2020

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 origination and credit assessment skills needed. Our investments support the provision of infrastructure on a sustainable basis and create social and economic benefits across the range of geographies in which 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 2020)

74 Investments	£62.6m Largest investment	£22.1m Average size	6.7 years Average maturity
5.6 years Average life	1.7 Portfolio mod. duration	34% Average equity cushion	11.6% Construction risk

Quote from the Chairman

“Amid a very uncertain and testing environment which endured throughout the first six months of our financial year, I am pleased to report that overall our portfolio has shown resilience. NAV per share has risen from 96.69p to 100.17p after paying dividends of 3.125p per share. With vaccine protection expected to be rolled out over the coming months, it seems reasonable to hope that the economic environment in the second half will be less challenging. Our expectation that our target dividend pay-out for 2020/21 will be fully cash covered reinforces the Board’s confidence in our ability to continue delivering on the Company’s objectives.”

Robert Jennings Chairman of the Company

Highlights

2020/21 INTERIM RESULTS

Diverse and cash-generative portfolio

Highlights for the period from 1 April 2020 to 30 September 2020

- Solid progress despite challenging environment
- Share price return[1] of 14.4% in the period
- Diversified portfolio of 74 investments made across 8 sectors, 28 sub-sectors and 12 mature jurisdictions
  - 93% of investments in private debt
  - 63% floating rate investments, enabling the Company to benefit from future rate rises
  - Short weighted average life of 5.6 years creating re-investment opportunities
  - Weighted average equity cushion of 34%
- Annualised portfolio yield-to-maturity[1] of 10.2% as at 30 September 2020
- Continued low ongoing charges ratio[1] of 0.89%, down from 0.96% in the year ended 31 March 2020 (calculated in accordance with Association of Investment Companies ("AIC") guidance)
- Dividends of 3.125p per Share paid in the period (30 September 2019: 3.0625p per Share). Target for 2020/21 year remains at 6.25p
- ESG score of the portfolio is on a long-term and sustainable upward trend

Financial highlights

	30 September 2020	31 March 2020
Total net assets	**£1,659,128,491**	£1,599,865,271
Net Asset Value ("NAV") per Ordinary Share [1]*	**100.17p**	96.69p
Ordinary Share price *	**104.40p**	94.00p
Ordinary Share premium to NAV [1]	**4.2%**	(2.8)%

1 See appendix for Alternative Performance Measures ("APMs")
** 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 immediate subsidiary Sequoia IDF Asset Holdings S.A. (the "Subsidiary", together 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.

Environmental, Social and Governance ("ESG") policy

The Company takes its corporate and social responsibilities seriously. As part of its sustainability strategy, it has established a number of appropriate ESG policies which it takes into account at all stages of its investment process. The guiding principles behind its ESG programme are the United Nations Principles for Responsible Investment ("UNPRI"), to which the Investment Adviser is a signatory.

Dividend policy

In the absence of any significant restricting factors, the Board expects to pay dividends totalling 6.25p per Ordinary Share per annum for the foreseeable future. The Company pays dividends on a quarterly basis.

At an Extraordinary General Meeting of the Company held on 25 February 2020, Shareholders approved the implementation of a scrip dividend scheme. For further details, please see note 5 to the Interim Financial Statements.

Chairman's statement

It is my pleasure to present to you the Interim Report of Sequoia Economic Infrastructure Income Fund Limited (the "Company") for the six-month period of operations ended 30 September 2020.

NAV AND SHARE PRICE PERFORMANCE

Over the first half of this financial year, the Company's NAV per share[2] has increased from 96.69p to 100.17p. Over the same period, the Company has paid dividends of 3.125p per share, consistent with our full year target dividend of 6.25p, resulting in a total NAV return[2] of 6.9%.

During March 2020, the COVID-19 pandemic induced a sharp downturn in markets generally, including a hard sell-off in non-investment grade debt. Simultaneously, key oil-producing nations launched a price war, which put extreme pressure on the oil price. Regrettably, this meant that we ended March 2020 with NAV per share[2] down by 9.1% over the month, closing at 96.69p. Encouragingly, during the six-month period ended 30 September 2020, the spread widening observed across the portfolio during the second half of March 2020 reversed materially, with several of the Company's investments performing better than expected throughout the lockdown. The increase in the Company's NAV during the period is mainly attributed to the positive market movements observed as markets recovered and economic activity resumed. These positive market movements contributed to a 3.21p per share increase in asset valuations.

Over the first six months of the financial year, the Company's share price rebounded to 104.4p from 94.0p after paying dividends of 3.125p, producing a total share price return[2] of 14.4%. Throughout the period, the Company's shares reverted to trading at a premium to NAV with the shares trading at 4.2% premium to NAV[2] as at 30 September 2020 relative to a 2.8% discount[2] as at 31 March 2020. This increase in share price signals strong investor confidence in the Company's investment proposition and its resilience to market volatility.

RESPONSE TO COVID-19 AND PORTFOLIO PERFORMANCE

For the first six months of the financial year, the Investment Adviser continued rebalancing the portfolio in favour of more defensive sectors, including telecommunications, utilities, renewables, and accommodation, which has helped mitigate some of the spread widening across the portfolio. By focusing on these defensive sectors, and shifting the portfolio significantly towards higher credit quality assets, we believe that the Company is well positioned to weather future economic uncertainty.

We were also fortunate that we entered the current crisis with a robust balance sheet, primarily due to our most recent £300 million capital raise, which closed on 3 March 2020. The excess proceeds of the capital raise after debt repayment eliminated the need for substantial additional borrowings under our RCF, even after funding new loans that were in settlement.

During the period, the Company achieved the following:

- Allocated greater resources to the monitoring of all loans in its portfolio;
- Entered into dialogue with three distressed borrowers at an early stage, one of which led to a consensual restructuring of the business, which is discussed in more detail in the Investment Adviser's report;
- Deployed funds in new loans at a more measured pace focusing on stronger credits within our investment universe;
- Retained its dividend target of 6.25p per annum for 2020/21 in the expectation that this should be fully covered (net of expenses and interest costs) by the cash yield on our portfolio; and
- Funded opportunistic attractively priced secondary market opportunities which emerged as a result of the increased market volatility that was observed earlier this year.

2 See appendix for Alternative Performance Measures ("APMs")

Since the decline in NAV and our share price in March 2020, the performance of loans and bonds in our portfolio over the period ended 30 September 2020 has resulted in the reversal of some of the unrealised losses that were incurred earlier this year and a noticeable pick up in year-on-year yields.

The overall portfolio yield to maturity[3] decreased from 12.0% at the end of March 2020 to 10.2% at 30 September 2020, primarily as a result of asset valuation mark-ups as spreads continued to tighten throughout the period and several assets performed better than expected. The percentage of payment-in-kind ("PIK") income increased since year end from c. 10% of all interest income in March 2020 to 17.7% in November 2020, as several borrowers made temporary PIK requests in order to better manage their liquidity during the pandemic. This deferred income for the Company will be realised as loans repay, and in general the Company receives economic compensation for allowing borrowers to defer interest – for example fees or an increased interest rate. In spite of this increase in PIK income, the portfolio continues to be highly cash generative and has been increasing in credit quality, as mentioned previously.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") 2020

One other area of focus throughout 2020 has been the issue of climate change and carbonisation of the World's atmosphere, which has become a greater concern even over the relatively short period since our IPO. It naturally impacts our credit assessment processes but, more importantly, it also impacts the way we believe our capital should be deployed. Accordingly, at the beginning of 2019, our Investment Adviser signed up to the United Nations Principles of Responsible Investment and has been implementing a comprehensive ESG screening programme ("ESG 2020") across the existing portfolio and all new investments.

In general, our investment portfolio has strong environmental credentials, with a meaningful allocation to renewable energy and related sectors such as electricity grid stabilisation and even highly specialised ships needed for the maintenance of offshore windfarms. I am pleased to report that the Investment Adviser has achieved all of the goals set by the Company in relation to the adoption and implementation of a comprehensive ESG programme, as a result of which the ESG score of the portfolio is on a long-term and sustainable upward trend.

CLOSING

I would like to close this year's statement by thanking my fellow Board members, the Investment Adviser, Investment Manager, our Broker, our Independent Advisers, and all other critical service providers that have adapted extremely well to an unprecedented period of disruption resulting from the combination of COVID-19 and the sharp decline in oil prices. The improved economic outlook as a result of the imminent roll-out of a vaccine increases the Board's confidence that the Company will, over the long term, continue to deliver an attractive risk-adjusted return with a relatively low correlation to the broader financial markets.

Thank you for your commitment and support.

Robert Jennings
Chairman

4 December 2020

3 See appendix for Alternative Performance Measures ("APMs")

Investment Adviser's report

THE INVESTMENT ADVISOR'S OBJECTIVES FOR THE YEAR

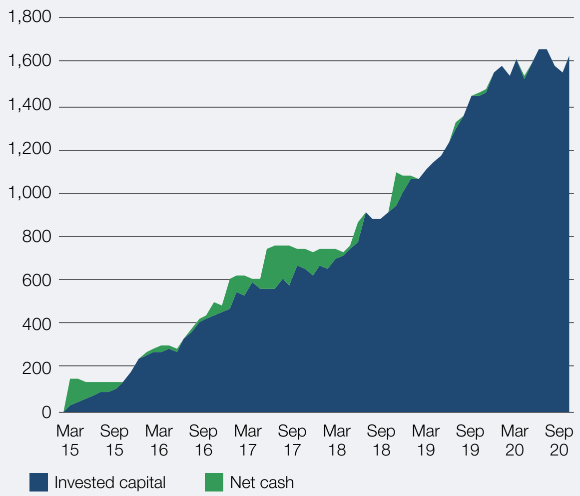
Over the first half of the financial year, Sequoia Investment Management Company ("Sequoia" or the "Investment Adviser") has had a number of objectives for the Company:

Goal	Commentary	
Gross portfolio return[4] of 8-9%	The Company is fully invested with a portfolio that yields in excess of 8%[4]	✓
Growth in late cycle strategies	45% of the portfolio is in defensive sectors[5] as at 30 September 2020	✓
Timely and transparent investor reporting	Factsheet, commentary, and the full portfolio are provided monthly for full transparency	✓
Dividends of 6.25p per Ordinary Share per annum	The Company paid 3.125p of dividends per Ordinary Share during the period, in accordance with its dividend target	✓

CAPITAL RAISED AND SHARE PERFORMANCE

The Company has not completed any capital raises during the first half of this financial year. During the period, and in light of the uncertainty and disruption caused by COVID-19, the Investment Adviser focused on the enhanced monitoring of existing portfolio investments and deploying the proceeds of the March 2020 capital raise. As at 30 September 2020, the Fund had cash of £82.6m and the Company had drawn £80.5m on its £280 million Revolving Credit Facility. The Fund also had undrawn commitments to existing investments collectively valued at £18.3m.

Capital raising and deployment since IPO



As at 30 September 2020, the Company had 1,656,353,931 Ordinary Shares in issue. The closing Share price on that day was 104.4p per Share, implying a market capitalisation for the Company of approximately £1.7 billion, compared to £1.5 billion a year previously.

NAV AND FUND PERFORMANCE

Over the first half of this financial year, the Company's NAV per share[4] increased from 96.69p per share to 100.17p per share, driven by the following effects:

Factor	NAV effect
Interest income on the Company's investments	4.35p
Losses on foreign exchange movements, net of the effect of hedging	(0.30)p
Net positive market movements	3.21p
IFRS adjustment from mid-price at acquisition to bid price	(0.12)p
Operating costs	(0.54)p
Gains from issuing shares at a premium to NAV	0.01p
Gross increase in NAV	**6.61p**
Less: Dividends paid	(3.13)p
Net increase in NAV after payments of dividends	**3.48p**

During the period, the spread widening across the portfolio during the second half of March 2020 continued its reversal, with several of the Company's investments performing better than expected throughout the lockdown. The increase in the Company's NAV during the period is mainly attributed to the positive market movements observed as markets recovered and economic activity resumed. These positive market movements contributed to a 3.21p increase in asset valuations. The Company also reaffirmed its dividend target and paid 3.125p in dividends during the last six months in accordance with its target.

4 See appendix for Alternative Performance Measures ("APMs")
5 Accommodation, TMT, utilities, and renewables

In addition, the Investment Adviser continued its enhanced monitoring of the performance of three of the Company's investments that have been adversely affected to varying degrees by COVID-19 and the steep decline in the price of oil. These assets accounted for a 1.54p reduction in the NAV per share[6] when marked to market in March 2020. Updates on these investments are included later on in this report.

FUND PERFORMANCE

		30 September 2020	31 March 2020	30 September 2019
Net asset value	*per Ordinary Share[6]*	100.17p	96.69p	105.30p
	£ million	1,659.1	1,599.9	1,459.9
Invested portfolio	*percentage of net asset value*	98.4%	95.8%	99.3%
Total portfolio	*including investments in settlement*	99.5%	101.2%	108.7%

PORTFOLIO CHARACTERISTICS

		30 September 2020	31 March 2020	30 September 2019
Number of investments		74	72	78
Single largest investment	*£ million*	62.6	56.5	60.4
	percentage of NAV	3.8%	3.5%	4.1%
Average investment size	*£ million*	22.1	21.3	18.6
Sectors	*by number of assets*	8	8	8
Sub-sectors		28	29	30
Jurisdictions		12	13	13
Private debt	*percentage of invested assets*	92.6%	93.1%	88.4%
Senior debt		53.4%	55.0%	62.0%
Floating rate		62.5%	69.7%	72.0%
Construction risk		11.6%	11.7%	15.7%
Weighted-average maturity	*years*	6.7	6.6	5.7
Weighted-average life		5.6	5.3	4.2
Yield-to-maturity[6]		10.2%	12.0%	8.2%
Modified duration		1.7	1.5	1.2

6 See appendix for Alternative Performance Measures ("APMs")

Investment Adviser's report

Continued

ECONOMIC INFRASTRUCTURE IS A DIVERSE AND HIGHLY CASH-GENERATIVE ASSET CLASS

It is worth taking a moment to provide important context to the effect of COVID-19 on the Company's portfolio and on the economic infrastructure debt asset class as a whole.

Economic infrastructure debt is a robust asset class typically characterised by high barriers-to-entry and relatively stable cashflows and includes sectors such as Transportation, Utilities, Power, Telecommunications and Renewables. Economic infrastructure is often supported by physical assets, long-term concessions or licenses to operate infrastructure assets and these companies frequently operate within a regulated framework. This is especially true in the cases of the Utilities, Telecommunications and parts of the Power sector.

A characteristic common to economic infrastructure sectors is that revenues are derived from demand, usage or volume. This means that the project's revenues are linked to utilisation of the assets, such as a toll road, where revenues are dependent or partially dependent upon traffic volumes. This is in contrast to social infrastructure, such as schools and hospitals, which are often compensated for the physical asset simply being available for use.

To mitigate demand risk, economic infrastructure projects are typically less highly geared than social infrastructure and have higher equity buffers, more conservative credit ratios, stronger loan covenants, and higher levels of asset backing for lenders. Economic infrastructure also provides higher returns than social infrastructure and is a much larger market.

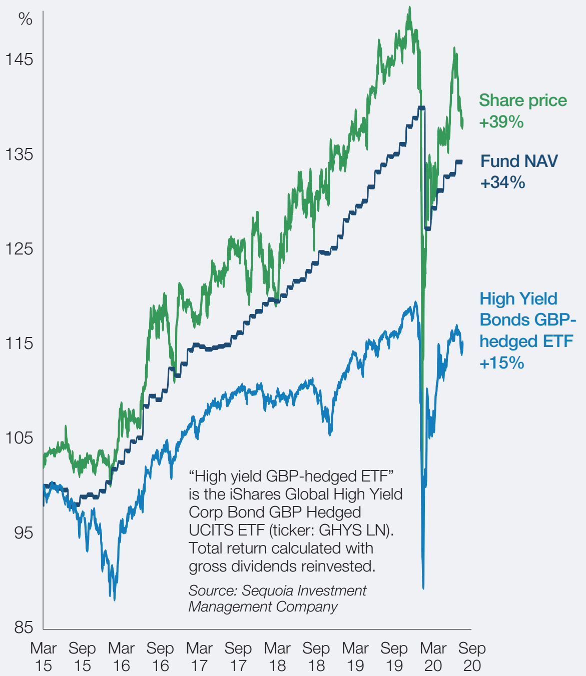
These characteristics of economic infrastructure – stable cashflows, high barriers-to-entry, physical assets, equity buffers and lower gearing – all form the bedrock upon which SEQI's investment opportunities are based and analysed. This is not expected to change, regardless of what is going on in the markets, because these core features of economic infrastructure all contribute to strong fundamentals that are critical for weathering storms.

Nevertheless, economic infrastructure debt is not immune to market volatility and there are certain actions we have taken, some of which were well before the COVID-19 outbreak. These actions have helped position the portfolio defensively for a potential downturn, which we have discussed with many of you over the last year.

THE MARKET ENVIRONMENT DURING THE PERIOD

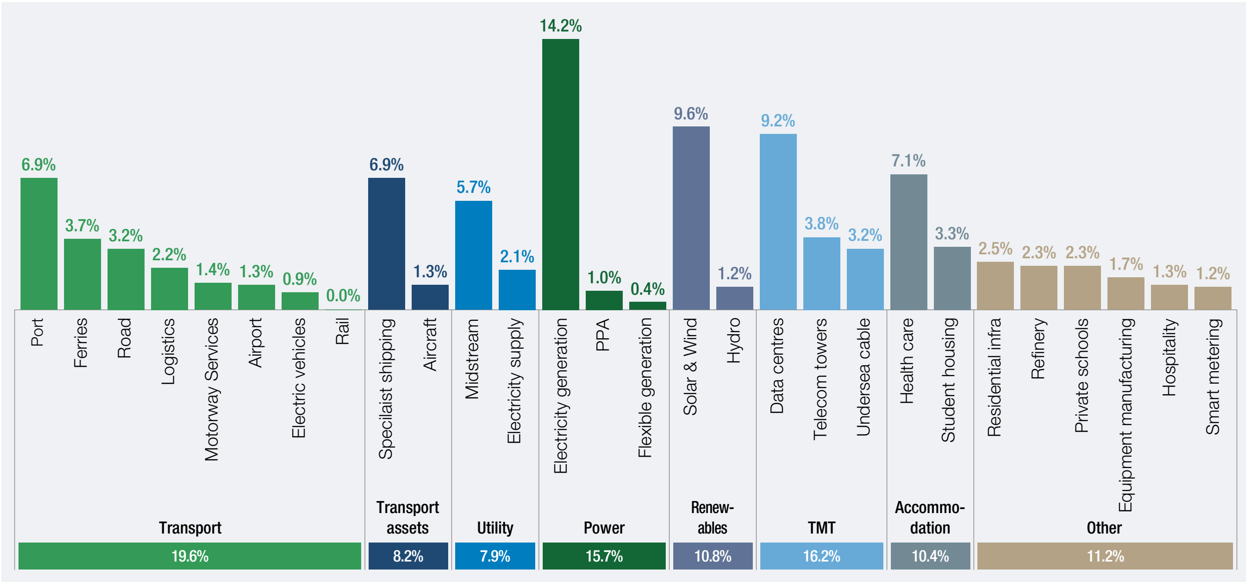
Although we did see some volatility in the market environment at the start of the period, the Company has operated in a relatively calm environment overall during the last six months. Lending margins and bond spreads have tightened since the spread widening in the corporate bond and loan markets in the first quarter of 2020 that was triggered by two extraordinary market forces: the COVID-19 pandemic and an oil supply glut resulting from tensions between the US, Russia, and Saudi Arabia. In the early part of the period, the Company took advantage of the COVID-19 market sell-off to enhance returns by topping up several of its existing secondary positions that were not materially affected by the pandemic but were trading at attractive prices due to spreads widening.

Total return since the inception of the Company to 30 September 2020[7]



Primary market issuance in the infrastructure loan markets has been relatively strong with deal volumes totalling US$304 billion during H1 2020, of which US$151 billion has been financed by debt.[8] In addition, there were significant amounts of debt issued and traded in the bond markets as a result of the accommodative global policy responses to the pandemic. We therefore believe that the Company's opportunity to deploy capital is exceedingly large as we expect those trends to extend beyond the pandemic.

7 See appendix for Alternative Performance Measures ("APMs")
8 Inframation League Table Report H1 2020.
https://www.inframationnews.com/league-table-reports/detail/6251931/detail.thtml?parent=6090486



DIVERSIFIED AND CASH-GENERATIVE PORTFOLIO

The Company started employing sensible late-cycle strategies in 2019 and has continued to do so throughout 2020. These strategies included keeping a large portion of the portfolio in defensive sectors, keeping a strong allocation in senior compared to mezzanine debt, and maintaining the portfolio's credit quality. We put these strategies into place over a year ago, because we expected a slowdown in the economy, as the business cycles in the US and the UK reached their 10th year in the second half of 2019.

- We have 45% of the portfolio in defensive sectors. These include Telecommunications, Accommodation, Utilities, and Renewables which are viewed as defensive because they provide essential services, often operate within a regulated framework and have high barriers-to-entry.
- Our Accommodation sector, which stands at 10% of the portfolio, is less exposed to COVID-19 than one may expect, because we have no exposure to the higher risk subsectors within Accommodation such as old age care and acute hospitals.
- We have 53% of the portfolio in senior and 47% in mezzanine as opposed to more of a 50-50 blend, to position the portfolio better for a slow growth environment.
- We have maintained the credit quality of the portfolio over the last twelve months while still achieving our target yield. We have continued our policy, instituted shortly after SEQI's launch in March 2015, not to invest in highly speculative loans or bonds that would be rated CCC or lower, if they were rated.

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 above shows portfolio sectors and sub-sectors on 30 September 2020:

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 2020 represented approximately 93% of its portfolio (compared to 88% a year previously). 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 alternative opportunities and can also be used to satisfy the Company's potential tender obligations.

CASE STUDY:

Hawkeye – US$54.0 million

Hawkeye is a holdco loan supported by an operating portfolio of residential solar project companies. The portfolio comprises approximately 40,000 residential solar PV systems across the United States, totalling approximately 265 MW of generating capacity.

The portfolio's electricity revenues are generated under long-term power purchase agreements and leases with creditworthy homeowners with a weighted average FICO score of 761. These customer agreements range from 10- to 25-year initial terms and typically renew at a discount to the then-prevailing utility rate.

The transaction reached financial close in April 2020 following the borrower's acquisition of an additional operating portfolio. The loan is expected to be fully repaid – with headroom – by cashflows arising from the initial lease portfolio, disregarding any value related to future lease renewals. The loan benefits from a 100% cash sweep which leads to improving credit metrics over time, providing additional downside protection if the economic environment deteriorates in the future.

Investment Adviser's report

Continued

DIVERSIFIED AND CASH-GENERATIVE PORTFOLIO CONTINUED

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 2020 was 11.6% 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.

CREDIT MONITORING

Across the range of sectors in which we invest, the outlook for some remains largely unaffected though the situation remains fluid and dependent on the length and severity of impact on the economy of continued COVID-19 lockdowns. These relatively unaffected sectors include renewable energy, data centres, mobile phone cell towers, smart metering, specialised health care, US power, specialist shipping and residential infrastructure. Other sectors, however, such as transportation, transportation assets and midstream oil & gas, have greater exposure to COVID-19 and low oil prices, and have required close monitoring and communication with the borrowers in the last six months.

There are three specific investments which we identified at 31 March 2020 as potentially likely to be adversely affected and indeed one of them was restructured in July 2020. These investments were very closely monitored throughout the period and the key developments are summarised below.

1. US midstream

An investment in the senior and holdco loans of a US midstream business, based in the Permian basin. These loans are equal to 2.9% of the Company's portfolio value. This business is still in its ramp-up phase, and capex overruns and the fall in the oil price left it with short-term liquidity concerns. The Investment Adviser, together with the other lenders to the business, appointed third-party consultants to advise on a range of scenarios. It was concluded that a consensual restructuring of the business was the optimal solution to manage the immediate liquidity shortfall, exercise control over the company's operations and preserve value for the lenders. As a result of the restructuring that closed in July 2020, the existing opco and holdco debt was cancelled and replaced by a combination of new debt, preferred shares, common shares and warrants, as well as participations in two joint ventures. Sequoia expects upside should crude oil prices and activity in the Permian basin recover materially.

2. Swedish refinery

A loan backed by a Swedish business that owns two oil refineries, as well as some downstream assets. This loan is equal to 2.3% of the Company's portfolio value. The business suffered a liquidity shock when the decline in the price of oil reduced the amount of inventory financing it could draw, coupled with margin calls on its commodity hedging book. However, the company's liquidity has materially improved with the recovery of crude oil prices from approximately US$20 a barrel to approximately US$40 a barrel, and the Investment Adviser expects that the loan will continue to be serviced. In return for granting the borrower various short-term covenant waivers, the Company received enhanced economics on its loan.

3. German CHP Plant and logistics business

A loan backed by a German Combined Heat and Power plant that provides heat (in the form of steam) to industrial companies in the automotive sector, as well as selling electricity to the grid. This loan is approximately 3.0% of the Company's portfolio value. During the COVID-19 pandemic, the German automotive industry almost completely shut down and the key off-takers to the plant were operating at minimum utilisation rates – however activity has subsequently begun to increase. In addition, the company is at risk of potential litigation by the grid operator due to not having paid surcharges from which the company claims it was exempt. The Investment Adviser is closely following the situation and maintains continuous contact with management and shareholders. It is likely that the key off-takers will be eligible for different forms of government support, but the specific details remain unclear.

In addition to the three investments identified above, there are, of course, other borrowers that have experienced difficult trading conditions over the last six months. In some cases, these borrowers have seen either a full or partial recovery as COVID-19 restrictions have been lifted, but unfortunately there are some sectors, such as aviation, where a full recovery may take much longer. The Investment Advisor continues to pay close attention to its borrowers in these sectors.

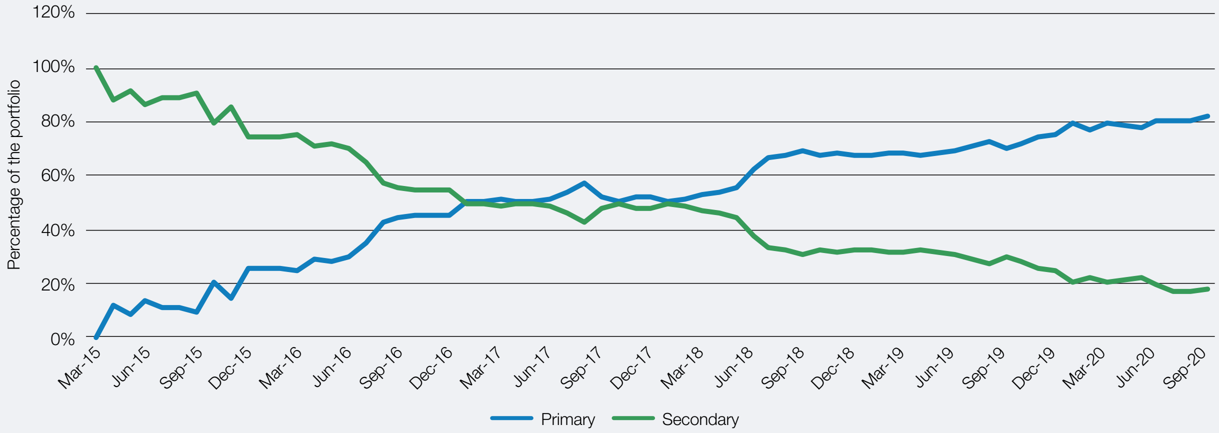
For the most part, though, the portfolio has performed well over the past six months, which has been a period of extreme disruption in the global economy. In many cases, the recent decline in business activity is completely unprecedented. However, over this period the Company's NAV has grown by almost 3.5p per share, after paying dividends. This is the result of improving credit markets, combined with the robust overall performance of the portfolio.

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

Investment Adviser's report

Continued

Primary and secondary investments since IPO



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.

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 82% of the portfolio comprising primary investments as at 30 September 2020.

Secondary market origination

Some of the Company's investments continue to be acquired from banks or other lenders in the secondary markets. This has 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. Research[9] 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.

STRENGTHENING THE TEAM AT SEQUOIA INVESTMENT MANAGEMENT COMPANY

During the first six months of the financial year, a number of growth initiatives at the Investment Adviser have taken place to ensure there are ample resources to devote to all monitoring and new origination activities.

To support the enhanced monitoring during the ongoing COVID-19 pandemic while also deploying capital into the Company's pipeline of investments, the Investment Adviser has grown the investment team and is currently interviewing candidates to expand the team further.

STRONG PIPELINE OF OPPORTUNITIES

Sequoia continues to monitor the global response to the COVID-19 pandemic as well as the primary and secondary effects of historically volatile oil prices. As the world slowly emerges from lockdowns, Sequoia believes the Company is particularly well-positioned to continue deploying capital into its strong pipeline of mostly private debt infrastructure lending opportunities. Sequoia has witnessed a steady stream of infrastructure debt opportunities emerge during recent months as the market environment stabilises and reverts to pre-COVID-19 levels.

9 Average annual European broad infrastructure and global project finance default rates. Moody's, "Default and Recovery Rates for Project Finance Bank Loans 1983-2018," March 2020

In terms of the pipeline, Sequoia is especially excited about potential investments in the renewables, accommodation and TMT (Telecommunications, Media and Technology) sectors where the current portfolio is arguably underweight, lending opportunities are often attractive and additional investments into these sectors would be desirable. Investments in these sectors will also provide additional stability should market conditions deteriorate further.

Overall, the opportunity for the Company in economic infrastructure debt remains strong and the asset class continues to be under-invested and attractive. It is in times of market stress that economic infrastructure exhibits itself as a strong and resilient asset class, and Sequoia remains optimistic about the prospects for growing the Company while maintaining its track record of sourcing suitable high quality investments and delivering to Shareholders a total return of 7-8% over the long term.

Sequoia Investment Management Company Limited

4 December 2020

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. Sequoia’s management team and Investment Committee are as follows:

Randall Sandstrom
Director and CEO/CIO

28 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
Director and Co-Head of Infrastructure Debt

36 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.

Anurag Gupta
Chief Risk Officer

Over 20 years of experience in project finance, infrastructure investment and appraisal, risk management, M&A and financial advisory.

Extensive transactional experience across infrastructure sectors such as transportation, power and utilities, renewables, TMT and social infrastructure.

Former KPMG in Canada Infrastructure Advisory Partner and Global Sector Head of Power within the KPMG Global Infrastructure Practice; previous infrastructure industry roles in both public and private sectors in multiple geographies.

MBA (Tulane University, USA), Bachelors in Mechanical Engineering (Engineering Council, UK) and BSc (Calcutta University, India).

Steve Cook
Director and Head of Portfolio Management

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.

Greg Taylor
Director and Co-Head of Infrastructure Debt

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.

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.

Anurag Gupta's appointment as Chief Risk Officer of the Investment Adviser in February 2020 provides additional oversight and resource to the Company's risk management function and the due diligence process employed by the Investment Adviser.

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 consequently be difficult to value or sell and therefore the price that is achievable for the investments might be lower than their valuation.

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 risk 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 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 meet 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 continues to review risks as they relate to Brexit and the impact of Brexit on the above risks.

EMERGING RISKS

The Board is constantly alert to the identification of any emerging risks, in discussion with the Investment Manager and the Investment Adviser. The Board will then assess the likelihood and impact of any such emerging risks, and will discuss and agree appropriate strategies to mitigate and/or manage the identified risks. Emerging risks are managed through discussion of their likelihood and impact at each quarterly Board meeting. Should an emerging risk be determined to have any potential impact on the Company, appropriate mitigating measures and controls are agreed.

The emergence of the COVID-19 pandemic, and its ongoing effects, have presented a significant emerging risk to markets globally, and prompt action was taken by the Board and its key advisers in March 2020 to assess in full the potential impact to the Company from the resulting exceptional market volatility and widening of spreads. During the period the Company has continued to operate effectively and maintain its enhanced monitoring of the global response to the COVID-19 pandemic as well as the primary and secondary effects of historically low oil prices.

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 2020. 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.

GOING CONCERN

The Company has been incorporated with an unlimited life. In accordance with the Company's Articles of Incorporation, the Directors were required to propose an ordinary resolution (the "Continuation Resolution") on or before 3 September 2016 that the Company continues as a registered closed-ended collective investment scheme, and to propose further Continuation Resolutions within every three years thereafter. Should a Continuation Resolution not be passed, the Directors are required, within six months, to put forward proposals for the reconstruction or reorganisation of the Company to the Shareholders for their approval. These proposals may or may not involve winding up the Company and, accordingly, failure to pass a Continuation Resolution will not necessarily result in the winding up of the Company.

The Directors have considered the possibility that the next Continuation Resolution, to be proposed at the 2021 AGM, may not be passed by Shareholders, however they noted the overwhelming majority vote in favour of the Continuation Resolutions passed in May 2016 and August 2018, the consistently strong appetite for the Company's investment proposition, evidenced by a number of successful share issues, and that the Company's shares have, apart from a period from late March to early April 2020, consistently traded at a premium since launch.

The Directors have reviewed the Company's holdings in cash and cash equivalents and investments, including a consideration of the revaluation losses arising on certain investments as a result of the COVID-19 pandemic. Partly as a result of the Company's large capital raise in early March 2020, its balance sheet was exceptionally strong when the consequences of COVID-19 impacted on financial markets, with a very low level of gearing. Moreover, the losses that were incurred at the prior year end - which have already begun to reverse, and should continue to do so as the investments mature and their valuations accrete to par – were unrealised, and therefore have no direct effect on the solvency of the business. The risk of realised losses arising through loans defaulting is limited to a few specific investments, representing a small proportion of the Company's investment portfolio. The Directors also note that the reductions in the valuation of investments as a result of COVID-19 have had no impact on the interest income cashflow of the Company or its ability to pay its target dividend.

As a result of this review, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the Interim Financial Statements as the Company, despite the effects of the COVID-19 pandemic, retains a strong balance sheet and adequate financial resources to meet its liabilities as they fall due.

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 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 steering 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 Monthly 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 currently serves as Chair of Troy Asset Management and was 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 (Dunelm) 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.

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'; 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 Disclosure Guidance & Transparency Rule ("DTR") of the UK's FCA, being an indication of important events that have occurred during the period ended 30 September 2020 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 2020 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

4 December 2020

Independent review report

to Sequoia Economic Infrastructure Income Fund Limited

KPMG

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 2020 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 2020 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.

Barry Ryan
for and on behalf of KPMG Channel Islands Limited
Chartered Accountants, Guernsey

4 December 2020

Unaudited condensed interim statement of comprehensive income

For the period from 1 April 2020 to 30 September 2020

	Note	Period ended 30 September 2020 (unaudited) £	Period ended 30 September 2019 (unaudited) £
Income			
Net gains on non-derivative financial assets at fair value through profit or loss	6	82,993,765	64,525,295
Net gains/(losses) on derivative financial assets at fair value through profit or loss	8	16,586,260	(48,152,440)
Investment income	9	18,031,334	42,035,685
Net foreign exchange gains/(losses)		524,882	(1,361,595)
Total income		118,136,241	57,046,945
Expenses			
Investment Adviser's fees	10	5,583,041	4,849,982
Investment Manager's fees	10	172,804	178,366
Directors' fees and expenses	10	123,327	113,723
Administration fees	10	226,107	220,331
Custodian fees		125,410	141,317
Audit and related non-audit fees		94,754	67,074
Legal and professional fees		253,483	106,162
Valuation fees		354,200	333,100
Listing and regulatory fees		63,629	58,481
Other expenses		106,176	243,799
Total operating expenses		7,102,931	6,312,335
Loan finance costs	13	1,802,530	2,825,180
Total expenses		8,905,461	9,137,515
Profit and total comprehensive income for the period		109,230,780	47,909,430
Basic and diluted earnings per Ordinary Share	12	6.60p	4.10p

All items in the above statement derive from continuing operations.

The accompanying notes on pages 24 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 2020 to 30 September 2020

FOR THE PERIOD FROM 1 APRIL 2020 TO 30 SEPTEMBER 2020

	Note	Share capital £	Retained deficit £	Total £
At 1 April 2020		1,719,065,509	(119,200,238)	1,599,865,271
Issue of Ordinary Shares during the period	11	1,740,922	–	1,740,922
Total comprehensive income for the period		–	109,230,780	109,230,780
Dividends paid during the period	5	–	(51,708,482)	(51,708,482)
At 30 September 2020		**1,720,806,431**	**(61,677,940)**	**1,659,128,491**

FOR THE PERIOD FROM 1 APRIL 2019 TO 30 SEPTEMBER 2019 (UNAUDITED)

	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

The accompanying notes on pages 24 to 41 form an integral part of the Financial Statements.

Unaudited condensed interim statement of financial position

At 30 September 2020

	Note	30 September 2020 (unaudited) £	31 March 2020 (audited) £
Non-current assets			
Non-derivative financial assets at fair value through profit or loss	6	1,654,738,596	1,551,492,432
Current assets			
Cash and cash equivalents		25,142,065	37,581,698
Trade and other receivables	7	61,247,484	90,008,334
Derivative financial assets at fair value through profit or loss	8	15,359,875	6,629,477
Total current assets		101,749,424	134,219,509
Total assets		1,756,488,020	1,685,711,941
Current liabilities			
Loan payable	13	80,492,534	35,000,000
Trade and other payables		3,106,686	3,140,194
Derivative financial liabilities at fair value through profit or loss	8	13,760,309	47,706,476
Total current liabilities		97,359,529	85,846,670
Total liabilities		97,359,529	85,846,670
Net assets		1,659,128,491	1,599,865,271
Equity			
Share capital	11	1,720,806,431	1,719,065,509
Retained deficit		(61,677,940)	(119,200,238)
Total equity		1,659,128,491	1,599,865,271
Number of Ordinary Shares	11	1,656,353,931	1,654,671,448
Net Asset Value per Ordinary Share		100.17p	96.69p

The Unaudited Condensed Interim Financial Statements on pages 20 to 41 were approved and authorised for issue by the Board of Directors on 4 December 2020 and signed on its behalf by:

Sandra Platts
Director

The accompanying notes on pages 24 to 41 form an integral part of the Financial Statements.

Unaudited condensed interim statement of cash flows

For the period from 1 April 2020 to 30 September 2020

	Note	Period ended 30 September 2020 (unaudited) £	Period ended 30 September 2019 (unaudited) £
Cash flows from operating activities			
Profit for the period		109,230,780	47,909,430
Adjustments for:			
Net unrealised gains on non-derivative financial assets at fair value through profit or loss	6	(82,993,765)	(64,525,295)
Net (gains)/losses on derivative financial assets at fair value through profit or loss	8	(16,586,260)	48,152,440
Net foreign exchange (gains)/losses		(524,882)	1,361,595
Investment Adviser's fees settled through equity	11	279,167	426,420
Loan finance costs	13	1,802,530	2,825,180
Decrease/(increase) in trade and other receivables (excluding loan finance costs)		28,427,306	(1,620,275)
Increase in trade and other payables		1,431	834,270
		39,636,307	35,363,765
Cash received on settled forward contracts		16,163,536	4,295,788
Cash paid on settled forward contracts		(42,253,842)	(37,656,222)
Purchases of investments	6	(70,049,935)	(506,044,896)
Sales of investments	6	49,797,536	241,677,795
Net cash outflow from operating activities		(6,706,398)	(262,363,770)
Cash flows from financing activities			
Proceeds from issue of Ordinary Shares, net of issue costs		–	349,992,077
Proceeds from loan drawdowns	13	45,983,485	253,953,107
Loan repayments	13	–	(306,752,822)
Payments of loan finance costs		(1,505,405)	(3,085,758)
Dividends paid (excluding scrip dividends)	5	(50,246,727)	(35,620,154)
Net cash (outflow)/inflow from financing activities		(5,768,647)	258,486,450
Net decrease in cash and cash equivalents		(12,475,045)	(3,877,320)
Cash and cash equivalents at beginning of period		37,581,698	27,633,414
Effect of foreign exchange rate changes on cash and cash equivalents during the period		35,412	965,311
Cash and cash equivalents at end of period		25,142,065	24,721,405

The accompanying notes on pages 24 to 41 form an integral part of the Financial Statements.

Notes to the unaudited condensed interim financial statements

For the period from 1 April 2020 to 30 September 2020

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.

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

During the year, as a result of the restructuring of a borrower group in which the Subsidiary had invested, the Subsidiary acquired 100% of the shares of three newly incorporated Delaware-domiciled investment holding entities (the "underlying subsidiaries"), as follows:

- Fussell Circus Capital, Inc.
- Mears Square Advisors, Inc.
- Bajtos Lane Management, Inc.

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 Interim Financial Statements (the "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 2020.

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 2020, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

The Directors have reassessed the principal and emerging risks and considered the Company's financial position as at 30 September 2020 and the factors that may impact its performance in the forthcoming year, including a consideration of the revaluation losses arising on certain investments as a result of the COVID-19 pandemic, and of the income deriving from those investments.

The Directors have also considered the possibility that the next Continuation Resolution, to be proposed at the 2021 AGM, may not be passed by Shareholders, however they noted the overwhelming majority vote in favour of the Continuation Resolutions passed in May 2016 and August 2018, the consistently strong appetite for the Company's investment proposition, evidenced by a number of successful share issues, and that the Company's shares have, apart from a period from late March to early April 2020, consistently traded at a premium since launch. The Directors also note that failure to pass a Continuation Resolution will not necessarily result in the winding up of the Company, nor will it impact on the valuation of the Company's investments.

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE CONTINUED

Having taken all of these factors into consideration, 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 4 December 2020.

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 2020.

AMENDED ACCOUNTING STANDARDS EFFECTIVE AND ADOPTED

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 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

- IAS 1 (amended), "Presentation of Financial Statements" (amendments regarding the classification of liabilities, effective for periods commencing on or after 1 January 2023).

In addition, the IASB has completed the following projects during the period:

- 'Annual Improvements to IFRS Standards 2018-2020', published in May 2020. This project has amended certain existing standards effective for accounting periods commencing on or after 1 January 2022.
- 'Replacement issues in the context of the IBOR reform', published in August 2020. This project has amended certain existing standards effective for accounting periods commencing on or after 1 January 2021.

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 2020.

Notes to the unaudited condensed interim financial statements

For the period from 1 April 2020 to 30 September 2020 continued

5. DIVIDENDS

The Company pays dividends on a quarterly basis.

The Company paid the following dividends during the period ended 30 September 2020:

Period to	Payment date	Dividend rate per Ordinary Share (pence)	Net dividend payable (£)	Record date	Ex-dividend date
31 March 2020	22 May 2020	1.5625	25,854,241	24 April 2020	23 April 2020
30 June 2020	28 August 2020	1.5625	25,854,241	24 July 2020	23 July 2020

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	1.5000	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

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.

At an Extraordinary General Meeting of the Company held on 25 February 2020, Shareholders authorised the Directors to offer Shareholders a scrip dividend alternative instead of cash in respect of dividends declared by the Company until the AGM of the Company to be held in 2022. On 10 July 2020, the Company published a circular setting out the terms of the scrip dividend alternative. The first such dividend to include the scrip dividend alternative was paid in August 2020.

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

	Period ended 30 September 2020 (unaudited) £	Year ended 31 March 2020 (audited) £
Cost at the start of the period/year	**1,624,517,455**	1,078,100,991
VFNs purchased during the period/year	**70,049,935**	916,880,278
VFNs redeemed during the period/year	**(49,797,536)**	(370,541,522)
Realised gains on VFNs redeemed during the period/year	**–**	77,708
Cost at the end of the period/year	**1,644,769,854**	1,624,517,455
Net gains/(losses) on non-derivative financial assets at the end of the period/year	**9,968,742**	(73,025,023)
Non-derivative financial assets at fair value through profit or loss at the end of the period/year	**1,654,738,596**	1,551,492,432

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 2020 (unaudited) £	31 March 2020 (audited) £
Subsidiary's non-derivative financial assets at fair value through profit or loss	1,632,613,128	1,532,819,570
Subsidiary's net current assets	22,125,468	18,672,862
Company's non-derivative financial assets at fair value through profit or loss	1,654,738,596	1,551,492,432

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:

	Period ended 30 September 2020 (unaudited) £	Period ended 30 September 2019 (unaudited) £
Unrealised (losses)/gains on VFNs during the period	(22,139,879)	42,870,896
Unrealised gains on revaluation of the Subsidiary in the period	105,133,644	21,654,399
Net gains on non-derivative financial assets at fair value through profit or loss in the period	82,993,765	64,525,295

On a look-through basis, the cumulative net gains on non-derivative financial assets at fair value through profit or loss as at 30 September 2020 comprises the following:

	Period ended 30 September 2020 (unaudited) £	Period ended 30 September 2019 (unaudited) £
Subsidiary		
Investment income during the period/year	64,814,567	110,569,914
Net return on financial assets and liabilities during the year, including foreign exchange and VFN interest payable	39,830,682	(269,623,773)
Net other income during the period/year	488,395	5,235,008
Subsidiary gains/(losses) during the year	105,133,644	(153,818,851)
Subsidiary (losses)/gains brought forward	(151,157,567)	2,661,284
Subsidiary losses carried forward at the end of the year	(46,023,923)	(151,157,567)
Company		
Unrealised foreign exchange gains on VFNs brought forward	78,132,544	37,283,543
Unrealised foreign exchange (losses)/gains on VFNs in the period/year	(22,139,879)	40,849,001
Net gains/(losses) on non-derivative financial assets at fair value through profit or loss at the end of the period/year	9,968,742	(73,025,023)

Notes to the unaudited condensed interim financial statements

For the period from 1 April 2020 to 30 September 2020 continued

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;
- 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 2020 (unaudited)			
	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	–	–	1,654,738,596	1,654,738,596
Derivative financial assets at fair value through profit or loss	–	15,359,875	–	15,359,875
Total	–	15,359,875	1,654,738,596	1,670,098,471
Liabilities				
Derivative financial liabilities at fair value through profit or loss	–	13,760,309	–	13,760,309
Total	–	13,760,309	–	13,760,309

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

FAIR VALUE MEASUREMENT CONTINUED

	31 March 2020 (audited)			
	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	–	–	1,551,492,432	1,551,492,432
Derivative financial assets at fair value through profit or loss	–	6,629,477	–	6,629,477
Total	–	6,629,477	1,551,492,432	1,558,121,909
Liabilities				
Derivative financial liabilities at fair value through profit or loss	–	47,706,476	–	47,706,476
Total	–	47,706,476	–	47,706,476

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:

	Period ended 30 September 2020 (unaudited) £	Year ended 31 March 2020 (audited) £
Opening balance	1,551,492,432	1,118,045,818
Purchases	70,049,935	916,880,278
Sales	(49,797,536)	(370,541,522)
Net gains on non-derivative financial assets at the end of the period/year	82,993,765	(112,892,142)
Closing balance	1,654,738,596	1,551,492,432

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

	30 September 2020 (unaudited)			
	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	27,506,777	298,913,134	1,306,193,217	1,632,613,128

	31 March 2020 (audited)			
	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	19,631,392	271,606,409	1,241,581,769	1,532,819,570

Notes to the unaudited condensed interim financial statements

For the period from 1 April 2020 to 30 September 2020 continued

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 tables summarises the significant unobservable inputs the Company used to value its Subsidiary's underlying investments categorised within Level 3 at 30 September 2020 and at 31 March 2020. The tables are not intended to be all-inclusive but instead capture the significant unobservable inputs relevant to the determination of fair values.

30 September 2020

Type	Sector	Fair value £	Primary valuation technique	Significant unobservable inputs	Range input
Private debt	Accommodation	131,801,798	Market comparables	Discount rate	6.2%-10.7%
Private debt	Power	32,911,308	Market information	Trading activity	N/a
Private debt	Power	209,868,281	Market comparables	Discount rate	5.4%-10.0%
Private debt	Renewable energy	131,016,852	Market comparables	Discount rate	5.1%-9.1%
Private debt	TMT	265,259,403	Market comparables	Discount rate	5.7%-11.0%
Private debt	Transport	27,957,056	Market information	Trading activity	N/a
Private debt	Transport	226,957,697	Market comparables	Discount rate	5.5%-16.2%
Private debt	Transport assets		Market information	Trading activity	N/a
Private debt	Utilities	103,282,795	Market comparables	Discount rate	6.9%-30.9%
Private debt	Other	156,054,226	Market comparables	Discount rate	5.8%-11.9%
Securitisations (ABS)	Transport assets	21,083,800	Market information	Unadjusted broker quote	N/a
		1,306,193,217			

31 March 2020

Type	Sector	Fair value £	Primary valuation technique	Significant unobservable inputs	Range input
Private debt	Accommodation	141,426,653	Market comparables	Discount rate	7.3%-9.7%
Private debt	Power	28,982,043	Market information	Trading activity	N/a
Private debt	Power	146,391,084	Market comparables	Discount rate	6.5%-19.7%
Private debt	Renewable energy	120,694,194	Market comparables	Discount rate	5.4%-10.8%
Private debt	TMT	255,035,982	Market comparables	Discount rate	7.1%-12.6%
Private debt	Transport	29,728,545	Market information	Trading activity	N/a
Private debt	Transport	225,579,880	Market comparables	Discount rate	6.3%-14.4%
Private debt	Transport assets	119,539	Market information	Trading activity	N/a
Private debt	Utilities	101,995,521	Market comparables	Discount rate	8.5%-29.3%
Private debt	Other	160,103,551	Market comparables	Discount rate	7.1%-15.1%
Securitisations (ABS)	Transport assets	31,524,777	Market information	Unadjusted broker quote	N/a
		1,241,581,769			

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

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 2020 (unaudited) effect on net assets and profit or loss £	31 March 2020 (audited) effect on net assets and profit or loss £
Yield	+1%	(18,396,610)	(15,339,864)
	–1%	19,873,391	16,641,452

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

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 Assets

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 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, 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.

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.

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For the period from 1 April 2020 to 30 September 2020 continued

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

VALUATION TECHNIQUES FOR THE INVESTMENT PORTFOLIO OF THE SUBSIDIARY CONTINUED

Non-performing Portfolio Assets

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.

At 31 March 2020, in the opinion of the Investment Adviser, there were two non-performing loans in the portfolio, both advanced to the same borrower group. During the period, the borrower group restructured its operations, as a result of which the two loans were cancelled and were replaced by a portfolio of debt and equity investments in the restructured borrower group. The Investment Adviser regards the new investments as performing assets, and therefore, as at 30 September 2020, there were no non-performing assets in the portfolio.

The effect of COVID-19 on the Net Asset Value

As noted in the Company's Annual Audited Financial Statements for the year ended 31 March 2020, the valuation process outlined above did not itself change as a result of COVID-19, however there was a need for a very high level of care in, firstly, determining appropriate benchmarks or comparable infrastructure loans or bonds for valuation purposes (given the very high levels of volatility in the financial markets in March 2020), and, secondly, ensuring that the underlying cashflow assumptions were appropriate given the economic disruption caused by COVID-19. This was especially important in sectors directly exposed to the disruption, such as transport infrastructure, aircraft leasing and midstream assets, or other assets exposed to oil or gas prices. The Investment Adviser worked closely with the Valuation Agent to ensure that these assumptions were indeed appropriate and were subject to a high level of oversight by the Investment Manager and the Audit Committee.

The level of volatility in financial markets has reduced during the period, however there remains uncertainty around how the COVID-19 pandemic and disruption to oil and gas markets will evolve. The Board and its advisers continue to monitor developments closely in order to maintain the same level of rigour in the valuation of the Company's investments going forward.

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 2020 (unaudited) £	31 March 2020 (audited) £
VFN interest receivable	60,482,940	88,878,671
Prepaid loan finance costs	740,478	1,074,022
Other prepayments	24,066	55,641
Total trade and other receivables	61,247,484	90,008,334

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 gains/(losses) on forward foreign exchange contracts in the period comprises both realised and unrealised losses as follows:

	Period ended 30 September 2020 (unaudited) £	Period ended 30 September 2019 (unaudited) £
Realised losses on forward foreign exchange contracts during the period	(26,090,306)	(33,360,434)
Unrealised gains/(losses) on forward foreign exchange contracts during the period	42,676,566	(14,792,006)
Net gains/(losses) on forward foreign exchange contracts during the period	16,586,260	(48,152,440)

As at 30 September 2020, the Company had the following outstanding commitments in respect of open forward foreign exchange contracts.

30 September 2020 (unaudited)

Selling currency	Currency amount	Buying currency	GBP amount £	Unrealised gains £	Unrealised losses £	Net unrealised gains £
USD	1,152,967,700	GBP	896,796,231	13,477,089	(7,833,171)	5,643,918
EUR	504,500,000	GBP	455,570,444	1,126,653	(5,927,138)	(4,800,485)
AUD	75,000,000	GBP	42,005,041	460,913	–	460,913
NOK	218,000,000	GBP	18,324,672	295,220	–	295,220
			1,412,696,388	15,359,875	(13,760,309)	1,599,566

Counterparty	Unrealised gains £	Unrealised losses £	Net unrealised losses £
AFEX	42,431	–	42,431
Investec Bank	5,463,674	(180,570)	5,283,104
Macquarie	1,302,142	(4,257,280)	(2,955,138)
Monex	–	(2,688,896)	(2,688,896)
Moneycorp	575,250	(1,331,122)	(755,872)
RBSI	7,976,378	(5,302,441)	2,673,937
	15,359,875	(13,760,309)	1,599,566

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For the period from 1 April 2020 to 30 September 2020 continued

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

31 March 2020 (audited)

Selling currency	Currency amount	Buying currency	GBP amount £	Unrealised gains £	Unrealised losses £	Net unrealised gains £
USD	1,152,967,700	GBP	890,275,485	245,742	(36,463,660)	(36,217,918)
EUR	558,600,000	GBP	488,495,036	3,595,541	(11,242,816)	(7,647,275)
AUD	75,000,000	GBP	38,841,991	1,903,527	–	1,903,527
NOK	218,000,000	GBP	17,684,148	884,667	–	884,667
			1,435,296,660	6,629,477	(47,706,476)	(41,076,999)

Counterparty	Unrealised gains £	Unrealised losses £	Net unrealised gains/(losses) £
AFEX	–	(281,684)	(281,684)
Global Reach	–	(953,425)	(953,425)
Investec Bank	98,429	(10,297,404)	(10,198,975)
Macquarie	3,579,048	(7,964,160)	(4,385,112)
Monex	–	(6,080,817)	(6,080,817)
Moneycorp	508,840	(3,728,461)	(3,219,621)
RBSI	2,443,160	(18,400,525)	(15,957,365)
	6,629,477	(47,706,476)	(41,076,999)

All forward foreign exchange positions at the period end were held with AFEX Markets plc, 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 period/year end have various maturity dates ranging from 5 October 2020 to 29 July 2022 (31 March 2020: 2 April 2020 to 28 February 2022).

9. INVESTMENT INCOME

	Period ended 30 September 2020 (unaudited) £	Period ended 30 September 2019 (unaudited) £
Interest income on financial assets carried at amortised cost:		
Cash and cash equivalents	**633**	14
Interest income on the Company's non-derivative financial assets at fair value through profit and loss	**18,030,701**	42,035,671
	18,031,334	42,035,685

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 £75,000 per annum (increased from £66,800 per annum with effect from 1 April 2020). The remaining Directors are entitled to a fee in remuneration for their services as Directors at a rate of £44,300 each per annum (unchanged with effect from 1 April 2020).

Jan Pethick, Jon Bridel and Sandra Platts are also each entitled to a fee of £10,000 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 (increased from £7,000 per annum with effect from 1 April 2020).

Sandra Platts is entitled to an additional fee of £7,700 per annum for serving as the Senior Independent Director (increased from £5,000 per annum with effect from 1 April 2020).

ORDINARY SHARES HELD BY RELATED PARTIES

The Shareholdings of the Directors in the Company were as follows:

	30 September 2020 (unaudited)		31 March 2020 (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)	**242,666**	**0.01%**	242,666	0.01%
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)	**26,776**	**0.00%**	26,776	0.00%

As at 30 September 2020, the Investment Adviser held an aggregate of 3,785,395 Ordinary Shares (31 March 2020: 3,263,680 Ordinary Shares), which is 0.23% (31 March 2020: 0.21%) of the issued share capital.

As at 30 September 2020, the members of the Investment Adviser's founding team held an aggregate of 692,643 Ordinary Shares (31 March 2020: 681,643 Ordinary Shares), which is 0.04% (31 March 2020: 0.04%) of the issued share capital.

As at 30 September 2020, the Investment Manager held an aggregate of 50,000 Ordinary Shares (31 March 2020: 50,000 Ordinary Shares), which is 0.00% (31 March 2020: 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.

Notes to the unaudited condensed interim financial statements

For the period from 1 April 2020 to 30 September 2020 continued

10. RELATED PARTIES AND OTHER MATERIAL CONTRACTS CONTINUED

TRANSACTIONS WITH INVESTMENT MANAGER AND INVESTMENT ADVISER CONTINUED

Investment Manager continued

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 2020: £344,269; with effect from 1 May 2019: £335,872).

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.

All such fees are payable quarterly. 10% of the Investment Adviser's fee 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 20 April 2020, the Investment Adviser acquired 252,347 Ordinary Shares in the market in relation to fees payable for the quarter ended 31 March 2020.

On 16 July 2020, the Company issued 269,368 Ordinary Shares to the Investment Adviser, in relation to fees payable for the period ended 30 June 2020.

As at 30 September 2020, the Investment Adviser held 3,785,395 Ordinary Shares (31 March 2020: 3,263,680 Ordinary Shares) in the Company.

On 20 November 2020, the Company issued 264,741 Ordinary Shares to the Investment Adviser, in relation to fees payable for the period ended 30 September 2020.

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, calculated as follows and paid monthly:

- 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 was capped at £300,000 per annum, subject to an annual inflationary increase (with effect from 1 May 2020: £307,500). The Administrator is also entitled to a fee for company secretarial services based on time costs.

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 2020, the Subsidiary Administrator is entitled to receive an annual fee of €26,344 (prior to 1 January 2020: €25,434 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 2020 and outstanding at 30 September 2020 are as follows:

	Charge for the period ended 30 September 2020 (unaudited) £	Amounts outstanding at 30 September 2020 (unaudited) £	Charge for the period from ended 30 September 2019 (unaudited) £	Amounts outstanding at 31 March 2020 (audited) £
Investment advisory fee	5,583,041	2,791,372	4,849,982	2,599,692
Investment management fee	172,804	–	178,366	15,972
Directors' fees and expenses	123,327	–	113,723	–
Administration fee	226,107	9,628	220,331	–
Sub-administration fee*	15,423	19,778	13,074	9,815
Fees payable to the Custodian*	422,760	219,162	384,228	209,716
	6,543,462	3,039,940	5,759,704	2,835,195

** Includes expenses of the Subsidiary*

Notes to the unaudited condensed interim financial statements

For the period from 1 April 2020 to 30 September 2020 continued

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 2020, this facility had not been utilised.

LOAN COLLATERAL

With effect from 18 December 2019, security for a revolving credit facility of £280 million (£200 million with effect from 14 May 2019) (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 are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognised as a deduction in equity and are charged to the share capital account, including the initial set up costs.

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 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 shall be entitled to the surplus assets remaining 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.

11. SHARE CAPITAL CONTINUED

ISSUED SHARE CAPITAL

Ordinary Shares

	Period ended 30 September 2020 (unaudited) Ordinary Shares Number	Year ended 31 March 2020 (audited) Ordinary Shares Number
Ordinary Shares at the beginning of the period/year	**1,654,671,448**	1,060,975,849
Ordinary Shares issued and fully paid	**–**	592,857,142
Ordinary Shares issued to the Investment Adviser in part settlement of fees	**269,368**	838,457
Ordinary Shares issued as scrip dividends	**1,413,115**	–
Total Ordinary Shares at the end of the period/year	**1,656,353,931**	1,654,671,448

	Period ended 30 September 2020 (unaudited) Ordinary Shares £	Year ended 31 March 2020 (audited) Ordinary Shares £
Ordinary Shares at the beginning of the period/year	**1,719,065,509**	1,072,031,030
Ordinary Shares issued and fully paid	**–**	654,750,000
Ordinary Shares issue costs	**–**	(8,670,739)
Ordinary Shares issued to the Investment Adviser in part settlement of fees	**279,167**	955,218
Ordinary Shares issued as scrip dividends	**1,461,755**	–
Total Ordinary Shares at the end of the period/year	**1,720,806,431**	1,719,065,509

During the period, 269,368 Ordinary Shares (30 September 2019: 377,642 Ordinary Shares) were issued to the Investment Adviser in relation to fees payable for the period from 1 April 2020 to 30 June 2020, at an issue price of 103.6375p per Ordinary Share (see note 10); and 1,413,115 Ordinary Shares (30 September 2019: Nil) were issued to shareholders as a scrip dividend alternative in respect of the dividend declared on 16 July 2020, at an issue price of 103.44p.

On 20 November 2020, 264,741 Ordinary Shares were issued to the Investment Adviser in relation to fees payable for the period from 1 July 2020 to 30 September 2020, at an issue price of 105.4375p per Ordinary Share.

On 20 November 2020, the Company issued 618,881 Ordinary Shares to shareholders at a price of 106.04p per Ordinary Share as a scrip dividend alternative in respect of the dividend declared on 15 October 2020.

Notes to the unaudited condensed interim financial statements

For the period from 1 April 2020 to 30 September 2020 continued

12. BASIC AND DILUTED EARNINGS PER SHARE

	Period ended 30 September 2020 (unaudited)	Period ended 30 September 2019 (unaudited)
Ordinary Shares		
Profit for the financial period	**£109,230,780**	£47,909,430
Weighted average number of Shares	**1,655,016,061**	1,169,140,152
Basic and diluted earnings per Share	**6.60p**	4.10p

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. During the prior year, the facility was extended by a further £130 million to £280 million and the maturity date extended by a year to 6 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 £1,433,594 (30 September 2019: £2,562,910) and upfront and other fees of £368,936 (30 September 2019: £262,270) have been incurred on the loan during the period.

	Period ended 30 September 2020 (unaudited)		
	GBP facility GBP	USD facility GBP	Total GBP
Balance brought forward	35,000,000	–	35,000,000
Drawdowns	33,100,000	12,883,485	45,983,485
Repayments	–	–	–
Foreign exchange revaluations	–	(490,951)	(490,951)
Balance carried forward	68,100,000	12,392,534	80,492,534

13. LOAN PAYABLE CONTINUED

	Year ended 31 March 2020 (audited)		
	GBP facility GBP	USD facility GBP	Total GBP
Balance brought forward	60,000,000	53,875,164	113,875,164
Drawdowns	373,305,000	77,006,769	450,311,769
Repayments	(398,305,000)	(132,944,054)	(531,249,054)
Foreign exchange revaluations	–	2,062,121	2,062,121
Balance carried forward	35,000,000	–	35,000,000

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

14. COMMITMENTS

As at 30 September 2020, £18.3 million (31 March 2020: £86.0 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 15 October 2020, the Company declared a dividend of 1.5625p per Ordinary Share. The dividend was paid on 27 November 2020.

On 20 November 2020, the Company issued 264,741 Ordinary Shares to the Investment Adviser, in relation to fees payable for the period ended 30 September 2020.

On 20 November 2020, the Company issued 618,881 Ordinary Shares to shareholders at a price of 106.04p per Ordinary Share as a scrip dividend alternative in respect of the dividend declared on 15 October 2020.

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

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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.

NAV per Ordinary Share

NAV per Ordinary Share is a calculation of the Company's NAV divided by the number of Ordinary Shares in issue and provides a measure of the value of each Ordinary Share in issue.

Ordinary Share (discount)/premium to NAV

Ordinary Share (discount)/premium to NAV is the amount by which the Ordinary Share price is lower/higher than the NAV per Ordinary Share, expressed as a percentage of the NAV per Ordinary Share, and provides a measure of the Company's Share price relative to the NAV.

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/share price return

Total NAV return/total share price return are calculations showing how the NAV/share price 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/share price 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.

		Period ended 30 September 2020	
		Total NAV return	Total share price return
Opening NAV/share price per share	(a)	96.69p	94.00p
Closing NAV/share price per share	(b)	100.17p	104.40p
Dividends paid	(c)	3.125p	3.125p
Weighted average NAV/share price per share on month end ex-dividend	(d)	97.03p	105.00p
Dividend adjustment factor (e = (c / d +1)	(e)	1.0322	1.0298
Adjusted closing NAV/share price per share (f = b x e)	(f)	103.40p	107.51p
Total NAV/share price return (f / a -1)		6.9%	14.4%

Appendix

Continued

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 2020			12 month period ended 30 September 2019		
	The Company £	The Subsidiary £	Total £	The Company £	The Subsidiary £	Total £
Total expenses	**18,761,616**	**667,077**	**19,428,693**	16,063,333	302,412	16,365,745
Non-recurring expenses	**(5,386,890)**	**–**	**(5,386,890)**	(4,954,899)	–	(4,954,899)
Total ongoing expenses	**13,374,726**	**667,077**	**14,041,803**	11,108,434	302,412	11,410,846
Average NAV			**1,573,774,027**			1,205,093,481
Ongoing charges ratio (using AIC methodology)			**0.89%**			0.95%

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