Proceeds from redemptions of investments	6	241,677,795	109,923,867
Net cash outflow from operating activities		(262,363,770)	(123,941,859)
Cash flows from financing activities			
Proceeds from issue of Ordinary Shares, net of issue costs	11	349,992,077	74,612,349
Proceeds from loan drawdowns	13	253,953,107	146,047,941
Loan repayments	13	(306,752,822)	(70,584,416)
Payments of loan interest and transaction costs		(3,085,758)	(1,356,793)
Dividends paid	5	(35,620,154)	(23,546,262)
Net cash inflow from financing activities		258,486,450	125,172,819
Net (decrease)/increase in cash and cash equivalents		(3,877,320)	1,230,960
Cash and cash equivalents at beginning of period		27,633,414	2,393,742
Effect of foreign exchange rate changes on cash and cash equivalents during the period		965,311	268,380
Cash and cash equivalents at end of period		24,721,405	3,893,082

The accompanying notes on pages 25 to 41 form an integral part of the Financial Statements.

Notes to the unaudited condensed interim financial statements

For the period from 1 April 2019 to 30 September 2019

1. GENERAL INFORMATION

Sequoia Economic Infrastructure Income Fund Limited (the "Company") was incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008 on 30 December 2014. The Company's registration number is 59596 and it is regulated by the Guernsey Financial Services Commission as a registered closed ended collective investment scheme under The Registered Collective Investment Scheme Rules 2015. The Company is listed and began trading on the Main Market of the London Stock Exchange and was admitted to the premium segment of the Official List of the UK Listing Authority on 3 March 2015.

The Company makes its investments through Sequoia IDF Asset Holdings S.A. (the "Subsidiary"). The Company controls the Subsidiary through a holding of 100% of its shares. The Company further invests in the Subsidiary through the acquisition of Variable Funding Notes ("VFNs") issued by the Subsidiary. The Subsidiary is domiciled in Luxembourg and has no underlying subsidiaries.

Through its Subsidiary, the Company invests in a diversified portfolio of senior and subordinated economic infrastructure debt investments.

With effect from 28 January 2015, Sequoia Investment Management Company Limited (the "Investment Adviser") was appointed as the Investment Adviser and International Fund Management Limited (the "Investment Manager") was appointed as the Investment Manager.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These Unaudited Condensed Financial Statements ("Financial Statements") have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', as required by DTR 4.2.4R of the UK's FCA, with the Listing Rules of the London Stock Exchange ("LSE") and with applicable legal and regulatory requirements. They do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the Company's Annual Audited Financial Statements for the year ended 31 March 2019.

The accounting policies applied in these Financial Statements are consistent with those applied in the Annual Audited Financial Statements for the year ended 31 March 2019, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. Having reassessed the principal risks, the Company's financial position as at 30 September 2019 and the factors that may impact its performance in the forthcoming year, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements.

These Financial Statements were authorised for issue by the Company's Board of Directors on 26 November 2019.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

There have been no changes to the significant accounting judgements, estimates and assumptions from those applied in the Company's Audited Annual Financial Statements for the year ended 31 March 2019.

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

AMENDED ACCOUNTING STANDARDS EFFECTIVE AND ADOPTED

- IFRS 9 (amended), "Financial Instruments" (amendments regarding prepayment features with negative compensation and modification of financial liabilities, effective for periods commencing on or after 1 January 2019).

In addition, the IASB completed its Annual Improvements 2015-2017 Cycle project in December 2017. This project has amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 January 2019.

The adoption of these amended standards has had no material impact on the financial statements of the Company.

AMENDED ACCOUNTING STANDARDS APPLICABLE TO FUTURE REPORTING PERIODS

In September 2019, the IASB completed its Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) project, which has amended those standards to require additional disclosures around uncertainty arising from the interest rate benchmark reform, effective for periods commencing on or after 1 January 2020.

The Directors do not anticipate that the adoption of these amended standards in future periods will have a material impact on the financial statements of the Company.

3. SEGMENTAL REPORTING

In the Board's opinion, the Company is engaged in a single segment of business, through its investment in the Subsidiary, being investment in senior and subordinated infrastructure debt instruments and related and/or similar assets.

The Company receives no revenues from external customers, nor holds any non-current assets, in any geographical area other than Guernsey.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's Audited Annual Financial Statements for the year ended 31 March 2019.

5. DIVIDENDS

On 22 May 2019, the Company announced that it had increased the Company's dividend target from 6 pence to 6.25p per Ordinary Share per annum. The first dividend to be declared under the new target was in respect of the quarter ending 30 June 2019. The Company pays dividends on a quarterly basis.

The Company paid the following dividends during the period ended 30 September 2019:

Period to	Payment date	Dividend rate per Ordinary Share (pence)	Net dividend payable (£)	Record date	Ex-dividend date
31 March 2019	30 May 2019	1.5	15,914,638	3 May 2019	2 May 2019
30 June 2019	23 August 2019	1.5625	19,705,516	26 July 2019	25 July 2019

The Company paid the following dividends during the period ended 30 September 2018:

Period to	Payment date	Dividend rate per Ordinary Share (pence)	Net dividend payable (£)	Record date	Ex-dividend date
31 March 2018	25 May 2018	1.5	11,224,736	27 April 2018	26 April 2018
30 June 2018	24 August 2018	1.5	12,321,526	27 July 2018	26 July 2018

Under Guernsey law, the Company can pay dividends in excess of its accounting profit provided it satisfies the solvency test prescribed by the Companies (Guernsey) Law, 2008. The solvency test considers whether the Company is able to pay its debts when they fall due, and whether the value of the Company's assets is greater than its liabilities. The Company satisfied the solvency test in respect of the dividend declared in the period.

6. NON-DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2019 (unaudited) £	31 March 2019 (audited) £
Cost at the start of the period/year	**1,078,100,991**	738,117,560
VFNs purchased during the period/year	**506,044,896**	534,891,241
VFNs redeemed during the period/year	**(241,677,795)**	(194,907,810)
Cost at the end of the period/year	**1,342,468,092**	1,078,100,991
Net gains on non-derivative financial assets at the end of the period/year	**104,470,122**	39,944,827
Non-derivative financial assets at fair value through profit or loss at the end of the period/year	**1,446,938,214**	1,118,045,818

6. NON-DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

The following table provides a reconciliation of the financial assets at fair value through profit or loss of the Subsidiary to the Company's financial assets at fair value through profit or loss:

	30 September 2019 (unaudited) £	31 March 2019 (audited) £
Subsidiary's non-derivative financial assets at fair value through profit or loss	1,449,572,642	1,139,278,192
Subsidiary's net current liabilities	(2,634,428)	(21,232,374)
Company's non-derivative financial assets at fair value through profit or loss	1,446,938,214	1,118,045,818

None of the Subsidiary's non-derivative financial assets at fair value through profit or loss are subject to any special arrangements arising from their illiquid nature.

The Company's net gains on non-derivative financial assets at fair value through profit or loss in the period comprises the following:

	30 September 2019 (unaudited) £	31 March 2019 (audited) £
Unrealised gains on VFNs during the period	42,870,896	33,109,723
Unrealised gains/(losses) on revaluation of the Subsidiary in the period	21,654,399	(20,849,636)
Net gains on non-derivative financial assets at fair value through profit or loss in the period	64,525,295	12,260,087

On a look-through basis, the Fund's cumulative net gains on non-derivative financial assets at fair value through profit or loss as at 30 September 2019 comprises the following:

	30 September 2019 (unaudited) £	31 March 2019 (audited) £
Subsidiary		
Investment income during the period/year	52,269,742	71,930,640
Net return on financial assets and liabilities during the year, including foreign exchange and VFN interest payable	(31,262,487)	(100,983,218)
Net income during the period/year	647,144	8,335,973
Subsidiary gains/(losses) during the year	21,654,399	(20,716,605)
Subsidiary gains brought forward	2,661,284	23,377,889
Subsidiary gains carried forward at the end of the year	24,315,683	2,661,284
Company		
Unrealised foreign exchange gains on VFNs brought forward	37,283,543	12,933,227
Unrealised foreign exchange gains on VFNs in the period/year	42,870,896	24,351,316
Net gains on non-derivative financial assets at fair value through profit or loss at the end of the period/year	104,470,122	39,944,827

6. NON-DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

FAIR VALUE MEASUREMENT

IFRS 13 requires that a fair value hierarchy be established that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement. Observable data is considered to be market data that is readily available, regularly distributed or updated, reliable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Company's investment in the Subsidiary, through the acquisition of shares and the issue of VFNs, is classified within Level 3, as it is not traded and contains unobservable inputs. The Board considers that the NAV of the Subsidiary is representative of its fair value.

	30 September 2019 (unaudited)			
	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	–	–	1,446,938,214	1,446,938,214
Derivative financial assets at fair value through profit or loss	–	8,978,202	–	8,978,202
Total	–	8,978,202	1,446,938,214	1,455,916,416
Liabilities				
Derivative financial liabilities at fair value through profit or loss	–	16,592,718	–	16,592,718
Total	–	16,592,718	–	16,592,718

6. NON-DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

FAIR VALUE MEASUREMENT CONTINUED

	31 March 2019 (audited)			
	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	–	–	1,118,045,818	1,118,045,818
Derivative financial assets at fair value through profit or loss	–	10,598,250	–	10,598,250
Total	–	10,598,250	1,118,045,818	1,128,644,068
Liabilities				
Derivative financial liabilities at fair value through profit or loss	–	3,420,760	–	3,420,760
Total	–	3,420,760	–	3,420,760

There have been no transfers between levels of the fair value hierarchy during the period. Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

Movements in the Company's Level 3 financial instruments during the period/year were as follows:

	30 September 2019 (unaudited) £	31 March 2019 (audited) £
Opening balance	1,118,045,818	774,427,676
Purchases	506,044,896	534,891,241
Sales	(241,677,795)	(194,907,810)
Net gains on non-derivative financial assets at the end of the period/year	64,525,295	3,634,711
Closing balance	1,446,938,214	1,118,045,818

The investments held by the Subsidiary in the underlying portfolio are classified within the fair value hierarchy as follows:

	30 September 2019 (unaudited)			
	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	54,913,803	412,489,907	982,168,932	1,449,572,642

	31 March 2019 (audited)			
	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	46,767,939	332,561,459	759,948,794	1,139,278,192

6. NON-DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

FAIR VALUE MEASUREMENT CONTINUED

There have been no transfers between levels of the fair value hierarchy during the period. Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

The Subsidiary's Level 3 investment valuations are calculated by discounting future cashflows at a yield appropriate to comparable infrastructure loans or bonds (with such yield assessed primarily from publicly available sources and secondarily in consultation with brokers and syndicate desks). Spread data will also be cross-referenced to recently priced primary market transactions if possible. When identifying comparable loans or bonds, for the purpose of assessing market yields, structural and credit characteristics and project type are also considered.

The following table shows the Directors' best estimate of the sensitivity of the Subsidiary's Level 3 investments to changes in the principal unobservable input, with all other variables held constant.

Unobservable input	Possible reasonable change in input	30 September 2019 (unaudited) effect on net assets and profit or loss £	31 March 2019 (audited) effect on net assets and profit or loss £
Yield	+1%	(10,725,758)	(10,241,221)
	–1%	11,739,199	11,266,545

The possible changes in the yield of 1% are regarded as reasonable in view of the current low level of global interest rates.

The cash and cash equivalents, trade and other receivables and trade and other payables are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

VALUATION TECHNIQUES FOR THE INVESTMENT PORTFOLIO OF THE SUBSIDIARY

With effect from 18 April 2017, the Company engaged PricewaterhouseCoopers LLP ("PwC") as Valuation Agent, with responsibility for reviewing the valuations applied by the Investment Adviser in relation to the acquisition of loans and bonds on a monthly basis. The principles and techniques utilised by the Investment Adviser and reviewed by PwC during the year in calculating the valuations are described below.

Performing Portfolio Loans and Bonds

Valuations of performing portfolio loans and bonds are based on actual market prices (bid-side prices) obtained from third-party brokers and syndicate desks if available (such brokers to be agreed with the Investment Adviser); if such prices are not available, then valuations are calculated by discounting future cashflows at a yield appropriate to comparable infrastructure loans or bonds (with such yield assessed primarily from publically available sources and secondarily in consultation with brokers and syndicate desks). Spread data will also be cross-referenced to recently-priced primary market transactions if possible.

When identifying comparable loans or bonds, for the purpose of assessing market yields, the following will be taken into account:

- Project type: jurisdiction, sector, project status, transaction counterparties such as construction companies, facility management providers;
- Structural characteristics: maturity and average life, seniority, secured/unsecured, amortisation profile, cash sweeps, par versus discount; and
- Credit characteristics: credit ratios (e.g. equity cushion, asset cover/LTV, debt service coverage ratios or equivalent, debt/EBITDA), ratings and ratings trajectory.

In calculating the net present value of future cashflows on loans with uncertain cashflows (such as cash-sweep mechanisms), "banking base case" cashflows are used unless there is clear evidence that the market is using a valuation based upon another set of cashflows.

6. NON-DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

VALUATION TECHNIQUES FOR THE INVESTMENT PORTFOLIO OF THE SUBSIDIARY CONTINUED

Performing Portfolio Loans and Bonds continued

In the case of discount loans with step-up margins, the assumption will be that market discounts are calculated on a yield-to-worst basis, unless there is clear evidence that the market convention for that loan is different.

For variable rate loans and bonds, for the purposes of projecting cashflows, the market convention of simple compounding to the next interest payment date is used and swap rates for subsequent interest payments, unless there is clear evidence that the market convention for that loan or bond is different.

Non-performing Portfolio Loans and Bonds

Valuations of non-performing portfolio loans and bonds are based on actual market prices obtained from third-party brokers if available, otherwise the net present value of future expected loan cashflows will be calculated, estimated on the basis of the median outcome and discount rate that reflects the market yield of distressed/defaulted loans or bonds.

In assessing the median outcome cashflows, a project/corporate model that reflects the distressed state of the project will be used in order to assess a range of potential outcomes for expected future cashflows with regards to, for example, interest or principal recoveries and timing. The Investment Adviser will work closely with the Valuation Agent and they will have access to the Investment Adviser's own model, analysis and internal valuations. These valuations are subject to a high degree of management oversight and ultimate approval by the Investment Manager.

As at 30 September 2019, there were no non-performing loans or bonds in the portfolio.

Finalising the Net Asset Value

Once the appropriate position price has been determined to be applied to each investment, the calculation of the Subsidiary's net asset value is finalised through the following steps:

- Conversion of each investment into GBP based on month end FX exchange rates;
- Reconciliation of any interest accrued since issue of the most recent coupon; and
- Aggregation of the investments into a single Fund NAV position statement (clean and dirty price).

7. TRADE AND OTHER RECEIVABLES

	30 September 2019 (unaudited) £	31 March 2019 (audited) £
Accrued VFN interest receivable	61,401,965	59,789,705
Prepaid loan transaction costs	1,056,706	716,679
Other prepayments	24,112	16,097
Total trade and other receivables	62,482,783	60,522,481

8. DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company uses forward foreign exchange contracts to hedge its exposure to currency risk. The net loss on forward foreign exchange contracts in the period comprises both realised and unrealised losses as follows:

	30 September 2019 (unaudited) £	31 March 2019 (audited) £
Realised losses on forward foreign exchange contracts during the period	(33,360,434)	(1,286,492)
Unrealised losses on forward foreign exchange contracts during the period	(14,792,006)	(32,997,205)
Net losses on forward foreign exchange contracts during the period	(48,152,440)	(34,283,697)

As at 30 September 2019, the Company had the following outstanding commitments in respect of open forward foreign exchange contracts.

30 September 2019 (unaudited)

Selling currency	Currency amount	Buying currency	GBP amount £	Unrealised gains £	Unrealised losses £	Net unrealised gains £
USD	835,967,700	GBP	668,608,733	4,478,609	(13,033,824)	(8,555,215)
EUR	396,600,000	GBP	357,846,839	3,714,342	(3,558,894)	155,448
AUD	75,000,000	GBP	41,604,260	519,378	–	519,378
NOK	218,000,000	GBP	19,710,690	265,873	–	265,873
			1,087,770,522	8,978,202	(16,592,718)	(7,614,516)

Counterparty	Unrealised gains £	Unrealised losses £	Net unrealised losses £
AFEX	113,854	–	113,854
Global Reach	1,936,069	(125,159)	1,810,910
Investec Bank	131,769	(5,245,278)	(5,113,509)
Macquarie	27,906	(2,503,020)	(2,475,114)
Monex	–	(5,861,419)	(5,861,419)
Moneycorp	859,485	(1,488,598)	(629,113)
RBSI	5,909,119	(1,369,244)	4,539,875
	8,978,202	(16,592,718)	(7,614,516)

31 March 2019 (audited)

Selling currency	Currency amount	Buying currency	GBP amount £	Unrealised gains £	Unrealised losses £	Net unrealised gains £
USD	735,967,700	GBP	564,652,969	4,617,878	(2,640,923)	1,976,955
EUR	293,600,000	GBP	259,290,881	5,743,006	(71,560)	5,671,446
NOK	129,900,000	GBP	11,503,375	24,025	(84,391)	(60,366)
PLN	21,500,000	GBP	4,515,099	213,341	–	213,341
AUD	75,000,000	GBP	40,141,297	–	(623,886)	(623,886)
			880,103,621	10,598,250	(3,420,760)	7,177,490

8. DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

31 March 2019 (audited)

Counterparty	Unrealised gains £	Unrealised losses £	Net unrealised gains/(losses) £
Global Reach	1,070,672	(132,659)	938,013
Investec Bank	3,740,521	(150,498)	3,590,023
Monex	1,614,879	(223,915)	1,390,964
Moneycorp	1,053,554	(925,653)	127,901
RBSI	3,118,624	(1,988,035)	1,130,589
	10,598,250	(3,420,760)	7,177,490

All forward foreign exchange positions at the period end were held with Associated Foreign Exchange Limited, Global Reach Partners, Investec Bank plc, Macquarie Bank Limited, Monex Europe Limited, TTT Moneycorp Limited or the Royal Bank of Scotland International, as noted above. There are no master netting arrangements in place.

The forward foreign exchange positions at the year end have various maturity dates ranging from 8 October 2019 to 3 August 2020 (31 March 2019: 8 April 2019 to 14 April 2020).

9. INVESTMENT INCOME

	30 September 2019 (unaudited) £	31 March 2019 (audited) £
Interest income on financial assets carried at amortised cost:		
Cash and cash equivalents	**14**	671
Interest income on the Company's non-derivative financial assets at fair value through profit and loss	**42,035,671**	56,516,215
	42,035,685	56,516,886

10. RELATED PARTIES AND OTHER MATERIAL CONTRACTS

DIRECTORS' FEES

Robert Jennings is entitled to a fee in remuneration for his services as Chair of the Board of Directors at a rate payable of £66,800 per annum (increased from £65,000 per annum with effect from 1 April 2019). The remaining Directors are entitled to a fee in remuneration for their services as Directors at a rate of £44,300 each per annum (increased from £43,000 per annum with effect from 1 April 2019).

Jan Pethick, Jon Bridel and Sandra Platts are also each entitled to a fee of £7,000 per annum in respect of their roles as Chair of the Management Engagement Committee, Chair of the Risk Committee and Chair of the Audit and Remuneration Committees respectively.

With effect from 1 April 2019, Sandra Platts is entitled to an additional fee of £5,000 per annum for serving as the Senior Independent Director.

10. RELATED PARTIES AND OTHER MATERIAL CONTRACTS CONTINUED

ORDINARY SHARES HELD BY RELATED PARTIES

The Shareholdings of the Directors' in the Company at 30 September 2019 were as follows:

	30 September 2019 (unaudited)		31 March 2019 (audited)	
Name	Number of Ordinary Shares	Percentage of Ordinary Shares in issue	Number of Ordinary Shares	Percentage of Ordinary Shares in issue
Robert Jennings (Chairman) (with other members of his family)	**240,000**	**0.02%**	240,000	0.02%
Jan Pethick (with his spouse)	**263,820**	**0.02%**	263,820	0.02%
Jon Bridel (with his spouse)	**10,452**	**0.00%**	10,452	0.00%
Sandra Platts (in a family Retirement Annuity Trust Scheme)	**21,457**	**0.00%**	19,073	0.00%

During the period, Sandra Platts acquired 2,384 Ordinary Shares in the Open Offer, Placing and Offer for Subscription on 27 June 2019.

As at 30 September 2019, the Investment Adviser held an aggregate of 3,450,721 Ordinary Shares (31 March 2019: 3,073,079 Ordinary Shares), which is 0.25% (31 March 2019: 0.28%) of the issued share capital.

As at 30 September 2019, the members of the Investment Adviser's founding team held an aggregate of 681,643 Ordinary Shares (31 March 2019: 681,643 Ordinary Shares), which is 0.05% (31 March 2019: 0.06%) of the issued share capital.

As at 30 September 2019, the Investment Manager held an aggregate of 50,000 Ordinary Shares (31 March 2019: 50,000 Ordinary Shares), which is 0.00% (31 March 2019: 0.00%) of the issued share capital.

TRANSACTIONS WITH INVESTMENT MANAGER AND INVESTMENT ADVISER

Investment Manager

International Fund Management Limited (the "Investment Manager") was appointed as the Investment Manager with effect from 28 January 2015. With effect from 1 December 2016, the Investment Manager was entitled to receive a management fee for AIFM services calculated as follows:

- if the Company's NAV is less than £200 million, 0.075% per annum of the value of the Company's NAV; plus
- if the Company's NAV is more than £200 million and less than £400 million, 0.05% per annum of the Company's NAV not included above; plus
- if the Company's NAV is more than £400 million and less than £500 million, 0.04% per annum of the Company's NAV not included above; plus
- if the Company's NAV is more than £500 million, 0.015% per annum of the Company's NAV not included above.

The fee is subject to an annualised minimum of £80,000 applied on a monthly basis and is payable monthly in arrears. With effect from 2 May 2017, the management fee was capped at £320,000 per annum, subject to an annual inflationary increase (with effect from 1 May 2018: £328,000; with effect from 1 May 2019: 335,872).

10. RELATED PARTIES AND OTHER MATERIAL CONTRACTS CONTINUED

TRANSACTIONS WITH INVESTMENT MANAGER AND INVESTMENT ADVISER CONTINUED

Investment Manager continued

During the period, the Investment Manager received a fee of £6,000 for services rendered in connection with the Open Offer, Placing and Offer for Subscription on 27 June 2019 and a fee of £1,500 for services rendered in connection with the Placing of Ordinary Shares on 24 September 2019 (30 September 2018: £2,500 for services rendered in connection with the Placing of Ordinary Shares on 9 May 2018).

The Investment Management agreement can be terminated by either party giving not less than 6 months' written notice.

Investment Adviser

Sequoia Investment Management Company Limited (the "Investment Adviser") was appointed as the Investment Adviser with effect from 28 January 2015. With effect from 1 September 2018, the Investment Adviser is entitled to receive from the Company a base fee calculated as follows:

- 0.74% of the market value of the investments (excluding committed but not yet invested investments and cash) owned by the Subsidiary up to £1 billion; plus
- 0.56% of the market value of the investments (excluding committed but not yet invested investments and cash) owned by the Subsidiary in excess of £1 billion.

Prior to 1 September 2018, and with effect from 5 May 2016, the Investment Adviser was entitled to receive from the Company a base fee calculated as follows:

- 0.5% per annum of the value of the listed debt securities owned by the Subsidiary; plus
- if the Company's NAV is less than £250 million, 0.9% per annum of the value of the Company's other investments (excluding listed debt securities and cash); plus
- if the Company's NAV is more than £250 million and less than £500 million, 0.8% per annum of the value of the Company's other investments (excluding listed debt securities and cash) not included above; plus
- if the Company's NAV is more than £500 million and less than £750 million, 0.7% per annum of the value of the Company's other investments (excluding listed debt securities and cash) not included above; plus
- if the Company's NAV is more than £750 million, 0.6% per annum of the value of the Company's other investments (excluding listed debt securities and cash) not included above.

All such fees are payable quarterly. With effect from 1 September 2018, 10% of the Investment Adviser's fee (prior to 1 September 2018: 25%) is applied in subscribing for Ordinary Shares in the Company, which the Investment Adviser shall retain with a three-year rolling lock-up (such that those Ordinary Shares may not be sold or otherwise disposed of by the Investment Adviser without the prior consent of the Company before the third anniversary of the date of issue of the relevant Ordinary Shares).

On 18 April 2019, the Company issued 177,165 Ordinary Shares to the Investment Adviser in relation to fees payable for the quarter ended 31 March 2019.

On 18 July 2019, the Company issued 200,477 Ordinary Shares to the Investment Adviser, in relation to fees payable for the period ended 30 June 2019.

As at 30 September 2019, the Investment Adviser held 3,450,721 Ordinary Shares (31 March 2019: 3,073,079 Ordinary Shares) in the Company.

On 17 October 2019, the Company issued 225,522 Ordinary Shares to the Investment Adviser, in relation to fees payable for the period ended 30 September 2019.

The Investment Advisory agreement can be terminated by either party giving not less than 6 months written notice. The Investment Adviser's appointment will be automatically terminated upon termination of the Investment Manager's appointment under the Investment Management Agreement.

10. RELATED PARTIES AND OTHER MATERIAL CONTRACTS CONTINUED

OTHER MATERIAL CONTRACTS

Administrator

Praxis Fund Services Limited (the "Administrator") was appointed as the Administrator with effect from 28 January 2015. With effect from 1 June 2016, the Administrator is entitled to receive from the Company a base fee for its services based on the following sliding scale:

- if the Company's NAV is less than £300 million, 0.07% per annum of the value of the Company's NAV; plus
- if the Company's NAV is more than £300 million and less than £400 million, 0.05% per annum of the Company's NAV not included above; plus
- if the Company's NAV is more than £400 million, 0.04% per annum of the Company's NAV not included above.

The base fee is subject to a minimum of £65,000 applied on a monthly basis and is capped at £300,000 per annum. The Administrator is also entitled to a fee for company secretarial services based on time costs.

During the period, the Administrator received fees amounting to £10,500 for services rendered in connection with the Open Offer, Placing and Offer for Subscription on 27 June 2019 (30 September 2018: £5,869 for services rendered in connection with the Placing of Ordinary Shares on 9 May 2018).

Subsequent to the period end, the Administrator received fees amounting to £3,500 for services rendered in connection with the Placing of Ordinary Shares on 24 September 2019.

The Administration agreement can be terminated by either party giving not less than 90 days written notice.

Subsidiary Administrator

TMF Luxembourg S.A. (the "Subsidiary Administrator") was appointed as the administrator of the Subsidiary with effect from 28 January 2015. With effect from 1 January 2019, the Subsidiary Administrator is entitled to receive an annual fee of €25,434 (prior to 1 January 2019: €24,935 per annum) and, in addition, a fee for NAV reconciliation and reporting services based on time costs but capped at €6,150 per annum.

Custodian

The Bank of New York Mellon (the "Custodian") was appointed as the Custodian with effect from 27 February 2015. The Custodian is entitled to receive fees, as agreed from time to time, for services provided as portfolio administrator, calculating agent, account bank and custodian.

The amounts charged for the above-mentioned fees during the period ended 30 September 2019 and outstanding at 30 September 2019 are as follows:

	Charge for the period from 1 April 2019 to 30 September 2019 (unaudited) £	Amounts outstanding at 30 September 2019 (unaudited) £	Charge for the period from 1 April 2018 to 30 September 2018 (unaudited) £	Amounts outstanding at 31 March 2019 (audited) £
Investment advisory fee	4,849,982	2,571,805	3,307,798	1,986,030
Investment management fee	178,366	18,366	160,000	15,010
Administration fee	220,331	28,455	208,082	–
Directors' fees and expenses	113,723	–	108,458	–
Sub-administration fee*	13,074	13,307	10,216	10,683
Fees payable to the Custodian*	384,228	216,850	214,688	116,732
	5,759,704	2,848,783	4,009,242	2,128,455

** Includes expenses of the Subsidiary*

10. RELATED PARTIES AND OTHER MATERIAL CONTRACTS CONTINUED

OVERDRAFT FACILITY

On 15 February 2016, the Company entered into an overdraft facility with the Royal Bank of Scotland International Limited with a limit of £1,500,000. As at 30 September 2019, this facility had not been utilised.

LOAN COLLATERAL

With effect from 14 May 2019, security for a revolving credit facility of £200 million (with effect from 9 August 2018, £150 million) (see note 13) with the Royal Bank of Scotland International Limited was provided by, inter alia, a charge over the bank accounts of the Company, a charge over the shares in the Subsidiary held by the Company and a charge on the assets of the Subsidiary.

11. SHARE CAPITAL

The Company's Ordinary Shares and C Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares and C Shares are recognised as a deduction in equity and are charged to the relevant share capital account, including the initial set up costs.

The Company undertakes that it shall ensure that its records and bank accounts are operated in such a way that the assets attributable to the Ordinary Shares and the C Shares can be separately identified. On the conversion of C Shares to Ordinary Shares, C Shareholders shall be allocated an appropriate number of Ordinary Shares, calculated by reference to the conversion ratio.

The authorised share capital of the Company is represented by an unlimited number of Shares of nil par value, to which are attached the following rights:

(a) Dividends: Ordinary Shareholders and C Shareholders are entitled to receive, and participate in, any dividends or other distributions resolved to be distributed from their respective pools of assets in respect of any accounting period or other period, provided that no calls or other sums due by them to the Company are outstanding.

(b) Winding Up: On a winding up, the Ordinary Shareholders and C Shareholders shall be entitled to the surplus assets remaining in their respective pools of assets after payment of creditors.

(c) Voting: Ordinary Shareholders have the right to receive notice of and to attend, speak and vote at general meetings of the Company and each holder being present in person or by proxy shall upon a show of hands have one vote and upon a poll one vote in respect of every Ordinary Share held. C Shareholders have no right to attend or vote at any meeting of the Company, except that the consent of C Shareholders is required for any alteration to the Memorandum or Articles of the Company; for the passing of any resolution to wind up the Company; and for the variation or abrogation of the rights attached to the C Shares.

11. SHARE CAPITAL CONTINUED

ISSUED SHARE CAPITAL

Ordinary Shares

	30 September 2019 (unaudited) Ordinary Shares Number	31 March 2019 (audited) Ordinary Shares Number
Share Capital at the beginning of the period/year	**1,060,975,849**	748,315,757
Share Capital issued to the Investment Adviser in part settlement of fees	**377,642**	1,180,847
Share Capital issued and fully paid	**325,000,000**	311,479,245
Total Share Capital at the end of the period/year	**1,386,353,491**	1,060,975,849

	30 September 2019 (unaudited) Ordinary Shares £	31 March 2019 (audited) Ordinary Shares £
Share Capital at the beginning of the period/year	**1,072,031,030**	746,867,128
Share Capital issued to the Investment Adviser in part settlement of fees	**426,420**	1,297,907
Share Capital issued and fully paid	**354,750,000**	328,684,000
Share issue costs	**(4,757,923)**	(4,828,005)
Total Share Capital at the end of the period/year	**1,422,449,527**	1,072,031,030

On 27 June 2019, the Company issued 200,000,000 new Ordinary Shares at an issue price of 108.0p per Ordinary Share through an Open Offer, Placing and Offer for Subscription of Ordinary Shares.

On 24 September 2019, the Company issued a further 125,000,000 new Ordinary Shares at an issue price of 111.0p per Ordinary Share through a Placing of Ordinary Shares.

During the period, 377,642 Ordinary Shares (30 September 2018: 694,510 Ordinary Shares) have been issued to the Investment Adviser in relation to fees payable for the period from 1 January 2019 to 30 June 2019, at an average issue price of 112.9p per Ordinary Share (see note 10).

On 17 October 2019, 225,522 Ordinary Shares were issued to the Investment Adviser in relation to fees payable for the period from 1 July 2019 to 30 September 2019, at an issue price of 114.0375p per Ordinary Share.

There were no C Shares in issue during either the current or prior periods.

12. BASIC AND DILUTED EARNINGS PER SHARE

	For the period from 1 April 2019 to 30 September 2019 (unaudited)	For the period from 1 April 2018 to 30 September 2018 (unaudited)
Ordinary Shares		
Profit for the financial period	**£47,909,430**	£27,139,311
Weighted average number of Shares	**1,169,140,152**	806,036,830
Basic and diluted earnings per Share	**4.10p**	3.37p

The weighted average number of Ordinary Shares is based on the number of Ordinary Shares in issue during the period under review, as detailed in note 11.

There was no dilutive effect for potential Ordinary Shares during the current period.

13. LOAN PAYABLE

On 6 December 2017, the Company executed a 36 month £100 million multi-currency revolving credit facility ("RCF") with the Royal Bank of Scotland International Limited ("RBSI") as lead arranger. On 9 August 2018, the Company exercised a £50 million incremental accordion tranche of the RCF, with the same maturity date as the initial RCF. On 10 May 2019, the Company exercised a further £50 million incremental accordion tranche, and extended the facility to 7 December 2021. The proceeds of the loan are to be used in or towards the making of investments in accordance with the Company's investment policy. The loan is secured by, inter alia, a charge over the bank accounts of the Company, a charge over the shares in the Subsidiary held by the Company and a charge on the assets of the Subsidiary. Should the value of the underlying assets held in the Subsidiary fall below a certain level, further margin calls may be made by RBSI, however no margin calls were made during the period. Interest on the loan is charged at a rate of LIBOR (or EURIBOR for any loan denominated in Euro) plus 2.1% per annum. Loan interest of £2,562,910 (30 September 2018: £1,349,461) and upfront and other fees of £262,270 (30 September 2018: £192,713) have been incurred on the loan during the period.

	For the period from 1 April 2019 to 30 September 2019 (unaudited)		
	GBP facility GBP	USD facility GBP	Total GBP
Balance brought forward	60,000,000	53,875,164	113,875,164
Drawdowns	202,500,000	51,453,107	253,953,107
Repayments	(199,100,000)	(107,652,822)	(306,752,822)
	63,400,000	(2,324,551)	61,075,449
Foreign exchange revaluations	–	2,324,551	2,324,551
Balance carried forward	63,400,000	–	63,400,000

13. LOAN PAYABLE CONTINUED

	For the year ended 31 March 2019 (audited)		
	GBP facility GBP	USD facility GBP	Total GBP
Balance brought forward	–	39,238,068	39,238,068
Drawdowns	187,532,967	72,716,647	260,249,614
Repayments	(127,532,967)	(59,197,105)	(186,730,072)
	60,000,000	52,757,610	112,757,610
Foreign exchange revaluations	–	1,117,554	1,117,554
Balance carried forward	60,000,000	53,875,164	113,875,164

The carrying value of the loan is considered to be a reasonable approximation of its fair value.

14. COMMITMENTS

As at 30 September 2019, £137.3 million (31 March 2019: £98.7 million) was committed to new or existing investments. These commitments will be settled from the existing cash reserves of the Company and the Subsidiary and through drawdowns from the Company's revolving credit facility.

15. SUBSEQUENT EVENTS

On 17 October 2019, the Company issued 225,522 Ordinary Shares to the Investment Adviser, in relation to fees payable for the period ended 30 September 2019.

On 17 October 2019, the Company declared a dividend of 1.5625p per Ordinary Share. The dividend was paid on 22 November 2019.

There have been no other significant events since the period end which would require revision of the figures or disclosures in these Financial Statements.

Officers and advisers

DIRECTORS
Robert Jennings, CBE (Independent non-executive Chairman)
Sandra Platts (Senior Independent non-executive Director)
Jan Pethick (Independent non-executive Director)
Jon Bridel (Independent non-executive Director)

INVESTMENT ADVISER
Sequoia Investment Management Company Limited
Kent House, 6th Floor, 14-17 Market Place
London W1W 8AJ

ADMINISTRATOR AND SECRETARY
Praxis Fund Services Limited
Sarnia House, Le Truchot, St Peter Port
Guernsey GY1 1GR

SUBSIDIARY ADMINISTRATOR
TMF Luxembourg S.A.
46A, Avenue JF Kennedy
L-1855 Luxembourg

VALUATION AGENT
PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

LEGAL ADVISER (AS TO GUERNSEY LAW)
Mourant
Royal Chambers, St Julian's Avenue
St Peter Port, Guernsey GY1 4HP

REGISTRAR
Computershare Investor Services (Guernsey) Limited
1st Floor Tudor House, Le Bordage
St Peter Port, Guernsey GY1 1DB

INDEPENDENT CONSULTANTS
Tim Drayson
Kate Thurman

REGISTERED OFFICE
Sarnia House, Le Truchot, St Peter Port
Guernsey GY1 1GR

INVESTMENT MANAGER
International Fund Management Limited
Sarnia House, Le Truchot, St Peter Port
Guernsey GY1 1GR

INDEPENDENT AUDITOR
KPMG Channel Islands Limited
Glategny Court, Glategny Esplanade
St Peter Port, Guernsey GY1 1WR

BROKER
Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

CUSTODIAN
Bank of New York Mellon
1 Canada Square
London E14 5AL

LEGAL ADVISER (AS TO UK LAW)
Jones Day
21 Tudor Street
London E14 0DJ

COMMUNICATIONS ADVISER
Tulchan Communications LLP
85 Fleet Street
London EC4Y 1AE

FOR FURTHER INFORMATION, PLEASE CONTACT:

Sequoia Investment Management Company Limited
+44 (0)20 7079 0480
Steve Cook — Randall Sandstrom
Dolf Kohnhorst — Greg Taylor

Stifel Nicolaus Europe Limited
+44 (0)20 7710 7600
Mark Bloomfield — Alex Miller

Tulchan Communications (Financial PR)
+44 (0)20 7353 4200
Elizabeth Snow — Deborah Roney
Martin Pengelley

Praxis Fund Services Limited (Company Secretary)
+44 (0) 1481 755530
Matt Falla — Katrina Rowe

Appendix

ALTERNATIVE PERFORMANCE MEASURES USED IN THE INTERIM REPORT

Portfolio yield-to-maturity/Gross portfolio return

Portfolio yield-to-maturity is the total annualised return anticipated on a portfolio of interest-bearing investments, discounted for the time value of money and based on the assumption that the investments are held to their maturity. This provides a useful measure of likely projected returns on a portfolio.

Internal rate of return ("IRR")

Internal rate of return is a calculation of the prospective or retrospective annualised profitability of an investment over a number of years, the IRR being the discount rate that would make the net present value of the actual or potential cashflows from the investment equal to zero. This provides a useful measure of the profitability of an investment, on either a NAV or share price basis.

Total NAV return

Total NAV return is a calculation showing how the NAV per share has performed over a period of time, taking into account dividends paid to shareholders. It is calculated on the assumption that dividends are reinvested at the prevailing NAV on the last day of the month that the shares first trade ex-dividend. This provides a useful measure to allow shareholders to compare performances between investment funds where the dividend paid may differ.

		For the period from 1 April 2019 to 30 September 2019	For the period from 3 March 2015 to 30 September 2019
Opening NAV per share		103.41p	98.00p
Closing NAV per share	(a)	105.30p	105.30p
Dividends paid	(b)	3.0625p	24.5625p
Weighted average NAV per share on month end ex-dividend	(c)	102.31p	99.35p
Dividend adjustment factor (d = (b / c +1)	(d)	1.0299	1.2472
Adjusted closing NAV per share (e = a x d)	(e)	108.45p	131.33p
Total NAV return		4.9%	34.0%

ALTERNATIVE PERFORMANCE MEASURES USED IN THE INTERIM REPORT CONTINUED

Ongoing charges ratio ("OCR")

The ongoing charges ratio of an investment company is the annual percentage reduction in shareholder returns as a result of recurring operational expenditure. Ongoing charges are classified as those expenses which are likely to recur in the foreseeable future, and which relate to the operation of the company, excluding investment transaction costs, financing charges and gains or losses on investments. The OCR is calculated as the total ongoing charges for a period divided by the average net asset value over that period.

	12 month period ended 30 September 2019			12 month period ended 30 September 2018		
	The Company £	The Subsidiary £	Total £	The Company £	The Subsidiary £	Total £
Total expenses	16,063,333	302,412	16,365,745	10,406,538	646,165	11,052,703
Non-recurring expenses	(4,954,899)	–	(4,954,899)	(2,720,995)	–	(2,720,995)
Total ongoing expenses	11,108,434	302,412	11,410,846	7,685,543	646,165	8,331,708
Average NAV			1,205,093,481			788,338,078
Ongoing charges ratio (using AIC methodology)			0.95%			1.06%

Designed and produced by **FourthQuarter**®

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C004309

The paper used in this document contains materials sourced from responsibly managed and sustainable commercial forests, certified in accordance with the FSC® (Forest Stewardship Council).

Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 1GR

www.seqifund.com