
Interim Report 2024

Diversified Sustainable Income



Our 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.

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Highlights

£1.50bn

Total net assets

80.20p

Share price²

64.65

ESG score of the portfolio³

3.4375p

Dividends declared

95.03p

Net asset value ("NAV") per ordinary share ("share")¹

(15.6)%

Share discount to NAV¹

4.26p

Earnings per share

8.6%

Annualised dividend yield¹

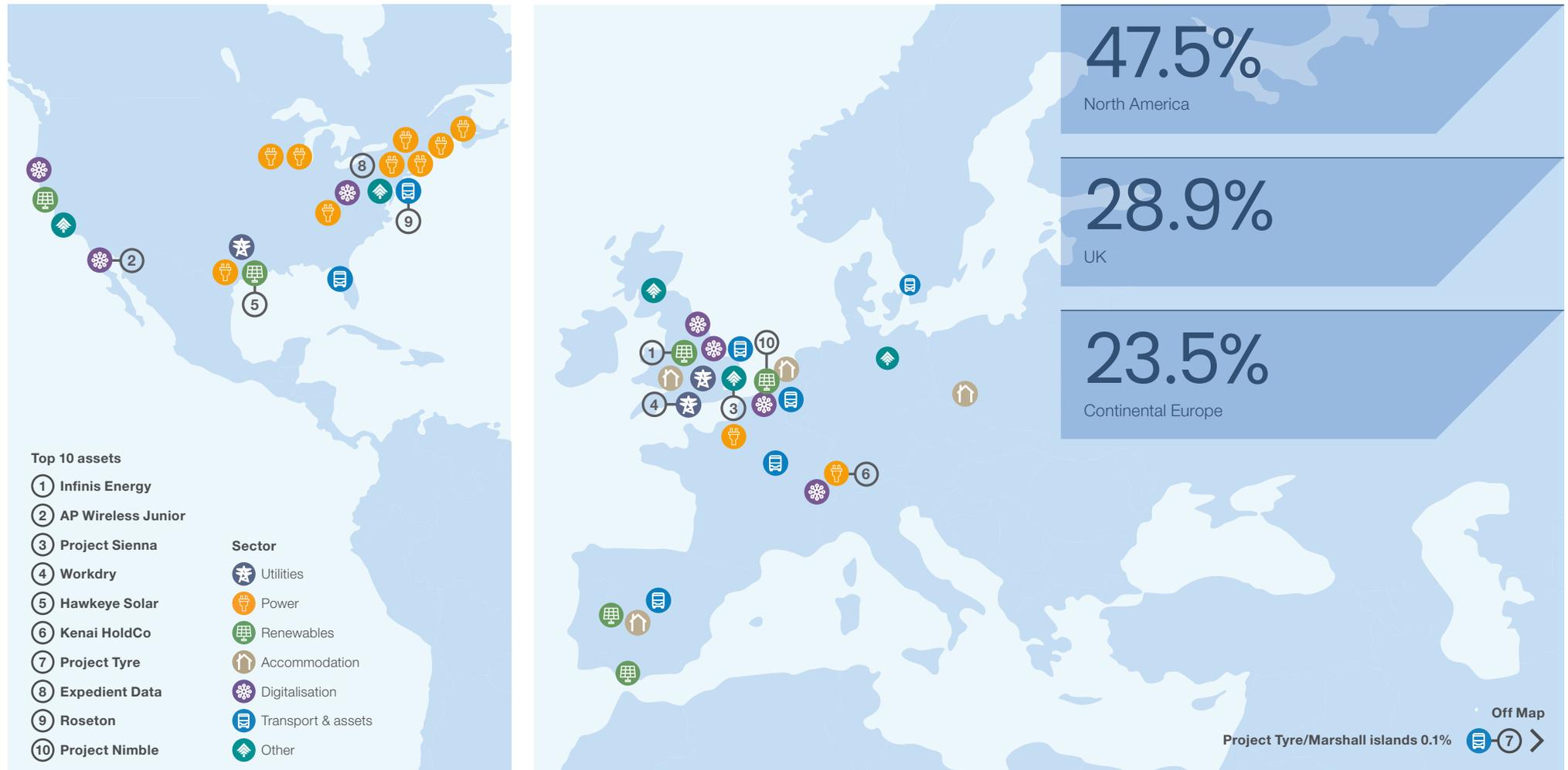
1. See Appendix for alternative performance measures ("APMs")

2. Cum dividend

3. As measured by the in-house, proprietary scoring methodology

At a glance

The Fund is a diversified infrastructure fund with private debt investments and bonds across 8 sectors, 30 subsectors and 10 jurisdictions.



Chair's statement

It is my pleasure to present to you Sequoia Economic Infrastructure Income Fund Limited's (the "Company" or "SEQI") Interim Report for the six month period ended 30 September 2024.

||| We fill a real and persistent gap in the capital requirements of infrastructure companies.



James Stewart
Chair



The economic challenges that we experienced in the previous financial year have eased steadily – inflation has gradually fallen and interest rates have also started to decline. The portfolio has remained resilient and adaptable with its short maturity loans and continues to generate sufficient cash to cover the dividend. We have also made significant progress on resolving the small number of problematic loans on our books.

NAV and share price performance

Total return¹ over the six-month period

SEQI share price	3.2%
SEQI NAV	5.1%
Leveraged loans	4.4%
High yield bonds	5.1%
Gilts	2.1%

Over the first half of this financial year, the Company's NAV per share rose by 1.26p, or approximately 1.3%, from 93.77 to 95.03, driven in part by the strong interest income of the portfolio. Over the same period, the Company paid dividends of 3.44p per share, consistent with our full-year target dividend of 6.875p, resulting in a total NAV return² of 5.1% (not annualised).

This performance was significantly better than that of Gilts over the same period and is consistent with other comparable debt investments such as leveraged loans and high yield bonds.

Since its IPO, the Company has significantly outperformed all of these markets. For example, £100 invested in high yields bonds at the time of Company's IPO would now be worth £137.13, while the same amount of money invested by the Company would now be worth £144.44, assuming in both cases that income is reinvested.

Notwithstanding this, the Board recognises that Shareholder return is based on the Company's share price, which declined from 81.1p to 80.2p, reflecting a widening of the discount from 13.5% to 15.6%. After taking account of dividends, this resulted in a total return² over the six months to 30 September 2024 on the shares of 3.2% (not annualised). The widening of the Company's discount to NAV has been a significant focus of our capital allocation strategy, which is further explored below.

Portfolio performance

As outlined above, the NAV performance over the half year was strong, with a total return² of 5.1%, which annualises to approximately 10.2%. This reflects the portfolio's resilient interest income and solid credit performance.

As with any portfolio of investments, there will always be a risk that some experience financial difficulties. We have made good progress on some of our challenging positions: Bulb, Clyde Street and 4000 Connecticut Avenue (formerly Whittle Schools).

1. Leveraged loans: S&P European Leveraged Loan Index. High Yield Bonds: Bloomberg Pan-European High Yield Index. Gilts: 10-year benchmark Gilt

2. See Appendix for alternative performance measures ("APMs")

Chair's statement

continued

Portfolio performance continued

These positions in aggregate represented 5.5% of the portfolio as at 30 September 2024; however, by 31 October 2024 this had fallen to 4.5% as a result of a £16 million repayment of Bulb. In the same month, a sale of the Clyde Street loan was agreed, which completed in November 2024, further reducing the proportion of non-performing loans to 3.7% of the portfolio, keeping all other factors constant. In addition to these loans, a further 10% of the portfolio is subject to enhanced monitoring. This compares to 7% as at the end of the previous year; the increase is down to an improvement in the carrying value of the loan to Active Care Group, combined with further advances to the same group. These loans are not classed as non-performing.

Regarding credit risk, there are a couple of things that should be borne in mind. Firstly, the portfolio is highly diversified, with the average loan only representing about 2% of our portfolio and our largest loan representing no more than 4.1% of NAV; this means that should a loan underperform, it only has a limited impact on the overall portfolio. Secondly, the historical experience has been that, when loans to infrastructure projects default, lenders on average enjoy a higher level of recovery compared to other forms of corporate credit. This is because generally infrastructure is backed by assets or dedicated cash flows. The combined effect of these two factors is that the financial impact of bad debts on portfolio performance has been limited: the "loss rate" for the portfolio, i.e. credit losses, annualised and expressed as a percentage of the amount lent, is only 0.51% over the life of the Company. This compares to about 1.60%¹ for high yield bonds or leveraged loans of a similar credit quality.

The Company's role in the infrastructure debt market

The fundamental driver of the Company's performance – what gives us the ability to deliver consistently strong risk-adjusted returns – is that we fill a real and persistent gap in the capital requirements of companies operating in the infrastructure sector. Broadly speaking, most infrastructure projects require very large amounts of long-term capital; this can come in the form of either debt or equity. Debt, for the most part, comes from bank lenders, the bond markets, some institutional lenders (such as insurance companies and pension funds) and specialist debt funds like us. The first three categories in this list could be described as "traditional lenders".

Traditional lenders clearly are incredibly important; their sheer size makes them so. But they are often limited in what they can do. For the most part, they only target investment-grade credit quality. They have rigid investment structures driven by internal policies, regulatory requirements or bank capital rules. They are often overly cautious about new technologies and markets. They are typically unable or unwilling to look at subordinated debt.

These limitations mean that there may be a shortfall between the capital that traditional lenders can provide and the requirements of many infrastructure projects. That is where specialist debt funds like us can add value. By looking at the underlying characteristics of an infrastructure project – its assets and cash flows – rather than by being governed by the constraints of traditional lenders, we can provide debt at a yield that works both for us and for the borrower.

We aim to support high-quality equity investors by providing them with leverage on their infrastructure projects, where normal market lending terms are not available or are not attractive. Numerous examples exist: we were one of the first lenders to recognise data centres as an infrastructure asset class; we were pioneers in Polish solar projects under the current contract for difference ("CFD") regime; and we did groundbreaking transactions in floating gas infrastructure (i.e. vessels used in the liquid natural gas ("LNG") value chain). I have no doubt we will continue to lead the market in other new infrastructure sectors as these develop.

Capital allocation

SEQI, as a debt fund, is different from many other investment companies in the infrastructure sector, in that our capital recycles approximately every four years. As such, deciding how we allocate our free capital is a significant issue and something that the Board spends a lot of time debating. We also spend time listening to the views of our Shareholders and seek to adopt an approach that satisfies and takes into account the objectives of all our stakeholders.

In the last six months we have continued our "balanced" approach to capital deployment: Fund leverage has been largely repaid; the share buyback, helping to support the share price, has continued; and capital deployed selectively in a number of high-quality new investments. We strongly believe that this balanced approach is sensible in a period of uncertainty and elevated volatility, and the solid results for this half year bear that out. We have also refinanced our revolving credit facility ("RCF") on more attractive terms, for example a lower margin and better covenants, which give us more flexibility in the way in which the RCF can be deployed.

The Board continues to be frustrated by the share price discount to NAV, even if it is at the lower end of the Company's peer group, and has looked to take steps to address this. We have been proactive and bought back 49.3 million shares in the last six months – one of the largest levels of buyback in the listed fund sector – at a cost of £39.5 million.

Although we believe that the discount largely reflects the wider malaise in the UK listed fund sector (and especially so for alternative assets such as private debt, infrastructure and renewable energy), we are not complacent and are constantly looking at other ways to address the discount. We are actively looking to attract new investors into the Company, including from outside the UK. We have also been working on increasing the retail investor base within the UK and looking to build on our investor education and outreach activities to facilitate this. The recent, very helpful, progress on cost disclosure, which the Board and Investment Adviser both proactively supported, may help the investment company sector compete on a more level playing field with other fund structures.

We do not believe that the levels of discount to NAV that we have seen reflect the Company's long-term prospects, the resilience of its investment portfolio or its ability to generate attractive returns for our Shareholders, and if unwarranted levels of discount occur, we expect to continue to buy in shares as appropriate.

Having said that, we are conscious that there are consequences linked to a reduction in the size of the Fund. These include reduced diversification and a lower maximum deal size which may restrict us from supporting our target equity sponsors. We think there are benefits to scale for a private debt fund, both in terms of being able to source highly attractive infrastructure projects and retaining the core components required for a stable NAV product with a strong income focus to support the dividend. Scale also ensures that secondary market liquidity remains strong, which is important for attracting new investors to the Company.

1. Investment Adviser's analysis of Moody's, Infrastructure Default and Recovery Rates, 1983-2023, with reference to non-financial corporates and their average defaults and losses over 10 years with an even weighting of BB and single-B ratings. BB recovery rates are used as a conservative substitute for missing single-B data.

Chair's statement

continued

Capital allocation continued

We will therefore target the share buyback strategically, factoring in various considerations including the underlying liquidity of the portfolio, the Company's pipeline, dividend cover, portfolio diversification and the discount to NAV relative to the market. We may also look to modestly increase fund leverage to ensure that we can still deploy capital into attractive opportunities.

Market outlook

The economic outlook for the Company's main markets is varied but overall better than we have seen over recent years:

- > the UK economy has shown resilience, with GDP in Q3 2024 being 3.0% above pre-pandemic levels. However, growth is expected to moderate due to persistent inflation and the ongoing effect of high interest rates;
- > the US economy continues to grow, with GDP increasing by 0.7% in Q2 2024 and the advance estimate of Q3 2024 suggesting an additional increase of 0.7%, while CPI inflation finally fell below 3% in July; and
- > the Eurozone's economic outlook is more varied. While overall GDP grew by 0.2% and 0.4% in Q2 and Q3 2024 respectively, Germany's economy contracted slightly in Q2 2024, with a slight recovery in Q3 2024. The region faces challenges such as high energy prices and geopolitical uncertainties, which affect consumer and business confidence.

With Donald Trump's election as President and a substantial portion of the Company's portfolio concentrated in the US, it is essential to assess potential impacts on infrastructure credit markets. Proposed tariffs on imports from countries like China, Canada, and Mexico could increase inflation, leading to higher borrowing costs and expenses for infrastructure projects. While some businesses may offset these costs through higher prices, sectors like construction with fixed budgets could face significant challenges.

In the energy sector, the planned deregulation and reduced renewables subsidies might pose risks but could be offset by the growing energy demand and streamlined permission processes for infrastructure projects.

There are reasons to be cautiously optimistic. Policy interest rates are beginning to fall, and this will be helpful for economic activity (and may also help our share price given our high dividend yield).

However, we have not invested on the basis of such optimism. In fact, our strategy has been to source investments which will be resilient even if conditions do not improve. Our investment strategy, as set out in the last Annual Report, is to maintain the robust credit quality of our portfolio, while targeting investments yielding 9-10%.

Dividend

Portfolio interest income remains resilient given the relatively high interest rates in the main markets we operate in, especially in the UK and the US. The Company has a strategy of "locking in" these rates over the medium term through a combination of fixed rate loans (i.e. making loans where our interest income will not fall if base rates fall) and using interest rate swaps (where we pay a floating rate of interest to a bank and in return receive a fixed rate from them).

The overall effect of this strategy is that approximately 60% of our income is currently locked in over the medium term, protecting the Company even if base rates do fall in the coming months, as many people expect.

In this half year, our dividend remains fully cash covered¹ by a factor of 1.06x. This is within the historical levels of c.1.05x to 1.10x. We expect the dividend to remain cash covered over the second half of this year.

Environmental, social and governance

The Company continues to adhere to and progress its comprehensive sustainability programme, focused on our three main ESG principles. Firstly, our commitment to negative screening continued throughout the period. Secondly, thematic investing now covers 72% of the portfolio, up from 70% at the last year end, stemming from increased capital flows into infrastructure with social benefits. Lastly, the portfolio's weighted average ESG score improved from 62.77 at 31 March 2024 to now 64.65, driven by acquisitions of higher-scoring assets and, most meaningfully, improvements in the ESG scores of existing borrowers. This highlights the extensive work the team have been doing on our engagement strategy: enriching the dialogue with our borrowers on sustainability issues and collaborating to meet the evidence-based requirements of our scoring methodology. The year-end sustainability report in March 2025 will provide more detail and highlight some examples of these efforts.

Finally on this topic, I would like to congratulate Leah Dean, the Investment Adviser's Head of Sustainability, on winning the ESG Rising Star Award from IJ Global, which recognises her outstanding contribution to the Company's ESG initiatives.

The continuation vote

This summer, the Company held its regular triennial continuation vote. This is an important opportunity for our Shareholders to vote on the future of the Company.

We were keen to see as many Shareholders voting as possible and had an active programme of Shareholder engagement. We were naturally delighted that 96.43% of votes cast were in favour of the continuation of the Company and we take this to be a strong endorsement of our strategy which demonstrates that our unique Fund remains relevant to our investors.

However, we are not complacent and recognise that we need to do everything we can to return the share price to NAV and raise additional capital. This requires innovative thinking and constant review of our options. I strongly believe in the value of regular open dialogue with our Shareholders and personally met with a significant number of our leading investors after our results were published. As your Chair, I will continue to ensure that a wide plurality of views are heard and reflected in how we run the Company.

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 of the other critical service providers who continue to manage the Company prudently and who have collectively positioned us well to deliver attractive and increasing returns. Thank you also to our Shareholders for your continued commitment and support.

James Stewart
Chair

4 December 2024

1. See Appendix for alternative performance measures ("APMs")

Objectives and policies

Principal activity

Sequoia Economic Infrastructure Income Fund Limited (the “Company”) invests in a diversified portfolio of senior and subordinated economic infrastructure debt investments through Sequoia IDF Asset Holdings S.A. (the “Luxembourg Subsidiary”) and Yotta BidCo Limited and Gadwall Holdings Limited (the “UK Subsidiaries”) (all together the “Fund”). Gadwall Holdings Limited was incorporated during the period. The Company controls the Subsidiaries through holdings of 100% of their 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, subject to the investment criteria as set out in the investment policy.

Investment policy



The Company’s investment policy is to invest in a portfolio of loans, notes and bonds in which no more than 10% by value of the Fund’s net asset value (at the time of investment) relates to any one individual infrastructure asset. In addition, the Company intends to invest directly or indirectly only in investments that satisfy the following criteria, such investments to make up a minimum of 80% by value of the portfolio at the time of investment:

- > all or substantially all of the associated underlying revenues to be from business activities in the following market sectors: transport, transportation equipment, utilities, power, renewable energy, accommodation infrastructure and telecommunications, media and technology infrastructure;
- > all or substantially all of the revenues to derive from certain eligible jurisdictions, as defined in the Company’s Prospectus, provided that any such jurisdiction is rated at least BBB- by Standard & Pools or Baa3 by Moody’s;

- > at least 40% of the portfolio to be floating rate or inflation-linked debt (floating rate instruments converted to fixed rate instruments through interest rate swaps will be deemed to be fixed rate);
- > no more than 20% of the portfolio to comprise pre-operational projects (typically projects in construction);
- > no single sector to represent more than 40% of total assets;
- > no single subsector to represent more than 15% of total assets, other than a major subsector (as defined in the Prospectus), which may represent up to 25% of total assets;
- > no more than 60% of the portfolio to be located in the United States;
- > no more than 50% of the portfolio to be located in Western Europe (ex-UK);
- > no more than 40% of the portfolio to be located in the United Kingdom; and
- > no more than 20% of the portfolio to be located in Australia and New Zealand combined.

Sustainability policy



The Company is committed to responsible investing. As part of its sustainability strategy, it has a long-established sustainability policy (previously named ESG policy), which the Board reviews regularly and ensures is kept up to date. The policy describes the Company’s ESG principles that underpin its approach and the Fund’s three corresponding ESG goals that it measures and reports its progress against. It also details how ESG is integrated throughout the investment process, in particular the negative and positive screening, as well as the proprietary ESG scoring methodology that is carried out pre-investment. Once a loan is made, there are various methods of engagement with borrowers that may feature as part of our monitoring of assets that is given in the sustainability policy. There is also discussion of how the policy is governed through Board oversight and delivered on by the Fund’s Investment Adviser. For more detail, please refer to the website where the sustainability policy is published in full: www.seqi.fund/sustainability/publications/.

Dividend policy



The Company’s dividend policy is to pay dividends in accordance with its annual dividend target. The Company’s annual dividend target is 6.875p (2023: dividend target of 6.25p per annum up to the dividend relating to the quarter ended 30 September 2022, and 6.875p per annum thereafter). Accordingly, in the absence of any significant restricting factors, the Board expects to pay dividends totalling 6.875p per share per annum. The Company pays dividends on a quarterly basis.

For further details, please see note 5 to these Unaudited Condensed Interim Financial Statements.

Investment Adviser's report



We are confident that the portfolio is strategically positioned to outperform liquid credit markets over the long term.



The Investment Adviser's objectives for the year

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

Goal	Commentary	Goal	Commentary
Gross portfolio return ¹ of 8-9%	The Company is invested with a portfolio that currently yields 9.9%, in excess of the Company's target annual gross return of 8-9%.	Timely and transparent investor reporting	The Company's award-winning ² factsheet includes monthly updated commentary and portfolio holdings have been provided monthly for full transparency. Investor engagement has continued over the period, including a virtual capital markets seminar, smaller bespoke investor events and a results roadshow as well. Notably, SEQI hosted its first ESG event, inviting sustainability professionals from its Shareholders and other influential firms to discuss various ESG issues over breakfast.
Manage the portfolio responsibly through a falling interest rate environment	The Fund has locked in higher base rates by keeping a high percentage of the Fund in fixed rate assets and by an interest rate hedging programme, resulting in an increased fixed rate exposure of 62% as of 30 September 2024, compared to 58% as at 31 March 2024. This will help protect the Fund's income should interest rates fall as widely expected.	Continue to improve the ESG profile of the Company and the portfolio	The Company has made a great improvement in the average ESG score of its portfolio from 62.77 as at 31 March 2024 to 64.65 as at 30 September 2024. This increase mainly comes as a result of ongoing ESG engagement with existing borrowers. There was also a net uplift to the average score coming from acquisitions of higher-scoring assets during the period, which offset a small decrease contributed by disposals.
Follow sustainable investment processes	The Company continues to adhere to and progress its comprehensive sustainability programme that extends through every part of the investment process. The latest sustainability policy, reports and publications can be found on our website: www.seqi.fund/publications/ .	Dividend target of 6.875p per share per annum	The Company paid two quarterly dividends of 1.71875p per share in line with its dividend target, amounting to a total of 3.4375p.

1. See Appendix for alternative performance measures ("APMs")

2. AIC 2023 – Shareholder Communication Award for Best Factsheet

Investment Adviser's report

continued

Economic infrastructure is a diverse and highly cash-generative asset class

Economic infrastructure debt has emerged as an investment class known for its stability and dependability, attracting a diverse class of investors. The companies we lend to benefit from substantial barriers to entry, such as high capital expenditure requirements and stringent regulations, which deter new competitors and safeguard the interests of existing investors. Additionally, these investments typically produce regular and predictable cash flows, ensuring a reliable revenue stream due to the essential nature of the services rendered. Moreover, the physical assets backing economic infrastructure debt provide tangible security for investors.

These features have consistently attracted interest in economic infrastructure debt from those seeking steady income and a reliable long-term investment. Sectors include transportation, utilities, energy, digitalisation, renewables and certain social infrastructure projects with comparable attributes.

These sectors often operate under long-term concessions or licences, with revenue structures tied to demand, usage or volume. To mitigate demand risk, economic infrastructure projects usually operate with lower leverage compared to availability-based social infrastructure, maintain larger equity cushions, conservative credit ratios, robust loan covenants and offer more substantial asset backing for lenders. Considering the market volatility experienced over the last few years, the Fund has prioritised operational projects, senior debt and non-cyclical industries. These proactive measures have effectively mitigated risks associated with the recent inflationary market conditions and other global uncertainties, including the continuing conflicts in Ukraine and the Middle East.

The market environment during the period

While infrastructure debt benefits from inherent revenue stability, the Fund's valuations continue to be shaped by movements in the financial markets over the last year. The rapid decline in government bond prices in the previous year, followed by a partial recovery, has given way to a new phase of interest rate dynamics. Towards the end of the most recent period, central banks began cutting rates for the first time in four years, marking a shift from the previous policy of rate hikes aimed at controlling inflation. At the start of the period, yield curves remained inverted, reflecting a disparity between short-term and long-term government bond yields, but a notable flattening of the curves has since been observed.

Inflation rates in the US, UK and Europe have fallen significantly. In the US, inflation dropped from 3.5% to 2.4%, in the UK from 3.2% to 1.7% and in Europe from 2.4% to 1.7%. This decline has alleviated some economic pressures, and the expectation of further interest rate cuts remains strong.

The Fund's private debt portfolio remains susceptible to changes in interest rates and credit spreads in liquid markets. Although the previous decrease in the value of government debt, high yield bonds or leveraged loans have at times negatively impacted the valuation of the Fund's investments, these fluctuations are generally unrealised mark-to-market changes that reverse as loans approach maturity. The effects of lower term rates are further discussed in the Market backdrop section of the Investment Adviser's report.

Private credit markets saw significant growth as companies sought alternatives to traditional financing in a challenging environment. Direct lending, particularly to private equity-backed firms, gained traction, offering flexible capital solutions and yield premiums over syndicated loans. The Fund is therefore able to capitalise on companies needing to restructure or refinance due to the increased debt costs compared to previous years.

Ratings volatility for infrastructure has been low relative to NFCs¹ (Notches per credit)

One-year rating volatility, 1983-2023: total infrastructure securities and NFCs



1. Moody's, Infrastructure Default and Recovery Rates, 1983-2023

Investment Adviser's report

continued

Market backdrop

Consumer price index year-on-year (%)



What is happening?

Inflation across all of the Fund's investment jurisdictions has declined to levels approaching the respective central banks' targets, following the sharp increases observed during 2021-2022.

Why this matters to SEQI?

With inflation nearing target levels, the likelihood of future interest rate cuts rises, and enhances the appeal of alternative investments such as infrastructure relative to liquid credit. Additionally, lower inflation reduces cost pressures during project construction, thereby mitigating construction risk, assuming all other factors remain constant.

Overnight financing rates (%)



What is happening?

Central banks in the US, UK and Europe have implemented the first cuts to overnight interest rates in four years, following a period of stabilisation.

Why this matters to SEQI?

The portfolio's floating rate investments are beginning to de-risk as their borrowing costs are past their peak and are anticipated to further decrease in light of the recent interest rate cuts and positive inflation figures. As a downward trend towards a lower interest rate environment emerges, this will benefit fixed rate loans and bonds by accelerating their pull-to-par. Additionally, as short-term rates fall, yield curves are expected to become less inverted or revert to a positive slope, which will encourage greater demand for risk in the market, but conversely might also discourage borrowers from entering into long-term debt commitments.

10-year and 3-month government bond yield spreads (%)



What is happening?

The difference between the 10-year and 3-month government bond yields has stabilised at around negative 1% for all of the Fund's investment jurisdictions. This spread is often used as a reference for the invertedness of the government bond yield curve.

Why this matters to SEQI?

As short-term rates continue to decline, yield curves are expected to become less inverted or return to a positive slope. This shift is likely to foster greater demand for risk in the market.

Investment Adviser's report

continued

Portfolio overview

During this period, we have consistently focused on the ongoing development and management of a diversified portfolio of private debt investments across various infrastructure sectors and subsectors, specifically in areas with low political and regulatory risk. Our primary objective has been to maintain our targeted returns and risk profile. To achieve this, we have adhered to cautious investment strategies, including maintaining a significant portion of the portfolio in resilient sectors, favouring senior debt over mezzanine debt, and safeguarding the overall credit quality of the portfolio.

The current highlights of our portfolio, which reflect the results of these efforts, include:

- > 54.8% of the portfolio in defensive sectors. These include digitalisation, accommodation, utilities and renewables, which are viewed as defensive because they provide essential services, often operate within a regulated or contractual framework or have high barriers to entry;
- > low construction risk in the portfolio at 8.1%, achieved via higher scrutiny being applied to new construction assets at the origination stage of the investment process;
- > 58.5% of the portfolio in senior secured loans and 41.5% in subordinated debt, maintaining the high proportion of senior secured debt we have previously held;
- > maintained credit quality of the portfolio over the last 12 months without a reduction in targeted yields. Our policy not to invest in CCC profile loans remains in place; and

> low modified duration of 2.0¹, with 37.7% of the portfolio in floating rate deals and 62.3% in short-term fixed rate assets, both including the effects of interest rate swaps, and a current low portfolio weighted average life of 3.5 years. Interest rate swaps form part of the portfolio as a cost-efficient product, increasing visibility of future cash flows and providing protection against a faster-than-expected fall in short-term rates.

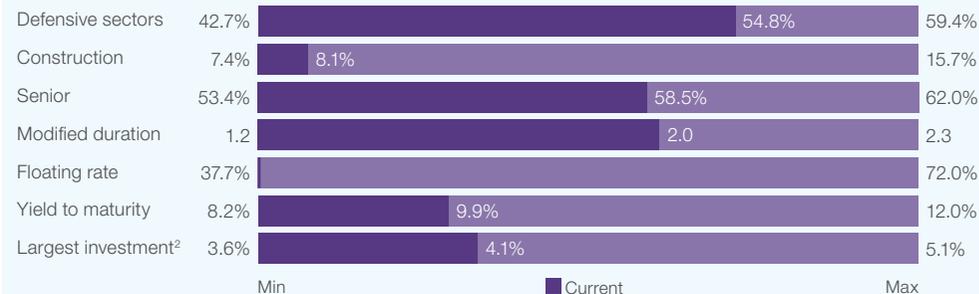
Investments are made in regions known for their stability and low risk, both regulatory and legal, and in accordance with the Fund's investment criteria. The Fund adopts a cautious approach to investments, particularly regarding greenfield construction projects. While it can allocate up to 20% of its net asset value to these projects, actual exposure to assets under construction was 8.1% as at 30 September 2024, below historical averages due to a conservative strategy amid slow growth and volatile market conditions. The Fund will selectively invest in projects that adequately compensate for moderate construction risks and employs strict criteria to assess the borrower's business strength, often avoiding projects with a combination of construction and demand risks.

The Fund's strategy is primarily focused on private debt, which encompasses the vast majority of its portfolio. This focus is driven by the "illiquidity premium" associated with private debt, which typically yields higher returns than similar liquid bonds. Research from the Investment Adviser indicates that infrastructure private debt instruments generally offer yields of 2%+ p.a. more than comparable publicly rated bonds in normal markets.

1. See Appendix for alternative performance measures ("APMs")

2. % of NAV

Five-year range

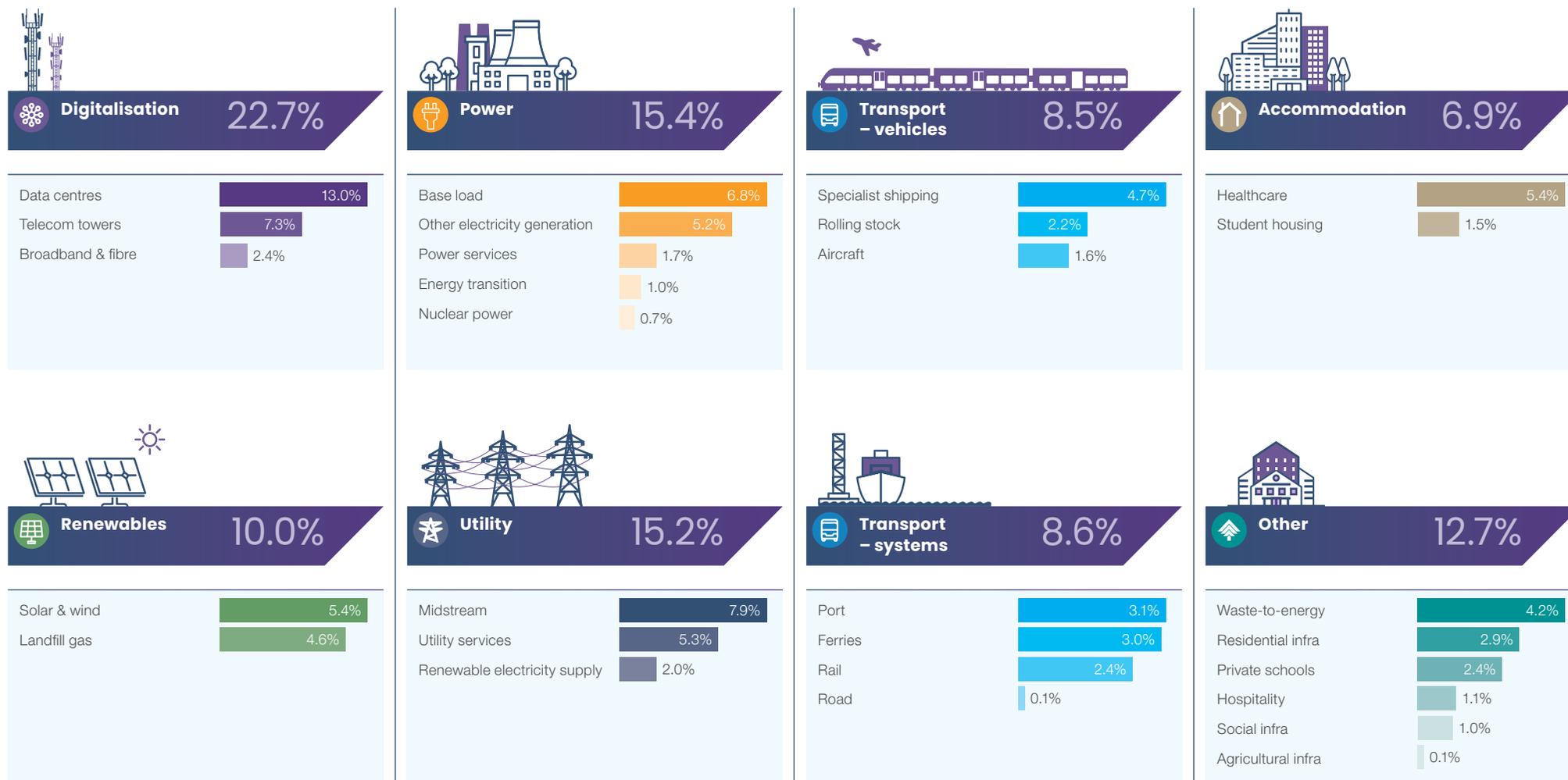


Investment Adviser's report

continued

The Fund's investment portfolio is diversified by borrower, jurisdiction, sector and subsector, with strict investment limits in place to ensure that this remains the case. The chart below shows portfolio sectors and subsectors on 30 September 2024.

Diversification by sector



Investment Adviser's report

continued

NAV and Fund performance

Over the last six months, the Company's NAV per share increased from 93.77p per share to 95.03p per share ex-dividend, driven by the following effects:

Factor	NAV effect
Interest income on the Company's investments	5.39p
Losses on foreign exchange movements, net of the effect of hedging	(0.30)p
Negative market movements	(0.02)p
IFRS adjustment from mid-price at acquisition to bid price	(0.04)p
Operating costs	(0.80)p
Gains from buying back shares at a discount to NAV	0.47p
Gross increase in NAV	4.70p
Less: Dividends paid	(3.44)p
Net increase in NAV after payment of dividends	1.26p

The annualised total return¹ on the NAV for the period was 10.2%, exceeding the Company's long-term net return expectations of 7-8% per annum. The portfolio's annualised performance was broadly in line with high yield bonds, with a modest outperformance of leveraged loans by 1.4% and a more significant outperformance of 10-year Gilts by 6.0%. However, the portfolio underperformed relative to equity markets, trailing the FTSE All Share Index by 2.0% and the FTSE 250 by 6.1%. As in previous periods, the principal factor that positively influenced NAV performance was the interest income derived from investments. Valuation movements in the Fund's investments have been minimal with the majority of negative adjustments offset by an uplift in the valuation of the Fund's fixed rate assets. Further positive "pull-to-par" effects will be recognised over time, as a substantial amount of unrealised valuation decreases that were caused by the rapid increase in term rates over recent years are likely to be reversed.

The Investment Adviser is confident that the portfolio is strategically positioned to outperform liquid credit markets over the long term for several key reasons. Firstly, private debt tends to deliver higher yields than liquid credit when comparing similar credit quality. Furthermore, infrastructure-backed debt is more resilient due to stronger asset support, as shown by the Fund's lower loss rates when compared to broader liquid credit with equivalent credit quality. Additionally, the portfolio's extensive diversification across sectors, subsectors and regions helps mitigate the effects of risks tied to specific assets, industries or countries, thereby lowering overall portfolio risk by ensuring low asset correlation.

Share performance

As at 30 September 2024, the Company had 1,576,216,485 shares in issue (31 March 2024: 1,625,484,274). The closing share price on that day was 80.20p per share (31 March 2024: 81.10p per share), implying a market capitalisation for the Company of approximately £1.26 billion, a decrease of c.£54.1 million compared to six months ago, partially due to the Company's share buyback programme, which has reduced the number of shares in issue. The Company cancelled all 154,046,443 of its shares held in treasury as at 25 April 2024, with an additional 37,976,070 having been purchased in the remaining part of the period and being held in treasury.

After taking account of quarterly dividends amounting to 3.4375p per share, the annualised share price total return¹ over the period was 6.4%. The 0.90p decrease in the share price over the six-month period was driven by a persistent negative market sentiment toward alternative assets, including debt funds in the listed investment company sector. Capital outflows, driven by investors reallocating to tax-efficient government bonds and currently high-yielding money market instruments, have further pressured share prices. However, the sector experienced greater stability in the first half of this financial year as key market interest rates were cut for the first time in four years.

Both the Investment Adviser and the Company's Directors believe the current share price discount to NAV is still excessive but expect it to narrow as the headwinds facing the alternatives market begin to ease.

We believe that the current valuation does not fully capture the investment portfolio's potential to generate attractive risk-adjusted returns during periods of economic uncertainty, its relatively shorter investment duration and its robust valuation methodology. In light of this, the Fund continues its policy of repurchasing shares, which it views as undervalued, thereby enhancing NAV per share for existing Shareholders. Over the past six months alone, the Company has repurchased 49,267,789 shares. The share buyback programme, initially announced to Shareholders in July 2022, has since resulted in the repurchase of 192,022,513 shares, representing 10.9% of the total issued shares as at the start of the programme. This initiative has contributed to an increase of 1.53p in NAV per share since the programme's inception.

Dividend cover

The Fund has paid 3.4375p in dividends during the last six months in accordance with its target. The Company's dividend cash cover¹ was 1.06x for the first half of the financial year. This is in line with the previous year's cash cover, where the lower amount of dividends paid due to the share buyback programme is closely matched by a reduction in income given the decrease in invested capital.

Looking forward, there is potential for growing the Company's dividend cash cover through a number of routes, including ensuring the portfolio is fully deployed, with minimal cash drag and recovering capital from non-performing loans.

1. See Appendix for alternative performance measures ("APMs")

Investment Adviser's report

continued

Fund performance

		30 September 2024	31 March 2024	30 September 2023
Net asset value	per share	95.03p	93.77p	92.88p
	£ million	1,497.8	1,524.3	1,561.5
Annualised dividend yield ³	percentage of share price	8.6%	8.5%	8.3%
Cash held (including in the Subsidiaries)	£ million	88.7	99.4	141.7
Drawings on RCF	£ million	20.0	0.0	0.0
Invested portfolio ¹	percentage of net asset value	89.9%	90.6%	90.3%
Total portfolio	including investments in settlement	93.5%	94.2%	92.2%

Portfolio characteristics

		30 September 2024	31 March 2024	30 September 2023
Number of investments		56	55	57
Valuation of investments	£ million	1,346.3	1,380.7	1,924.5
ESG score	internal ESG scoring methodology ²	64.65	62.77	62.84
Single largest investment	£ million	61.7	60.6	60.2
	percentage of NAV	4.1%	4.0%	4.3%
Single largest counterparty exposure	£ million	98.0	99.1	118.1
	percentage of NAV	6.5%	6.5%	7.6%
Average investment size	£ million	21.4	22.6	23.5
Sectors	by number of assets	8	8	8
Subsectors		29	30	27
Jurisdictions		10	10	10
Private debt	percentage of invested assets	94.4%	96.9%	97.3%
Senior debt		58.5%	58.6%	53.5%
Floating rate		37.7%	42.1%	54.4%
Construction risk ³		8.1%	7.4%	11.2%
Weighted average maturity	years	3.8	4.4	4.2
Weighted average life	years	3.5	3.9	3.6
Yield-to-maturity ³		9.9%	10.0%	10.9%
Modified duration ³		2.0	2.2	1.5

As shown in the table, the Company's net asset value decreased by £26.5 million during the period. This decline is primarily attributable to the share buyback programme, partially offset by income generated by the Company after accounting for expenses and distributions.

1. Relates to the portfolio of investments held in the Subsidiaries
2. See "ESG Framework: Evidence and Procedures" document available here www.seqi.fund/sustainability/publications/ for how the ESG score is calculated
3. See Appendix for alternative performance measures ("APMs")

Investment Adviser's report

continued

Portfolio characteristics continued

The reduction in the weighted average maturity and life of the investment portfolio does not reflect a change in strategy or any significant shift in portfolio composition. Rather, it is due to the time elapsed since the last report was published and the relatively small number of new investments. Repayments and new investments have had minimal impact on these metrics, given their relatively small contribution to the overall portfolio.

The Investment Adviser targeted a slightly higher proportion of fixed rate investments, at approximately 60% of the portfolio in these assets, net of interest rate swaps, to capitalise on the current elevated term rates. This allows the Company's investments to generate a higher level of income in a falling term rate environment compared to a more even split of fixed and floating rate assets. On the final day of the period, an unexpected repayment of a floating rate asset temporarily increased this percentage beyond the target. However, this variance will be corrected through new investments over the remainder of the financial year.

Credit performance

Over the past six months, the Company's portfolio has displayed robust credit performance, supported by the increase in valuation of its fixed rate assets. While the Investment Adviser mitigates idiosyncratic risk by investing in a well-diversified portfolio, the systemic risk involved in higher-yielding debt instruments entails that the portfolio will experience some credit issues given that the Fund has invested in over 250 assets. However, the Company's portfolio has had a low annual loss rate since its inception of 0.51%, down from the previous year's 0.53%. This constitutes a substantial outperformance compared to the 1.60%¹ annual average loss rate of similarly rated non-financial corporate debt. Updates on the Company's non-performing loans follow here.

UK energy supply company

The Investment Adviser has continued to make substantial progress on recovering value from the Fund's loan to Bulb Energy. The Company received the remainder of the £25 million partial settlement of claims with the Joint Energy Administrators of Bulb in October 2024, bringing total cash recoveries from the defaulted loan to Bulb to £41 million. In September 2024, a substantial portion of the assets and liabilities of Zoa Technologies Ltd ("Zoa") was sold to ENSEK, a SaaS platform wholly-owned by Centrica. The overall value of the transaction, taking account of the residual net assets remaining at Zoa (which remains owned by the Company), was in excess of its book value. Zoa has now been renamed Clean Energy Labs Limited ("CELL"). Additional distributions are anticipated from Simple Energy, and further distributions from both Bulb and CELL may also occur over time. We will continue to provide updates as appropriate to Shareholders on any material developments relating to the investment. The value of the Fund's loan to Bulb is 1.8% of NAV as at 30 September 2024, and has been further reduced to 1.2% of NAV after the receipt of an additional repayment.

Glasgow property

This loan was backed by a hotel property in Glasgow, originally intended to be student accommodation. In the previous financial year, the Company foreclosed on the loan given its operational losses and the unlikelihood that the owners would be able to cover the loan's interest costs. As at 30 September 2024, the loan represents 1.0% of the Company's NAV. The loan was sold in October 2024 at a price consistent with its book value; the Company is also entitled to potential future "earn outs" depending on the performance of the asset.

US private school

A large building in a prime location in Washington, D.C. was used as collateral for this loan. This building was initially occupied by a private school under a long-term lease agreement. However, due to the COVID-19 pandemic, the school experienced a significant challenge in ramping up enrolment, leading to increased operational costs and eventually, insolvency. In 2022, the loan terms were revised and extended to support the borrower's post-pandemic business plan. Unfortunately, the school was not able to bounce back and was officially evicted from the property on 19 October 2022. The lenders are currently in the forbearance period and the property owner is actively marketing the building to potential tenants, mainly from the education sector, and is in advanced conversations with an educational institution in the Washington, D.C. area. This development is viewed as positive for the loan. As at 30 September 2024, this loan represents 2.2% of NAV.

Balance sheet management

At the start of the period, the Fund held a cash balance of £99.4 million with no outstanding balance on its revolving credit facility. Over the subsequent six months, a portion of the available credit facility was utilised to manage timing mismatches between repayments and new investments. By the end of the period, the Fund maintained a net cash position of £68.8 million, which included a £20.0 million draw on the revolving credit facility and a cash balance of £88.8 million. The Fund typically repays its credit facility as capital is received through repayments, while maintaining a buffer for day-to-day cash management. However, a full repayment of the Generation Bridge Northeast loan occurred on the final day of the period, leaving insufficient time to repay the revolving credit facility before the period closed. This repayment was executed the following month, enabling the full repayment of the revolving credit facility. The Investment Adviser plans to deploy the Fund's available liquidity into new investment opportunities over the next six months, alongside the continuation of the share buyback programme. The Company's liquidity outlook includes the utilisation of its revolving credit facility to avoid cash drag otherwise experienced in the period between repayments and re-investments. The Investment Adviser considers multiple scenarios of projected repayment profiles as a basis for the Company's dynamic RCF utilisation target.

1. Investment Adviser's analysis of Moody's, Infrastructure Default and Recovery Rates, 1983-2023, with reference to non-financial corporates and their average defaults and losses over 10 years with an even weighting of BB and single-B ratings. BB recovery rates are used as a conservative substitute for missing single-B data.

Investment Adviser's report

continued

Portfolio valuation

Currently, the average loan in the portfolio rated single B or higher is marked at approximately 98 pence to the pound. This primarily reflects the impact of higher interest rates and credit margins used for valuation, compared to those available in the market at the time the loan was originated (i.e. the effect of rising base rates and wider credit spreads). Over time, as these loans approach their repayment dates, their valuations are expected to accrete back up to 100 pence in the pound, assuming no credit losses. This is the “pull-to-par” effect, the additional value of which is reflected in the NAV per share, as shown in the accompanying graph.

Origination activities

The Fund's investment strategy targets assets in both primary and secondary debt markets, each offering unique advantages. In the primary market, the Fund benefits from earning immediate lending fees and tailoring investments to specific requirements. In contrast, secondary market acquisitions allow for the swift deployment of capital into established assets with a proven performance history.

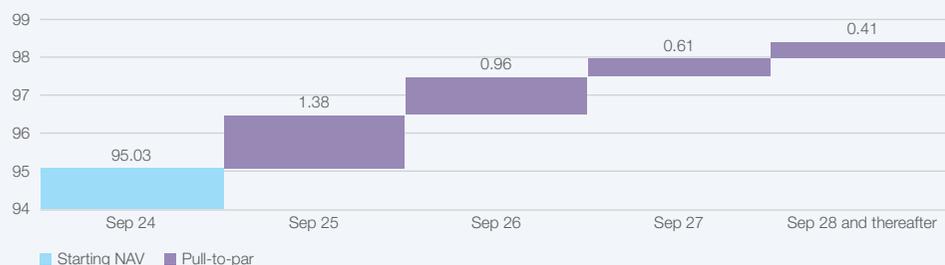
Primary market origination

The Fund remains focused on the primary loan market, which consistently presents significant opportunities. The Investment Adviser actively seeks bilateral loans and participates in “club” deals, where a small group of lenders collaborates. Additionally, the Fund engages in more broadly syndicated infrastructure loans. Primary market loans are appealing due to their favourable economics, as they provide upfront lending fees and greater flexibility in negotiating terms. With the Fund's growth, its primary market activity has expanded and continues to be the majority (86.0%) of the portfolio.

Secondary market origination

Although the primary market is a key focus, the Fund also acquires assets from banks or other lenders in the secondary market. This approach enables faster capital allocation, as primary infrastructure debt transactions can take time to finalise. Additionally, secondary market assets tend to offer greater liquidity, providing the Fund with flexibility when liquidity needs arise. Research shows that infrastructure loans often experience improved credit quality over time, meaning many secondary loans offer enhanced credit strength compared to their original issuance.

The “pull-to-par” effect (pence)



These NAV estimates are calculated on the assumption that interest rates and bond yields remain constant, and they do not factor in NAV-accretive mechanisms beyond the pull-to-par effect; the only variable considered is the passage of time. Non-performing loans are excluded from the calculation, while recoveries on underperforming loans are based on internal credit ratings. The pull-to-par effect is expected to have a material impact on NAV over the next three years.

Period	Pull-to-par (£ million)	Pull-to-par (pence per share)
1 October 2024 to 30 September 2025	21.8	1.38
1 October 2025 to 30 September 2026	15.1	0.96
1 October 2026 to 30 September 2027	9.7	0.61
1 October 2027 and after	6.5	0.41

Primary and secondary investments since IPO (Percentage of the portfolio)



Investment Adviser's report

continued

Strong pipeline of opportunities

The Investment Adviser has continued its management of the Company's portfolio through enhanced monitoring practices. However, we are encouraged to report that many of the more time-intensive processes have now been successfully completed. This has enabled a renewed focus on origination activities, resulting in a substantial pipeline of approximately £500 million in potential investments. While it is understood that not every opportunity within this pipeline will convert into an investment, the range and volume of prospects demonstrate the abundance of opportunities available in the market.

Potential investments span seven sectors and 12 subsectors, offering a diverse array of options for the portfolio. Importantly, the average yield of these opportunities stands at 10.1%, slightly above the Company's gross target return range of 9-10%. The diversity and potential returns of the pipeline position the Company well for future growth, reinforcing confidence in the ongoing strategy.

In addition to the jurisdictions in which the portfolio has already invested, the Investment Adviser has begun to look selectively at potential investments in Italy and Portugal. While these have always been eligible jurisdictions under the investment policy, to date the Company has not invested in them. However, there are now potential investments in these jurisdictions that may meet the Company's risk and return objectives.

Team

During the reporting period, the Investment Adviser has experienced limited employee attrition and successfully recruited four new analysts to bolster the existing team. To promote the retention of expertise and institutional knowledge, a long-term incentive plan remains in place.

Sequoia Investment Management Company Limited

Investment Adviser

4 December 2024



Investment Adviser's report

continued

Case study

Project Crystal

In June 2024, SEQI provided a loan of €29.5 million as part of a club of lenders to Project Crystal in a transaction raising €61.8 million Term Loan and €50 million Capex Facility. The business is a leading provider of diagnostic imaging and radiotherapy services delivered via numerous operating clinics in Germany, which are run by a highly experienced Management team and supported by a European infrastructure investment platform with a strong track record. The business offers a range of essential services including MRI, mammography screening, nuclear medicine, and radiotherapy.

The facilities will be utilised in the refinancing of existing debt and will also provide capital required for the platform's growth. Together with strong equity support, the facilities benefit from senior security and robust financial covenants. The facilities sit in the Holdco position alongside other debt providers.

The business is underpinned by a stable regulatory environment, the essentiality of such services in delivering high quality medical care, and strong barriers to entry. Since its inception, the business has grown profitably via acquisitions, executed with a disciplined investment approach.

We look forward to supporting and monitoring the progress of Project Crystal's growth ambitions in Europe.

YTM: 7.8%
€29.5m



Infrastructure with social benefits

Sustainability

Sustainability report

The Company continues to adhere to and progress its comprehensive sustainability programme that extends through every part of the investment process. Below is an update on the three ESG principles and goals of the Fund during the course of this half year.

Our ESG goals

The Fund has three ESG goals:

1. Comply with negative screening criteria;
2. Progress thematic investing (positive screening); and
3. Over time, increase portfolio weighted average ESG score.

Comply with negative screening criteria



During the period, 100% of projects were compliant with the Fund's negative screening criteria.

This has been maintained since the inception of the exclusion policy in the financial year 2021/22.

Progress thematic investing (positive screening)



As at 30 September 2024, thematic investing covers 72% of the Fund's investment portfolio.

This is split across the Fund's three positive themes as follows:

12% Renewable energy

31% Enabling the transition to a lower carbon world

29% Infrastructure with social benefits

The overall percentage of the portfolio that falls within a thematic category has risen slightly from 70% as at 31 March 2024 due to the increase in our investments in infrastructure with social benefits over the period.



Sustainability

continued

Sustainability report continued

Over time, increase portfolio weighted average ESG score



The portfolio's weighted average ESG score has increased from 62.77 as at 31 March 2024 to 64.65 as at 30 September 2024.

Most of this improvement comes as a result of our ongoing engagement with borrowers. During the period for instance, we saw the publication of company inaugural sustainability reports and positive moves along KPIs such as carbon emissions for those borrowers reporting again this year. We also noted developments in carbon reduction initiatives, such as the installation of solar panels and fleets transitioning to electric vehicles ("EVs"), as well as better complaint management and systems at our borrowers.

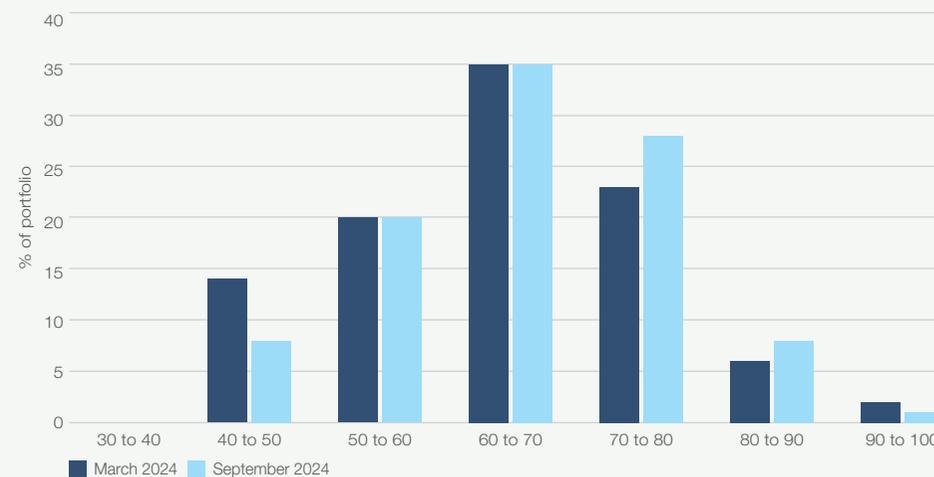
Interestingly, one borrower saw a notable increase in its ESG score during the period that came from a significant change in the sectoral mix of its revenue and EBITDA. The company is a multi-utility service provider that previously derived most of its income from servicing the telecom sector.

Over time and due to a recent acquisition, the borrower now operates predominantly servicing gas and water utilities. This resulted in the company being reassigned subsector category from Telecom Infra Services to Utilities Services, which carries a higher unmodified E score. Its higher ESG score now reflects the more positive environmental impacts of the company in enhancing the capacity and efficiency of the grid and water systems for instance.

There was also a net positive effect on the average portfolio ESG score from acquisitions of higher-scoring assets during the period, which offset a small decrease that was contributed by disposals as certain high-scoring assets repaid. Lastly, changes in portfolio weights, such as price changes and partial paydowns, led to a small net lift to the portfolio average ESG score over the half year.

The chart below shows a comparison of the portfolio's ESG score distribution between March 2024 and September 2024. Pleasingly, the amount of capital in lower-scoring investments has continued its downward trend over time.

ESG scores



For details of how the ESG score is calculated and the full methodology behind each part of SEQI's ESG framework, please see the latest sustainability policy and "ESG Framework: Evidence and Procedures" both published and available online here: seqi.fund/sustainability/publications.

Principal and emerging risks and uncertainties

The Risk Committee 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 and emerging risks facing the Company, including those that would threaten the Company's business model, future performance, reputation, solvency or liquidity.

As the Company is an externally managed non-EU AIF for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD"), the Directors have appointed FundRock Management Company (Guernsey) Limited (formerly Sanne Fund Management (Guernsey) Limited) ("FRMCG" or the "Investment Manager") as AIFM to the Company to provide risk management services compliant with AIFMD and to prepare the relevant disclosures to be made to investors and regulators. On 30 January 2015, the Financial Conduct Authority ("FCA") confirmed that the Company was eligible to be marketed via the FCA's National Private Placement Regime and the Company has complied with Article 22 and 23 of the AIFMD for the period ended 30 September 2024.

Under the instruction of the Risk Committee, FRMCG is responsible for the implementation of a risk management policy and for 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.

Kate Thurman and Andrea Finegan, independent consultants to the Company, provide guidance to the Board on the overall approach to risk management across the Fund's portfolio. Part of their focus is to assist the Investment Manager in scrutinising certain of the Investment Adviser's credit evaluations.

Risk classification and review process

The Company maintains a risk register that maps all the identified risks that can potentially impact the Company's performance. This risk register also maintains a list of risks that have the potential to threaten the business in the future but are not yet entirely clear in terms of their nature or impact. These risks are referred to as emerging risks.

All key risks are rated by four factors: likelihood of occurrence, potential impact, pre-mitigation risk and post-mitigation risk. Key risks scoring high combinations of likelihood of occurrence and potential impact are identified as potential principal risks. An additional screen removes from the list risks that have been rated as having a very low level of risk post risk mitigation. The resulting list of principal risks is highlighted below along with major mitigants.

The Company's risk register is a live document and is updated annually or as required by the Risk Committee with new key and emerging risks added and existing key risks re-rated based on current circumstances.



Principal and emerging risks and uncertainties

continued

Principal risks

Macro strategy risk

Infrastructure debt availability

Not having access to a wide enough range of suitable investment opportunities to support the investment strategy's required level of portfolio diversification and targeted return.

- > The Investment Adviser has extensive experience and a strong track record in sourcing infrastructure loans and bonds.
- > The Company's ongoing need for assets is only a small percentage of the overall infrastructure debt market.
- > The wide range of eligible jurisdictions, sectors and risk profiles maximises the universe of potential targets.

Macro strategy risk

Investment alternatives

A significant increase in returns available from investment alternatives (typically due to an increase in interest rates), or a decrease in the attractiveness of investment companies backed by alternative asset classes may make the Company's shares look unattractive on a relative basis.

- > The Company's attractiveness is monitored relative to its peers and other investment opportunities on an ongoing basis.
- > When higher returns become available on alternative investments due to rate increases, a boost in dividend, supported by higher income received on the Company's floating rate assets and redeployed capital can help maintain competitiveness.
- > A history of strong performance, active investor engagement and support for Shareholders, for example in the form of buyback programmes, can help position the Company positively relative to other investment companies.

Investment strategy execution risk

Investment allocation

Poor allocation decisions between different jurisdictions and sectors can negatively impact the Company's performance.

Failure to consider the relative attractiveness of share buybacks versus new investments may lead to sub-optimal returns.

- > Portfolio diversification requirements provide a first layer of protection against sub-optimal allocation decisions between different jurisdictions and sectors.
- > Within the diversification framework, the Company's Investment Adviser uses its experience to help avoid investing in sectors susceptible to underperformance.
- > Portfolio and sector performance is reviewed regularly at Board meetings. Future direction is debated and modified if required.
- > Weighing returns available from share buybacks vs new investments is included as part of the investment process. Potential costs associated with any shrinkage of the portfolio are taken into consideration (e.g. reduction in diversification).

Investment strategy execution risk

Underwriting process

Substandard work product, use of inaccurate or fraudulent data, over-optimistic projections or poor decision making during the underwriting process can lead to higher-than-expected default rates and credit losses.

- > Due diligence and underwriting are performed by an experienced team of credit analysts with a strong track record.
- > Reputable third-party experts are hired if needed to vet borrower's assumptions and projections, or to provide specialist input (e.g. engineering reports).
- > All loans require approval from the Investment Adviser's Head of Risk and Investment Committee, and the AIFM. On high-risk loans, the AIFM solicits and considers the views of the Risk Committee prior to providing final sign-off.

Principal and emerging risks and uncertainties

continued

Principal risks continued

Capital markets risk

Targeted dividend

Setting the dividend target too low can make the Company's shares look unattractive. Setting it too high can increase the risk of the Company's dividend cash coverage falling below 1x.

- > The dividend target set by the Company is only a target; however, given the reputational risk associated with a cut in dividend, or even a decrease in the cash coverage ratio to below 1x, extensive modelling is undertaken to understand the quantum and volatility of cash flow available in future periods.
- > The dividend is set as favourably as possible versus competing investment products while ensuring the availability of a reasonable cushion to protect against dips in performance.

Capital markets risk

Non-credit related NAV volatility

Assets in the portfolio are valued on a monthly basis. As debt products, movements in interest rates and generic credit spreads can lead to a significant change in NAV unrelated to the actual credit performance of the underlying assets.

- > Portfolio duration is kept low to avoid significant swings in NAV due to interest rate movements. The Company targets a minimum 40% holding of floating rate assets (including interest rate swaps)¹, and the maturities of fixed rate loans and bonds are kept relatively short.
- > NAV volatility due to movements in generic credit spreads is mitigated by limiting the portfolio's spread duration.

Note: Changes in value due to interest rate and generic credit spread movements are reversed as the assets approach maturity (pull-to-par).

Capital markets risk

Share price discount to NAV

Trading at a discount to NAV for a sustained period can limit the ability of the Company to raise new capital, lead to investor dissatisfaction and trigger corporate actions that may not be in the best interests of all Shareholders.

- > The Company and Broker are highly focused on any share price discount to NAV and actively seek out views on the issue from Shareholders and other market participants.
- > While the Company is under no obligation to buy back shares, in the past it has done so to signal support for the investment strategy and help absorb excess supply in the market.
- > The attractiveness of using cash to buy back shares at a discount versus making new investments is considered during the asset origination process.

Capital markets risk

Inability to raise new capital

Not being able to access capital to grow the Company diminishes its relevance and reduces its ability to generate incremental returns linked to originations.

Performance can be further impacted if buybacks lead to lower portfolio diversification and higher cost ratios.

- > The Company looks to carefully balance the use of its available cash, including proceeds from loan repayments, between new originations and share buybacks – recognising that portfolio shrinkage comes at a cost.
- > New investments are selected and structured to mitigate the impact of any potential reduction in portfolio size.
- > Most costs are variable which protects to a large extent the Company from portfolio shrinkage; however, service provider performance is monitored closely as reduced absolute fees may lead to operational challenges.

1. On 17 May 2024, the Company announced in its monthly NAV and portfolio update that it had adjusted its investment policy to target up to 60% (up from 50%) of its portfolio, net of hedging, in fixed rate investments (and therefore no less than 40% in floating rate investments)

Principal and emerging risks and uncertainties

continued

Principal risks continued

Macro-economic risk

Macro-economic factors

Movements in macro-economic factors including interest rates, foreign exchange ("FX"), commodities and inflation can impact the credit quality and valuation of the Company's infrastructure investments as well as any hedges, swaps and borrowings that might be in place.

- > The Company considers the potential impact of significant movements in macro-economic factors on the credit of its borrowers during the underwriting process, and builds protections into loan structures.
- > Diversification mitigates the impact of any changes to credit quality at a portfolio level.
- > The limited use of leverage and relatively short duration of the portfolio mitigates the impact of interest rate increases on NAV, and the Company hedges 100% of its FX exposure.
- > Derivative contracts are structured to minimise the potential impact of margin calls linked to interest rate and FX movements.

Counterparty credit risk

Borrower counterparty credit

Credit-based borrower underperformance on individual assets can lead to a loss of capital and income, a drop in NAV and reputational damage due to negative headlines.

- > The Investment Adviser has extensive experience underwriting and managing infrastructure debt.
- > A detailed credit review process requiring multiple levels of approval is in place with additional input provided from the Board and Credit Consultants on higher-risk loans.
- > All assets are monitored semi-annually by the Investment Adviser, AIFM and Board. Loans having credit issues are placed under an enhanced level of surveillance.

Liquidity risk

Liquidity

Insufficient liquidity available to pay contractual obligations when due, or to fund non-binding but expected corporate actions (e.g. dividend payments, share buybacks) is a risk.

- > Liquidity is monitored by the Company on an ongoing basis with cash flow and dividend cover projections presented and discussed at quarterly Board meetings.
- > Cash flow modelling looks at stressed scenarios to estimate the amount of liquidity needed at any point to satisfy demand.
- > Headroom under the RCF and a percentage of liquid assets are always maintained to supplement balance sheet cash.
- > The relatively short-dated debt portfolio is highly cash generative as most of the assets pay regular cash interest and typically a certain number reach maturity or are repaid on a quarterly basis.

Service provider risk

Investment Adviser key-man/team

The departure from the Investment Adviser of a single key person or small group of individuals could negatively impact the Company's prospects.

- > Key-man and succession risk at the Investment Adviser is discussed regularly in annual meetings and reviews with the Chair, Management Engagement Committee and Audit Committee.
- > The Investment Adviser continues to develop its human resources and has a talent pool capable of filling, if necessary, the roles currently held by the Partners and Chief Risk Officer.
- > Key team members are managed proactively and are provided with a Long-Term Incentive Plan ("LTIP"). In addition, a new Equity Retention Plan will be introduced imminently to further align interests.

Principal and emerging risks and uncertainties

continued

Other key risks

Along with the principal risks discussed above, the Company is highly focused on several other groups of key risks in the risk register. In general, these risks have very low probabilities of occurrence and therefore do not make the principal risk list. However, many of them do score very highly on potential impact and consequently receive significant attention.

Emerging risks

The Company is constantly alert to the identification of any emerging risks and, once identified, will assess the likelihood and impact of any such emerging risks and will discuss and agree appropriate strategies to mitigate and/or manage them. Emerging risks are listed in the Company's risk register and managed through discussion of their likelihood and impact at Risk Committee meetings, Board meetings and Board strategy days as appropriate.

Should an emerging risk be determined to have any potential impact on the Company, appropriate mitigating measures and controls are agreed. During the period, the Company has continued to operate effectively and maintain its enhanced monitoring of the market response to significant events. Currently, the Company is focused on potential risks deriving from: the ongoing war in Ukraine; the escalation of the conflict in the Middle East; worsening Chinese, US and European trade relations; and fallout from the US election.

Whilst the Company recognises climate risk as an investment theme, it is also identified as a broad risk covering transitional and physical risks, the impact and timing of which is uncertain. On the regulation front, costs disclosure rules, sustainability-related disclosures and UK ISA eligibility criteria are areas of focus.

Key risk – Legal structure

Changes to laws, regulations and tax rules governing the structure employed by the Company to carry on its business could impact the viability of the investment strategy by reducing the returns available and/or limiting the ability of investors to hold shares. The Company's AIFM, Investment Adviser, Administrator, Broker, legal advisers and accountants in place in the UK, Guernsey and Luxembourg screen the market continually to identify potential changes to local tax and regulatory rules that may have an impact on the Company. The Board regularly engages a third-party adviser to review formally and confirm the continued suitability of the organisational structure put in place by the Company to carry out its business.

Key risk – Service providers

The Company has no employees and must therefore rely on the performance of third-party service providers. Failure to carry out their obligations to the Company in accordance with the terms of their appointments or the failure of their systems and processes could impact the Company's performance. Due diligence is undertaken before contracts are entered into. Thereafter, service provider oversight is conducted through ongoing interaction with the Management Engagement and Audit Committees, who review control reports provided by service providers throughout the year. At year end, the Management Engagement Committee reviews each service provider's overall performance, including a review of the contractual terms upon which the service providers perform their services.

Key risk – Cyber, IT failure, money laundering, fraud

The Board remains vigilant to the prevalence and trajectory of risks associated with cyber attacks, IT failures, money laundering and fraud that could lead to reputational damage, legal liability or financial losses due to disruption of the Company's continued operations, including the loss or release of commercial or personal data into the public domain. Prior to the engagement of all key service providers, the Board seeks assurance regarding the adequacy of the processes and the controls in place to mitigate the risks associated with their service delivery to the Company. The Board monitors the effectiveness of the internal control environment of key service providers through the provision of periodic reporting and formally through an annual review process.

Key risk – ESG and sustainability risk

Shareholders, regulators and the market in general are increasingly focused on ESG and sustainability-related issues. Failing to meet and maintain the high standards and objectives set by the Board on ESG-related matters, report and disclose as required under increasing applicable regulations and directives, and screen and monitor investments to avoid adding undesirable assets can lead to reputational damage, legal liability and loss of income. The ESG and Stakeholder Engagement Committee promotes the Company's stated ESG objectives, monitors progress and ensures that reporting and disclosure requirements are being met. At the portfolio level, ESG considerations have been fully integrated into the Investment Adviser's screening, underwriting and portfolio management processes. Actions include the implementation of an independently audited ESG scoring methodology designed to help evaluate individual assets and track portfolio ESG performance over time.

Key risk – Board governance

Over the past nine years and as part of the Board's policy on the tenure and the gradual phasing of Directors, each of the founding Board members has since retired, with the last having departed in June 2024. This follows industry best practice and the requirements under the UK Code of Corporate Governance (the "UK Code") and the AIC Corporate Governance Code (the "AIC Code"). For each Board vacancy a formal and rigorous search was undertaken with careful consideration given to the appropriate balance of skills, knowledge, experience, independence and diversity to enable the Directors to discharge their respective duties and responsibilities to a high standard and to contribute positively to overall Board effectiveness.

Governance

An aerial photograph of a vast construction site in a desert environment. The site is divided into several large rectangular plots by dirt roads and construction barriers. In the background, there are rolling hills and mountains under a clear sky. The overall color palette is dominated by warm, earthy tones of orange, brown, and green.

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Board of Directors

The Directors of the Company, all of whom are non-executive and independent, are as follows:

James Stewart
Chair



James Stewart brings a wealth of leadership, international and infrastructure experience across both the public and private sectors. Between 2011 and 2021, James held several senior level positions in KPMG, including as a non-executive member of the KPMG LLP Board and Chair of KPMG's Global Infrastructure practice. Prior to this, James was Chief Executive of Infrastructure UK and of Partnerships UK, responsible for supporting major infrastructure projects and the PPP programme in the UK. James's earlier experience includes 16 years in investment banking, where he was involved in lending, investing equity and advising on infrastructure projects. James is currently Chair of Agilia Infrastructure Partners Limited, a Trustee of the Shaw Trust and Chair and Trustee of Power for the People.

E M R N

Tim Drayson
Non-executive Director



Tim Drayson has over 30 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 Loan and DCM 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 Syndication and Paine Webber in New York, where he traded mortgage products.

A M R N

Fiona Le Poidevin
Non-executive Director



A Chartered Director, Fellow of the Institute of Directors and Chartered Accountant ("FCA"), Fiona is a non-executive director with over 25 years' experience working in financial services in both London and the Channel Islands, with experience in accounting, tax, strategy, marketing, PR and the regulatory and listed company environments. Among her appointments, in addition to that with the Company, Fiona is director of ICG-Longbow Senior Secured Property Debt Investments Limited, a premium listed company with shares admitted to trading on the Main Market of the LSE. She is also a director and Chair of Doric Nimrod Air Two Limited and director of Doric Nimrod Air Three Limited, companies admitted to trading on the Specialist Fund Segment of the LSE. Fiona is also a member of the AIC Channel Islands Committee. Until the end of July 2020, Fiona was CEO of The International Stock Exchange Group Limited, and prior to that she was CEO of Guernsey Finance, the promotional body for Guernsey's finance industry internationally. Previously she was an auditor and latterly tax adviser at PwC (London and Channel Islands) and KPMG (Channel Islands) for over 13 years.

A E M R N

Key

- A Audit Committee
- E ESG and Shareholder Engagement Committee
- M Management Engagement Committee
- R Risk Committee
- N Remuneration and Nomination Committee
- Chair

Board of Directors

continued

Margaret Stephens
Non-executive Director



Margaret is currently a non-executive board member and chair of the audit and risk committee of VH Global Sustainable Energy Opportunities plc. She is also a non-executive board member and chair of the nomination and remuneration committee of AVI Japan Opportunity Trust plc. Margaret brings significant M&A and taxation advisory experience from over 30 years with KPMG. She was a tax partner in financial services asset management for 16 years and held senior roles in the UK firm and in KPMG's Global Infrastructure and Investments Practice. She was the founder and chair of KPMG's Global Sovereign Wealth, Pensions and Infrastructure Funds Group until 2016 and, in this capacity, she facilitated consultation of the major global government investment and pension funds with OECD Member National Governments on taxation policy. Until January 2024, Margaret was a trustee, director and chair of the audit committee of the £20 billion UK Government Nuclear Liability Fund (for meeting de-commissioning costs). She was also board trustee of the London School of Architecture until April 2020 and a non-executive board member and chair of the audit and risk committee at the Department for Exiting the European Union until its closure in January 2020. Margaret holds an MA (Hons) in History from the University of Edinburgh and has been a Member of the Institute of Chartered Accountants of Scotland since 1988.

A E N

Paul Le Page
Non-executive Director



Appointed to the Board on 7 June 2024, Paul was formerly an executive director and senior portfolio manager of FRM Investment Management Limited, a subsidiary of Man Group, has over 20 years of Board-level experience within the closed-ended investment fund sector, and brings a substantial knowledge of the global investment industry and product structures. Paul graduated from University College London, originally qualifying as a Chartered Engineer and later received an MBA from Heriot Watt University. Paul is currently a non-executive director of TwentyFour Income Fund Limited and of NextEnergy Solar Fund Limited, and chair of the audit committee of RTW Biotech Opportunities Limited. Paul was previously audit committee chair of Bluefield Solar Income Fund Limited, UK Mortgages Limited, Thames River Multi Hedge PCC Limited and Cazenove Absolute Equity Limited.

A M N

Key

- A** Audit Committee
- E** ESG and Shareholder Engagement Committee
- M** Management Engagement Committee
- R** Risk Committee
- N** Remuneration and Nomination Committee
- Chair

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



30 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.

Steve Cook
Director and Head of Portfolio Management



20 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.

Dolf Kohnhorst
Director and Co-Head of Infrastructure Debt



38 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 (“CRO”)



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, US), Bachelors in Mechanical Engineering (Engineering Council, UK) and BSc (Calcutta University, India).

Independent Consultants

The independent consultants to the Company are as follows:

Kate Thurman
Independent Consultant



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 c.£150 million of commercial debt. Her former executive career included senior roles in Asset Management and Investment Banking organisations.

Andrea Finegan
Independent Consultant



Andrea Finegan has a strong background in infrastructure finance, including over 20 years spent in the management of infrastructure funds. She is currently independent chair of the Schroders Greencoat Valuation Committee, having previously served as Chief Operating Officer of Greencoat, a renewable infrastructure investment manager, where she was responsible for overseeing the establishment of listed and unlisted investment fund products. Prior to Greencoat, Andrea was responsible for similar management functions at Climate Change Capital and ING Infrastructure Funds. Andrea holds an MBA in Strategic Carbon Management.

Statement Of Directors' responsibilities

We confirm that to the best of our knowledge:

- > the Unaudited Condensed Interim Financial Statements (the "Interim Financial Statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- > the Interim Report, together with the Interim 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 2024 and their impact on the Interim 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 2024 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:

Fiona Le Poidevin

Director

4 December 2024

Financial statements

Financial statements

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Independent Review report

to Sequoia Economic Infrastructure Income Fund Limited on Interim Financial Information

Conclusion

We have reviewed the accompanying Unaudited Condensed Statement of Financial Position of Sequoia Economic Infrastructure Income Fund (the "Company") as of 30 September 2024 and the related Unaudited Condensed Interim Statement of Comprehensive Income, Unaudited Condensed Interim Statement of Changes in Shareholders' Equity, the Unaudited Condensed Interim Statement of Cash Flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 30 September 2024 and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board ("IASB").

Basis for Conclusion

We conducted our review in accordance with the International Standard on Review Engagements 2410 (UK), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

As disclosed in Note 2, the Annual Audited Financial Statements of the Company are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the IASB. The Unaudited Interim Condensed Financial Statements included in this Interim Report have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the IASB.

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management has inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however, future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of Directors

The Directors are responsible for the preparation and fair presentation of this interim financial information in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the Unaudited Condensed Interim Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Review of the Financial Information

In reviewing the Unaudited Condensed Interim Financial Statements, we are responsible for expressing to the Company a conclusion on the Unaudited Condensed Interim Financial Statements. Our conclusions, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with guidance contained in ISRE (UK) 2410 issued by the Financial Reporting Council. Our review work has been undertaken so that we might state to the Company's Directors those matters we have agreed to state to them in a reviewer's 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 and the Company's Directors as a body, for our review work, for this report, or for the conclusions we have formed.

Grant Thornton Limited

Chartered Accountants

St Peter Port, Guernsey

4 December 2024

Unaudited condensed interim statement of comprehensive income

for the period from 1 April 2024 to 30 September 2024

	Note	Period ended 30 September 2024 (unaudited) £	Period ended 30 September 2023 (unaudited) £
Income			
Net (losses)/gains on non-derivative financial assets at fair value through profit or loss	6	(67,483,092)	17,186,265
Net gains/(losses) on derivative financial assets at fair value through profit or loss	8	50,330,671	(201,704)
Investment income	9	94,858,567	35,188,198
Net foreign exchange gains		257,226	4,231,846
Total income		77,963,372	56,404,605
Expenses			
Investment Adviser's fees	10	4,918,696	4,763,410
Investment Manager's fees	10	207,695	199,851
Directors' fees and expenses	10	163,293	177,806
Administration fees	10	246,263	201,326
Custodian fees		110,992	113,769
Audit and related non-audit fees		120,362	92,757
Legal and professional fees		1,223,394	756,445
Valuation fees		373,800	345,400
Listing and regulatory fees		85,283	67,623
Other expenses		334,326	228,047
Total operating expenses		7,784,104	6,946,434
Loan finance costs	14	2,020,391	3,784,73
Total expenses		9,804,495	10,731,165
Profit and total comprehensive income for the period		68,158,877	45,673,440
Basic and diluted earnings per share	13	4.26p	2.68p

All items in the above statement derive from continuing operations.

The accompanying notes on pages 36 to 54 form an integral part of the Unaudited Condensed Interim Financial Statements.

Unaudited condensed interim statement of changes in Shareholders' equity

for the period from 1 April 2024 to 30 September 2024

For the period from 1 April 2024 to 30 September 2024 (unaudited)	Note	Share capital £	Retained losses £	Total £
At 1 April 2024		1,720,452,093	(196,169,547)	1,524,282,546
Total comprehensive income for the period		—	68,158,877	68,158,877
Share buybacks	12	(39,489,172)	—	(39,489,172)
Dividends paid during the period	5	—	(55,098,669)	(55,098,669)
At 30 September 2024		1,680,962,921	(183,109,339)	1,497,853,582
<hr/>				
For the period from 1 April 2023 to 30 September 2023 (unaudited)	Note	Share capital £	Retained losses £	Total £
At 1 April 2023		1,808,622,511	(190,769,209)	1,617,853,302
Total comprehensive income for the period		—	45,673,440	45,673,440
Share buybacks	12	(43,270,931)	—	(43,270,931)
Dividends paid during the period	5	—	(58,803,088)	(58,803,088)
At 30 September 2023		1,765,351,580	(203,898,857)	1,561,452,723

The accompanying notes on pages 36 to 54 form an integral part of the Unaudited Condensed Interim Financial Statements.

Unaudited condensed interim statement of financial position

at 30 September 2024

	Note	30 September 2024 (unaudited) £	31 March 2024 (unaudited) £
Non-current assets			
Non-derivative financial assets at fair value through profit or loss	6	1,450,642,064	1,493,171,675
Current assets			
Cash and cash equivalents		13,925,933	7,507,495
Trade and other receivables	7	2,964,890	602,507
Derivative financial assets at fair value through profit or loss	8	55,174,966	28,098,804
Total current assets		72,065,789	36,208,806
Total assets		1,522,707,853	1,529,380,481
Current liabilities			
Trade and other payables	15	3,765,990	4,322,344
Derivative financial liabilities at fair value through profit or loss	8	1,076,477	775,591
Total current liabilities		4,842,467	5,097,935
Non-current liabilities			
Loan payable	14	20,011,804	—
Total liabilities		24,854,271	5,097,935
Net assets		1,497,853,582	1,524,282,546
Equity			
Share capital	12	1,680,962,921	1,720,452,093
Retained losses		(183,109,339)	(196,169,547)
Total equity		1,497,853,582	1,524,282,546
Number of shares	12	1,576,216,485	1,625,484,274
Net asset value per share		95.03p	93.77p

The Unaudited Condensed Interim Financial Statements on pages 32 to 54 were approved and authorised for issue by the Board of Directors on 4 December 2024 and signed on its behalf by:

Fiona Le Poidevin

Director

The accompanying notes on pages 36 to 54 form an integral part of the Unaudited Condensed Interim Financial Statements.

Unaudited condensed interim statement of cash flows

for the period from 1 April 2024 to 30 September 2024

Note	Period ended 30 September 2024 (unaudited) £	Period ended 30 September 2023 (unaudited) £
Cash flows from operating activities		
	68,158,877	45,673,440
Adjustments for:		
Net losses/(gains) on non-derivative financial assets at fair value through profit or loss	6 67,483,092	(17,186,265)
Net (gains)/losses on derivative financial assets at fair value through profit or loss	8 (50,667,009)	201,704
Investment income	9 (94,858,567)	(35,188,198)
Net foreign exchange gains	(257,226)	(4,231,846)
Loan finance costs	14 2,020,391	3,784,731
Increase in trade and other receivables (excluding prepaid finance costs and investment income)	(31,397)	(45,731)
Decrease in trade and other payables (excluding accrued finance costs, investment income and share buybacks)	(172,166)	(632,698)
	(8,324,005)	(7,624,863)
Cash received on settled forward contracts	18,591,478	22,177,540
Cash paid on settled forward contracts	(23,139)	(16,889,615)
Cash received on disposal of interest rate swaps	5,323,394	—
Cash investment income received	50,989,194	78,497,163
Purchases of investments	6 (171,987,458)	(212,348,197)
Sales of investments	6 190,903,350	434,577,623
Net cash inflow from operating activities	85,472,814	298,389,651

Note	Period ended 30 September 2024 (unaudited) £	Period ended 30 September 2023 (unaudited) £
Cash flows from financing activities		
Proceeds from loan drawdowns	14 35,277,121	—
Loan repayments	(15,495,491)	(179,836,032)
Payments of loan finance costs	(3,311,373)	(3,090,540)
Share buybacks	(40,369,048)	(43,953,088)
Dividends paid ¹	5 (55,098,669)	(58,803,088)
Net cash outflow from financing activities	(78,997,460)	(285,682,748)
Net increase in cash and cash equivalents	6,475,354	12,706,903
Cash and cash equivalents at beginning of period	7,507,495	7,363,120
Effect of foreign exchange rate changes on cash and cash equivalents during the period	(56,916)	2,273,702
Cash and cash equivalents at end of period	13,925,933	22,343,725

1. Excludes non-cash transactions. For details refer to note 5

The accompanying notes on pages 36 to 54 form an integral part of the Unaudited Condensed Interim Financial Statements.

Notes to the unaudited condensed interim financial statements

for the period from 1 April 2024 to 30 September 2024

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 and Guidance, 2021. 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 principally through its subsidiary domiciled in Luxembourg, Sequoia IDF Asset Holdings S.A. (the “Luxembourg Subsidiary”). The Company controls the Luxembourg Subsidiary through a holding of 100% of its shares. The Company further invests in the Luxembourg Subsidiary through the acquisition of Variable Funding Notes (“VFNs”) issued by the Luxembourg Subsidiary.

The Luxembourg Subsidiary has established three Delaware-domiciled investment holding entities (the “Underlying Subsidiaries”), which it controls through holdings of 100% of their shares, as follows:

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

The Company has also established two subsidiaries domiciled in the United Kingdom, Yotta Bidco Limited and Gadwall Holdings Limited (the “UK Subsidiaries”). Gadwall Holdings Limited was incorporated during the period in order to hold an equity stake arising from the restructuring of a borrower group in which the Luxembourg Subsidiary had invested. The Company controls the UK Subsidiaries through holdings of 100% of their shares.

Through the Luxembourg Subsidiary and the UK Subsidiaries (together “the Subsidiaries”), the Company invests in a diversified portfolio of senior and subordinated economic infrastructure debt investments.

With effect from 28 January 2015, Sequoia Investment Management Company Limited (the “Investment Adviser”) was appointed as the Investment Adviser and FundRock Management Company (Guernsey) Limited (the “Investment Manager”) was appointed as the Investment Manager.

2. Material 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 2024.

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 2024, which were prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

Going concern

The Company has been incorporated with an unlimited life. In accordance with the Company’s Articles of Incorporation, the Directors are required to propose an ordinary resolution (the “Continuation Resolution”) every three years. 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.

Should the failure of a Continuation Resolution result in a winding up of the Company, it is likely that such winding up would in any case take longer than 12 months.

The Directors have considered the possibility that the next Continuation Resolution, to be proposed at the AGM in August 2027, may not be passed by Shareholders. The Directors noted a number of factors in this regard:

- > the overwhelming majority vote in favour of the Continuation Resolution proposed during the period, and those previously proposed in May 2016, August 2018 and August 2021;
- > the Fund is the largest listed debt fund on the LSE and has a unique investment proposition. As such, it serves a valuable diversification role in many investors’ portfolios that cannot easily be replicated;
- > the Company has best-in-class investor reporting and has maintained an active ongoing dialogue with its investors;
- > the Company has a low level of gearing, at less than 2% of total assets;
- > subsequent to the Company’s IPO, the Company’s shares consistently traded at a premium for many years, until the market volatility and interest rate rises of the last two years impacted the alternative funds sector, since which time the Company’s shares have maintained one of the lowest average discount rates amongst all debt funds in the sector, supported by an active share buyback programme;
- > the Fund has taken advantage of the current interest rate environment to redeploy capital into fixed rate investments which serve to lock in the current high rates of interest; and
- > the Fund’s strong cash flow enables it to meet its dividend target, which continues to be fully cash-covered.

The Directors also noted that the rejection of a Continuation Proposal by Shareholders does not necessarily oblige the Directors to wind up the Company.

The Directors have reviewed the Fund’s holdings in cash and cash equivalents and investments, including a consideration of the impact on the portfolio of the market uncertainty related to the ongoing war in Ukraine and the escalation of the conflict in the Middle East. The Directors have also reassessed the Company’s principal and emerging risks, and have considered the impact on the Company’s liquidity arising from margin calls relating to the Company’s forward foreign exchange positions.

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

2. Material accounting policies continued

Going concern continued

In conducting this review, the Board has also considered the sustainability of the environmental and social impact of the Company's activities. The Company has a strong balance sheet, with a low level of gearing. The high interest rate environment has impacted on the fair values of fixed rate investments, however such losses as have been incurred – which have and will reverse as the investments move closer to maturity and their valuations accrete to par – are 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 Fund's investment portfolio. The Directors also note that the interest income cash flow of the Fund has remained high during the period and continues to be sufficient to cover operating costs and to pay the Company's 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 Financial Statements, as the Company, despite the current challenging economic environment, retains a strong balance sheet and adequate financial resources to meet its liabilities as they fall due.

These Financial Statements were authorised for issue by the Company's Board of Directors on 4 December 2024.

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 2024.

Amended Accounting Standards effective and adopted

> IAS 1 (amended), "Presentation of Financial Statements" (amendments regarding the classification of liabilities and of debt with covenants, effective for periods commencing on or after 1 January 2024).

In addition, the International Sustainability Standards Board ("ISSB") published the following Sustainability Disclosure Standards in June 2023, effective for accounting periods commencing on or after 1 January 2024:

- > IFRS S1, "General Requirements for Disclosure of Sustainability-related Financial Information"; and
- > IFRS S2, "Climate-related Disclosures".

IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities.

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities.

The purpose of both standards is to provide information that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Other than the increased level of disclosure, the Directors do not anticipate that the adoption of these new and amended standards in future periods will have a material impact on the Financial Statements of the Company.

New and Amended Accounting Standards applicable to future reporting periods

The following relevant IFRSs, which have not been applied in these Financial Statements, were in issue at the reporting date but not yet effective:

- > IFRS 7 (amended), "Financial Instruments: Disclosures" (effective for accounting periods commencing on or after 1 January 2026);
- > IFRS 9 (amended), "Financial Instruments" (effective for accounting periods commencing on or after 1 January 2026); and
- > IFRS 18, "Presentation and Disclosures in Financial Statements" (effective for accounting periods commencing on or after 1 January 2027).

The amendments to IFRS 7 and IFRS 9 were published in May 2024 and relate to the classification and measurement of financial instruments.

IFRS 18 sets out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

The Board anticipates that the adoption of these new and amended standards in future periods will not have a material impact on the Financial Statements of the Company.

3. Segmental reporting

The Chief Operating Decision Maker, which is the Board, is of the opinion that the Company is engaged in a single segment of business, through its investment in the Subsidiaries, being investment in senior and subordinated infrastructure debt instruments and related and/or similar assets, with the aim of providing sustained long-term distributions and capital appreciation. The financial information used by the Chief Operating Decision Maker to manage the Group presents the business as a single segment.

Segment information is measured on the same basis as that used in the preparation of the Company's Audited Annual Financial Statements for the year ended 31 March 2024.

The Company receives no revenues from external customers. Other than the UK Subsidiary, which is a United Kingdom company, the Luxembourg Subsidiary, which is a Luxembourg company, and its Underlying Subsidiaries, which are Delaware companies, the Company holds no 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 2024.

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

5. Dividends

During the period, the Company paid dividends totalling 3.4375p (30 September 2023: 3.4375p) in accordance with its dividend target of 6.875p (30 September 2023: 6.875p) per share per annum. The Company pays dividends on a quarterly basis.

The Company declared the following dividends on its shares during the period ended 30 September 2024:

Period to	Payment date	Dividend rate per share (pence)	Net dividend payable (£)	Record date	Ex-dividend date
31 March 2024	23 May 2024	1.71875	27,754,247	26 April 2024	25 April 2024
30 June 2024	23 August 2024	1.71875	27,344,422	26 July 2024	25 July 2024

The Company declared the following dividends on its shares during the period ended 30 September 2023:

Period to	Payment date	Dividend rate per share (pence)	Net dividend payable (£)	Record date	Ex-dividend date
31 March 2023	26 May 2023	1.71875	29,662,764	27 April 2023	28 April 2023
30 June 2023	25 August 2023	1.71875	29,140,324	27 July 2023	28 July 2023

Under Guernsey law, the Company can pay dividends in excess of its retained earnings 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 all dividends declared and paid in the period.

With effect from the Company's dividend for the quarter ended 30 September 2023, the Company introduced the option for Shareholders to elect for their cash dividend payment to be automatically reinvested to purchase additional shares in the Company via a Dividend Reinvestment Plan.

No scrip dividends were paid during the periods ended 30 September 2024 or 30 September 2023.

On 17 October 2024, the Company declared a dividend of 1.71875p per share in respect of the quarter ended 30 September 2024. The dividend was paid on 22 November 2024.

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

6. Non-derivative financial assets at fair value through profit or loss

	Period ended 30 September 2024 (unaudited) £	Year ended 31 March 2024 (audited) £
Cost at the start of the period/year	1,505,935,819	1,775,554,935
VFNs purchased during the period/year	171,987,458	349,917,050
VFNs redeemed during the period/year	(190,903,350)	(619,536,166)
Cost at the end of the period/year	1,487,019,927	1,505,935,819
Net unrealised losses on non-derivative financial assets at the end of the period/year	(36,377,863)	(12,764,144)
Non-derivative financial assets at fair value through profit or loss at the end of the period/year	1,450,642,064	1,493,171,675

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

	30 September 2024 (unaudited) £	31 March 2024 (audited) £
Subsidiaries' non-derivative financial assets at fair value through profit or loss	1,347,378,892	1,380,690,694
Subsidiaries' net current assets	103,263,172	112,480,981
Company's non-derivative financial assets at fair value through profit or loss	1,450,642,064	1,493,171,675

None of the Subsidiaries' 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 2024 (unaudited) £	Period ended 30 September 2023 (audited) £
Realised and unrealised foreign exchange (losses)/gains on VFNs	(55,269,003)	1,050,520
Unrealised (losses)/gains on revaluation of the Subsidiaries	(12,214,089)	16,135,745
Net (losses)/gains on non-derivative financial assets at fair value through profit or loss	(67,483,092)	17,186,265

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

6. Non-derivative financial assets at fair value through profit or loss continued

On a look-through basis, the Fund's net gains on non-derivative financial assets at fair value through profit or loss as at 30 September 2024 comprises the following:

	Period ended 30 September 2024 (unaudited) £	Year ended 31 March 2024 (audited) £
Subsidiaries		
Investment income during the period/year	61,850,125	146,519,383
Net return on financial assets and liabilities during the year, including foreign exchange and VFN expenses payable	(31,954,609)	(163,069,527)
Net other income during the period/year	2,710,499	8,144,170
Subsidiaries' gains/(losses) during the year	32,606,015	(8,405,974)
Subsidiaries' losses brought forward	(85,873,052)	(77,467,078)
Subsidiaries' losses carried forward at the end of the year	(53,267,037)	(85,873,052)
Company		
Unrealised foreign exchange gains on VFNs brought forward	73,108,908	104,923,166
Unrealised foreign exchange losses on VFNs in the period/year	(55,269,003)	(31,814,258)
Other unrealised losses in the period/year	(950,731)	—
Net losses on non-derivative financial assets at fair value through profit or loss carried forward at the end of the period/year	(36,377,863)	(12,764,144)

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.

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

6. Non-derivative financial assets at fair value through profit or loss continued

Fair value measurement continued

The Company's investment in the Subsidiaries, 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 NAVs of the Subsidiaries are representative of their fair value.

30 September 2024 (unaudited)	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	—	—	1,450,642,064	1,450,642,064
Derivative financial assets at fair value through profit or loss	—	55,174,966	—	55,174,966
Total	—	55,174,966	1,450,642,064	1,505,817,030
Liabilities				
Derivative financial liabilities at fair value through profit or loss	—	1,076,477	—	1,076,477
Total	—	1,076,477	—	1,076,477
31 March 2024 (audited)	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	—	—	1,493,171,675	1,493,171,675
Derivative financial assets at fair value through profit or loss	—	28,098,804	—	28,098,804
Total	—	28,098,804	1,493,171,675	1,521,270,479
Liabilities				
Derivative financial liabilities at fair value through profit or loss	—	775,591	—	775,591
Total	—	775,591	—	775,591

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.

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

6. Non-derivative financial assets at fair value through profit or loss continued

Fair value measurement continued

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

30 September 2024 (unaudited)	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	—	75,362,754	1,270,966,869	1,346,329,623

31 March 2024 (audited)	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Non-derivative financial assets at fair value through profit or loss	—	43,145,201	1,337,545,493	1,380,690,694

During the period, one asset with a fair value of £31,763,916 was transferred from level 3 to level 2 of the fair value hierarchy. Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

The Subsidiaries' level 3 investment valuations are calculated by discounting future cash flows 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 equity investments arising from the restructuring of a borrower group during the prior year have been fair valued principally on a discounted cash flow basis.

The following tables summarises the significant unobservable inputs the Company used to value its Subsidiaries' underlying investments categorised within level 3 at 30 September 2024 and at 31 March 2024. The tables are not intended to be all-inclusive but instead capture the significant unobservable inputs relevant to the determination of fair values.

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

6. Non-derivative financial assets at fair value through profit or loss continued

Fair value measurement continued

30 September 2024 (unaudited) Type	Sector	Fair value £	Primary valuation technique	Significant unobservable inputs	Range input
Private debt	Accommodation	94,385,722	Discounted cash flow	Discount rate	6.6%-20.0%
Private debt	Power	170,497,708	Discounted cash flow	Discount rate	4.6%-9.5%
Private debt	Power	14,104,829	Pricing of index with similar credit quality	Index price	N/A
Private debt	Renewable energy	134,076,334	Discounted cash flow	Discount rate	4.5%-10.0%
Private debt	Digitalisation	305,085,446	Discounted cash flow	Discount rate	5.7%-10.6%
Private debt	Transport	85,559,072	Discounted cash flow	Discount rate	6.0%-7.2%
Private debt	Transport assets	93,968,309	Discounted cash flow	Discount rate	5.2%-7.4%
Private debt	Utilities	187,136,569	Discounted cash flow	Discount rate	4.8%-15.0%
Private equity	Utilities	16,648,091	Discounted cash flow	Discount rate	15.0%
Private debt	Other	154,663,126	Discounted cash flow	Discount rate	7.0%-20.0%
Private debt	Other	14,841,663	Non-binding offer received	Offer value	N/A
		1,270,966,869			

31 March 2024 (audited) Type	Sector	Fair value £	Primary valuation technique	Significant unobservable inputs	Range input
Private debt	Accommodation	44,955,066	Discounted cash flow	Discount rate	7.1%-15.0%
Private debt	Power	253,346,143	Discounted cash flow	Discount rate	3.8%-10.9%
Private debt	Power	14,236,838	Pricing of index with similar credit quality	Index price	N/A
Private debt	Renewable energy	139,598,873	Discounted cash flow	Discount rate	4.5%-10.2%
Private debt	Digitalisation	356,776,337	Discounted cash flow	Discount rate	5.8%-11.7%
Private debt	Transport	101,637,884	Discounted cash flow	Discount rate	6.0%-7.7%
Private debt	Transport assets	99,396,095	Discounted cash flow	Discount rate	5.3%-7.7%
Private debt	Utilities	128,025,121	Discounted cash flow	Discount rate	4.7%-15.0%
Private equity	Utilities	30,682,506	Discounted cash flow	Discount rate	15.0%
Private debt	Other	98,119,006	Discounted cash flow	Discount rate	7.0%-12.0%
Private debt	Other	48,937,300	Underlying property valuation	Property valuation	N/A
Private debt	Other	21,834,324	Non-binding offer received	Offer value	N/A
		1,337,545,493			

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

6. Non-derivative financial assets at fair value through profit or loss continued

Fair value measurement continued

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

	Possible reasonable change in discount/interest rate	30 September 2024 effect on net assets and profit or loss £	31 March 2024 effect on net assets and profit or loss £
Fixed rate investments	+3%	(62,581,295)	(70,665,404)
Floating rate investments	+3%	21,488,844	22,454,106
		(41,092,451)	(48,211,298)
Fixed rate investments	-3%	71,282,195	81,700,946
Floating rate investments	-3%	(20,891,533)	(22,188,935)
		50,390,662	59,512,011

The possible changes in the discount/interest rate of 3% (31 March 2024: 3%) are regarded as reasonable in view of the continuing high level of global interest rates.

The sensitivity analysis relating to the fixed rate investments represents a measure of the fair value interest rate risk attached to the Subsidiaries' Level 3 investments, based on changes in the discount rates used to value the investments, whilst the sensitivity analysis relating to the floating rate investments represents a measure of the cash flow interest rate risk, based on changes in base rates or other interest rate benchmarks attached to the investments.

Valuation techniques for the investment portfolio of the Subsidiaries

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 cash flows at a rate equivalent to 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 cash flows on loans with uncertain cash flows (such as cash-sweep mechanisms), "banking base case" cash flows are used unless there is clear evidence that the market is using a valuation based upon another set of cash flows.

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 cash flows, 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.

The equity investments arising from the restructuring of a borrower group during the prior year have been fair valued principally on a discounted cash flow basis.

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 cash flows 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 cash flows, 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 cash flows with regard 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.

In the opinion of the Investment Adviser, as at 30 September 2024, there were four non-performing assets in the portfolio (31 March 2024: four) with a total value of £74.7 million (31 March 2024: £81.8 million). For further details, please refer to the Investment Adviser's report.

Finalising the net asset value

Once the appropriate position price has been determined to be applied to each investment, the calculation of the Subsidiaries' net asset values are finalised through the following steps:

- > conversion of each investment into GBP based on month end foreign 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).

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

7. Trade and other receivables

	30 September 2024 (unaudited) £	31 March 2024 (audited) £
Prepaid loan finance costs	2,874,825	543,839
Other prepaid expenses	90,065	58,668
Total trade and other receivables	2,964,890	602,507

8. Derivative financial assets/(liabilities) at fair value through profit or loss

The Company's derivative financial instruments at fair value through profit or loss comprise the following assets and liabilities:

	30 September 2024 (unaudited) £	31 March 2024 (audited) £
Forward foreign exchange contract assets	55,174,966	25,537,739
Interest rate swap assets	—	2,561,065
Total derivative assets at fair value through profit or loss	55,174,966	28,098,804
Forward foreign exchange contract liabilities	(44,698)	(775,591)
Interest rate swap liabilities	(1,031,779)	—
Net derivative assets at fair value through profit or loss	54,098,489	27,323,213

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

8. Derivative financial assets/(liabilities) at fair value through profit or loss continued

Forward foreign exchange contracts

As at 30 September 2024, the Company had the following outstanding commitments in respect of open forward foreign exchange contracts, by currency and by counterparty.

30 September 2024 (unaudited) Selling currency	Currency amount	Buying currency	GBP amount £	Unrealised gains £	Unrealised losses £	Net unrealised gains/(losses) £
USD	844,800,000	GBP	670,345,310	38,265,198	—	38,265,198
EUR	444,100,000	GBP	389,287,140	13,470,695	(28,834)	13,441,861
AUD	2,600,000	GBP	1,330,264	—	(15,864)	(15,864)
CHF	45,000,000	GBP	41,985,053	1,796,931	—	1,796,931
			1,102,947,767	53,532,824	(44,698)	53,488,126

30 September 2024 (unaudited) Buying currency	Currency amount	Selling currency	GBP amount £	Unrealised gains £	Unrealised losses £	Net unrealised gains £
USD	39,500,000	GBP	31,361,900	1,642,142	—	1,642,142
			31,361,900	1,642,142	—	1,642,142
			1,071,585,867	55,174,966	(44,698)	55,130,268

30 September 2024 (unaudited) Counterparty	Unrealised gains £	Unrealised losses £	Net unrealised gains £
Goldman Sachs	3,857,280	—	3,857,280
ING	5,882,480	—	5,882,480
Macquarie	11,804,541	(28,834)	11,775,707
Morgan Stanley	8,745,926	—	8,745,926
Nomura	15,626,555	—	15,626,555
RBSI	9,258,184	(15,864)	9,242,320
	55,174,966	(44,698)	55,130,268

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

8. Derivative financial assets/(liabilities) at fair value through profit or loss continued

Forward foreign exchange contracts continued

31 March 2024 (audited) Selling currency	Currency amount	Buying currency	GBP amount £	Unrealised gains £	Unrealised losses £	Net unrealised gains/(losses) £
USD	953,900,000	GBP	769,979,369	16,409,587	(701,837)	15,707,750
EUR	421,600,000	GBP	372,470,134	7,700,216	(70,716)	7,629,500
CHF	45,000,000	GBP	41,985,053	1,270,727	—	1,270,727
AUD	2,900,000	GBP	1,499,018	—	(3,038)	(3,038)
			1,185,933,574	25,380,530	(775,591)	24,604,939

31 March 2024 (audited) Buying currency	Currency amount	Selling currency	GBP amount £	Unrealised gains £	Unrealised losses £	Net unrealised gains £
USD	39,500,000	GBP	31,361,900	157,209	—	157,209
			31,361,900	157,209	—	157,209
			1,154,571,674	25,537,739	(775,591)	24,762,148

31 March 2024 (audited) Counterparty	Unrealised gains £	Unrealised losses £	Net unrealised gains £
GSI	221,055	(55,596)	165,459
ING	1,064,155	(298,785)	765,370
Macquarie	5,822,510	—	5,822,510
Morgan Stanley	9,363,285	(70,716)	9,292,569
Nomura	4,120,824	—	4,120,824
RBSI	4,945,910	(350,494)	4,595,416
	25,537,739	(775,591)	24,762,148

All forward foreign exchange positions at the period end were held with Goldman Sachs International, ING Bank, Macquarie Bank Limited, Morgan Stanley, Nomura Bank International or the Royal Bank of Scotland International (31 March 2024: Goldman Sachs International, ING Bank, Macquarie Bank Limited, Morgan Stanley, Nomura Bank International 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 4 October 2024 to 29 September 2026 (31 March 2024: 4 April 2024 to 9 March 2026).

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

8. Derivative financial assets/(liabilities) at fair value through profit or loss continued

Interest rate swaps

On 23 October 2023, the Company entered into an interest rate swap transaction with Macquarie Bank Limited (“Macquarie”) to receive a fixed rate of 4.512% on an amount of USD 90 million against three-month CME Term SOFR, commencing on 29 December 2023 and continuing quarterly until the termination date of 20 October 2030.

On 7 May 2024, the Company entered into an additional interest rate swap transaction with Macquarie to receive a fixed rate of 4.320% on an amount of £30 million against three-month compounded SONIA, commencing on 30 June 2024 and continuing quarterly until the termination date of 7 November 2030. The previously placed USD 90 million three-month CME Term SOFR interest rate swap has been repriced on 17 September 2024 with the Company receiving 2.948% as a fixed rate. The repricing included a USD 7.07 million mark-to-market settlement in favour of the Company.

As at 30 September 2024, the interest rate swap was valued at -£1,031,779, in accordance with a valuation provided by the counterparty.

The net gains on derivative financial assets during the period comprise both realised and unrealised gains as follows:

	Period ended 30 September 2024 (unaudited) £	Period ended 30 September 2023 (audited) £
Net realised gains on forward foreign exchange contracts	18,568,339	5,287,925
Net unrealised gains/(losses) on forward foreign exchange contracts	30,368,120	(5,489,629)
Net realised gains on interest rate swaps	5,323,394	—
Net unrealised losses on interest rate swaps	(3,592,844)	—
Interest paid on interest rate swaps	(336,338)	—
Net gains/(losses) on forward foreign exchange contracts	50,330,671	(201,704)

9. Investment income

	Period ended 30 September 2024 (unaudited) £	Period ended 30 September 2023 (audited) £
Investment income on financial assets carried at amortised cost:		
Cash and cash equivalents	138,921	176,206
Investment income on the Company’s non-derivative financial assets at fair value through profit and loss	94,719,646	35,011,992
	94,858,567	35,188,198

10. Related parties and other material contracts

Transactions with Investment Manager and Investment Adviser

Investment Manager

FundRock Management Company (Guernsey) Limited (formerly Sanne Fund Management (Guernsey) Limited) (the “Investment Manager”) was appointed as the Investment Manager with effect from 28 January 2015. With effect from 1 December 2016, the Investment Manager was entitled to receive a management fee for AIFM services calculated as follows:

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

The fee is subject to an annualised minimum of £80,000 applied on a monthly basis and is payable monthly in arrears. With effect from 2 May 2017, the management fee was capped at £320,000 per annum, subject to an annual inflationary increase (with effect from 1 May 2024: £420,463; with effect from 1 May 2023: £400,441).

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

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

10. Related parties and other material contracts continued

Transactions with Investment Manager and Investment Adviser continued

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 Subsidiaries 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 Subsidiaries in excess of £1 billion.

All such fees are payable quarterly. 10% of the Investment Adviser's fee is applied in subscribing for shares in the Company, which the Investment Adviser shall retain with a three-year rolling lock-up (such that those 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 shares).

On 15 April 2024, the Investment Adviser acquired 300,000 shares in the market in relation to fees payable for the quarter ended 31 March 2024.

On 15 July 2024, the Investment Adviser acquired 314,588 shares in the market in relation to fees payable for the quarter ended 30 June 2024.

On 22 October 2024, the Investment Adviser acquired 306,410 shares in the market in relation to fees payable for the quarter ended 30 September 2024.

The investment advisory agreement can be terminated by either party giving not less than six 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.

Directors' fees

During the period, the Directors' fee entitlements were as follows:

- > the Chair of the Board of Directors is entitled to a fee of £78,000 (2023: £78,000) per annum in remuneration for their service as Chair. Robert Jennings served as Chair until his retirement on 1 January 2024, when he was succeeded by James Stewart;
- > the remaining Directors are entitled to a basic fee of £50,000 each per annum (2023: £50,000 per annum) in remuneration for their services as Directors;
- > Fiona Le Poidevin is entitled to a fee of £10,000 per annum (2023: £10,000 per annum, with effect from 2 August 2023) in respect of her role as Chair of the Audit Committee;
- > Tim Drayson is entitled to a fee of £6,300 per annum (2023: £6,300 per annum) in respect of his role as Chair of the Risk Committee;
- > with effect from 7 June 2024, Margaret Stephens is entitled to a fee of £6,300 per annum (2023: N/A) in respect of her role as Chair of the ESG and Stakeholder Engagement Committee; and
- > Paul Le Page was appointed to the Board on 7 June 2024. On that date he was also appointed as Chair of the Remuneration and Nomination Committee and of the Management Engagement Committee, for which roles he is entitled to a fee of £10,000 per annum (2023: N/A).

All Directors contribute 1% of their fees to support the Company's carbon offsetting initiatives.

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

10. Related parties and other material contracts continued

Shares held by related parties

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

Name	30 September 2024 (unaudited)		31 March 2024 (unaudited)	
	Number of shares	Percentage of shares in issue	Number of shares	Percentage of shares in issue
James Stewart (with his spouse)	55,572	0.00%	43,275	0.00%
Tim Drayson	207,000	0.01%	207,000	0.01%
Margaret Stephens	24,519	0.01%	—	—
Fiona Le Poidevin	—	—	—	—
Paul Le Page	—	—	—	—
Sandra Platts (in a family RATS) (retired 7 June 2024)	N/A	N/A	27,953	0.00%

As at 30 September 2024, the Investment Adviser held an aggregate of 6,323,251 shares (31 March 2024: 5,708,663 shares), which is 0.40% (31 March 2024: 0.35%) of the issued share capital.

As at 30 September 2024, the members of the Investment Adviser's founding team held an aggregate of 835,656 shares (31 March 2024: 835,656 shares), which is 0.06% (31 March 2024: 0.05%) of the issued share capital.

As at 30 September 2024, the Investment Manager held an aggregate of 50,000 shares (31 March 2024: 50,000 shares), which is 0.00% (31 March 2024: 0.00%) of the issued share capital.

On 3 October 2024, James Stewart acquired a further 25,243 shares.

Other material contracts

Administrator

Sanne Fund Services (Guernsey) 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 2024: £375,556; with effect from 1 May 2023: £357,673). 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.

Luxembourg Subsidiary Administrator

With effect from 28 January 2015, TMF Luxembourg S.A. (the "Luxembourg Subsidiary Administrator") was appointed as the administrator of the Luxembourg Subsidiary. During the calendar year 2024, the Luxembourg Subsidiary Administrator will receive an estimated amount in recurring and ad hoc fees from the Luxembourg Subsidiary of €90,288 (£75,108) (2023: €80,696 (£71,192) during the calendar year 2023).

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

10. Related parties and other material contracts continued

Other material contracts continued

Custodian

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

The Custodian agreement can be terminated by either party giving not less than 60 days’ written notice.

The amounts charged for the above-mentioned fees during the period ended 30 September 2024 and outstanding at 30 September 2024 are as follows:

	Charge for the period ended 30 September 2024 (unaudited) £	Amounts outstanding at 30 September 2024 (unaudited) £	Charge for the period ended 30 September 2023 (unaudited) £	Amounts outstanding at 31 March 2024 (audited) £
Investment advisory fee	4,918,696	2,392,489	4,763,410	2,456,473
Investment management fee	207,695	—	199,851	30,000
Directors’ fees and expenses	163,293	—	177,806	—
Administration fee	246,263	20,000	201,326	—
Sub-administration fee ¹	53,524	1,889	63,365	2,541
Fees payable to the Custodian ¹	411,004	149,640	428,598	141,780
	6,000,475	2,564,018	5,834,356	2,630,794

1. Includes expenses of both the Company and the Subsidiaries

Loan collateral

With effect from July 2024, security for a revolving credit facility of £300 million with JP Morgan Chase Bank, N.A., London Branch (previously a facility of £325 million with a consortium of banks led by 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 Luxembourg Subsidiary held by the Company and a charge on the assets of the Company.

11. Tax status

The Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,600 (2023: £1,200) under The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

12. Share capital

The Company's ordinary shares and C shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and C shares are recognised as a deduction in equity and are charged to the relevant share capital account. There were no C shares in issue during either the current period or prior year.

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

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

- (a) Dividends: ordinary Shareholders and C Shareholders are entitled to receive, and participate in, any dividends or other distributions resolved to be distributed from their respective pools of assets in respect of any accounting period or other period, provided that no calls or other sums due by them to the Company are outstanding.
- (b) Winding Up: On a winding up, the ordinary Shareholders and C Shareholders shall be entitled to the surplus assets remaining in their respective pools of assets after payment of creditors.
- (c) Voting: ordinary Shareholders have the right to receive notice of and to attend, speak and vote at general meetings of the Company and each holder being present in person or by proxy shall upon a show of hands have one vote and upon a poll one vote in respect of every ordinary share held. C Shareholders have no right to attend or vote at any meeting of the Company, except that the consent of C Shareholders is required for any alteration to the Memorandum or Articles of the Company; for the passing of any resolution to wind up the Company; and for the variation or abrogation of the rights attached to the C shares.

The Company may acquire its own ordinary shares, up to a maximum number of 14.99% per annum of the ordinary and C shares in issue.

Issued share capital Ordinary shares	Period ended 30 September 2024 (unaudited) Number	Year ended 31 March 2024 (audited) Number
Share capital at the beginning of the period/year	1,625,484,274	1,734,819,553
Share capital bought back and held in treasury	(49,267,789)	(109,335,279)
Total share capital at the end of the period/year	1,576,216,485	1,625,484,274

Issued share capital	Period ended 30 September 2024 (unaudited) £	Year ended 31 March 2024 (audited) £
Share capital at the beginning of the period/year	1,720,452,093	1,808,622,511
Share capital bought back and held in treasury	(39,489,172)	(88,170,418)
Total share capital at the end of the period/year	1,680,962,921	1,720,452,093

No shares were issued during the period (31 March 2024: no shares issued).

On 29 April 2024, the Company announced that 154,046,443 shares held in treasury had been cancelled.

During the period, the Company acquired 49,267,789 of its own shares at an average cost of 80.07p per share. These shares were taken into treasury.

Subsequent to the period end, the Company has acquired and taken into treasury a further 7,319,769 of its own shares at an average cost of 76.52p per share.

13. Basic and diluted earnings per share

	Period ended 30 September 2024 (unaudited)	Period ended 30 September 2023 (unaudited)
Profit for the financial period	£68,158,877	£45,673,440
Weighted average number of shares	1,599,265,910	1,706,239,012
Basic and diluted earnings per shares	4.26p	2.68p

The weighted average number of shares is based on the number of shares in issue during the period under review, as detailed in note 12.

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

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

14. Loan payable

During the period, the Company successfully refinanced its existing multi-currency revolving credit facility ("RCF") of £325 million, which was held with the Royal Bank of Scotland International Limited ("RBSI") as lead arranger and was due to mature on 12 November 2024.

The new multi-currency RCF of £300 million is provided by JPMorgan Chase Bank, N.A., London Branch ("JPM"), has an accordion facility of £50 million and matures in July 2027. 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 imposes an interest cover test and is secured by, inter alia, a charge over the bank accounts of the Company, a charge over the shares in the Subsidiaries held by the Company and a charge on the assets of the Company. In accordance with the Company's investment policy, any borrowings undertaken by the Company will not exceed 20% of the value of the assets of the Company less its liabilities. Should the value of the underlying assets held in the Subsidiaries fall below a certain level, further margin calls may be made by JPM, however no margin calls were made during the current period.

Period ended 30 September 2024 (unaudited)	EUR facility GBP	GBP facility GBP	USD facility GBP	Total GBP
RBSI RCF				
Balance brought forward	—	—	—	—
Cash flows				
Drawdowns	—	15,000,000	—	15,000,000
Repayments	—	(15,495,491)	—	(15,495,491)
Non-cash changes				
Capitalised interest and loan fees	—	495,491	—	495,491
Closing balance	—	—	—	—
JPM RCF				
Cash flows				
Drawdowns	20,277,121	—	—	20,277,121
Non-cash changes				
Capitalised interest and loan fees	47,320	—	—	47,320
Foreign exchange revaluations	(312,637)	—	—	(312,637)
Balance carried forward	20,011,804	—	—	20,011,804

Notes to the unaudited condensed interim financial statements continued

for the period from 1 April 2024 to 30 September 2024

14. Loan payable continued

For the year ended 31 March 2024 (audited)	GBP facility GBP	USD facility GBP	Total GBP
Balance brought forward	79,742,568	102,046,294	181,788,862
Cash flows			
Drawdowns	—	77,384,713	77,384,713
Repayments	(79,742,568)	(176,968,268)	(256,710,836)
Non-cash changes			
Foreign exchange revaluations	—	(2,462,739)	(2,462,739)
Balance carried forward	—	—	—

Interest on the JPM facility is charged at a rate of SONIA (or equivalent) plus 1.9% per annum (31 March 2024: RBSI facility, SONIA (or equivalent) plus 2.0% per annum). Loan interest of £1,301,377 (2023: £3,333,033) and upfront, facility and break fees of £719,014 (2023: £451,698) have been charged on the loan during the period.

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

15. Trade and other payables

	30 September 2024 (unaudited) £	31 March 2024 (audited) £
Investment advisory fee payable	2,392,489	2,456,473
Share buybacks payable	294,947	1,174,823
Loan interest payable	788,633	292,945
Other payables	289,921	398,103
	3,765,990	4,322,344

16. Commitments

As at 30 September 2024, £54.1 million (31 March 2024: £54.7 million) was committed by the Fund to new or existing investments. These commitments will be settled from the existing cash reserves of the Company and the Subsidiaries or through drawdowns from the Company's RCF.

17. Subsequent events

On 4 October 2024, James Stewart acquired 25,243 shares in the Company.

On 17 October 2024, the Company declared a dividend of 1.71875p per share in respect of the quarter ended 30 September 2024. The dividend was paid on 22 November 2024.

On 22 October 2024, the Investment Adviser acquired 306,410 shares in the market in relation to fees payable for the quarter ended 30 September 2024.

Subsequent to the period end, the Company has acquired and taken into treasury a further 7,319,769 of its own shares at an average cost of 76.52p per share.

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

Officers and advisers

Directors

James Stewart
(Independent non-executive Chair)

Tim Drayson
(Independent non-executive Director)

Fiona Le Poidevin
(Independent non-executive Director)

Margaret Stephens
(Independent non-executive Director)

Paul Le Page
(Independent non-executive Director,
appointed 7 June 2024)

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Independent Consultants

Kate Thurman
Andrea Finegan

Appendix – alternative performance measures used in the Interim Report

NAV per share

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

	30 September 2024 (unaudited)	31 March 2024 (audited)
NAV	£1,497,853,582	£1,524,282,546
Number of shares in issue	1,576,216,485	1,625,484,274
NAV per share	95.03p	93.77p

Share (discount)/premium to NAV

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

	30 September 2024 (unaudited)	31 March 2024 (audited)
NAV per share	95.03p	93.77p
Closing share price	80.20p	81.10p
Share discount	(15.6)%	(13.5)%

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 2024 (unaudited)		Total NAV return	Total share price return
Opening NAV/share price per share	(a)	93.77p	81.10p
Closing NAV/share price per share	(b)	95.03p	80.20p
Dividends paid	(c)	3.4375p	3.4375p
Weighted average NAV/share price per share	(d)	92.66p	78.08p
Dividend adjustment factor	(e)	1.0371	1.0440
Adjusted closing NAV/share price per share	(f)	98.56p	83.73p
Total NAV/share price return for the period (f/a -1)		5.1%	3.2%
Annualised NAV/share price return		10.2%	6.4%

Appendix – alternative performance measures used in the Interim Report

continued

Total NAV/share price return continued

Period ended 30 September 2023 (unaudited)		Total NAV return	Total share price return
Opening NAV/share price per share	(a)	93.26p	80.40p
Closing NAV/share price per share	(b)	92.88p	83.20p
Dividends paid	(c)	3.4375p	3.4375p
Weighted average NAV/share price per share	(d)	91.61p	80.13p
Dividend adjustment factor	(e)	1.0375	1.0429
Adjusted closing NAV/share price per share	(f)	96.37p	86.77p
Total NAV/share price return for the period (f/a –1)		3.3%	7.9%
Annualised NAV/share price return		6.6%	15.8%

Cash dividend cover

Cash dividend cover is the ratio of a company's operating cash flow divided by its total dividend payments, and is used as a measure of the extent to which a company is able to generate sufficient cash flow to pay its dividends.

The Company's dividend cash cover calculation for the period ended 30 September 2024 was as follows:

Item	Period ended 30 September 2024 £m	Period ended 30 September 2023 £m
Cash interest received	62.37	71.20
Consent fees received in cash	0.47	0.65
Prepayment fees	0.66	1.43
Upfront fees/discounts amortised	4.96	1.56
Cash expenses	(10.31)	(11.40)
Net cash income	58.14	63.44
Cash dividends paid	55.10	58.80
Dividend cash cover	1.06x	1.08x

Appendix – alternative performance measures used in the Interim Report

continued

Annualised dividend yield

The dividend yield of a company can provide a useful measure of the income yield of an investment in the company, and is calculated by dividing the total annualised dividends per share paid by the company in the period by the company's current share price.

The Company's annualised dividend yield for the period ended 30 September 2024 was as follows:

	Period ended 30 September 2024	Period ended 31 March 2024
Annualised dividends per share paid in the period	6.875p	6.875p
Share price at the end of the period	80.10p	83.20p
Annualised dividend yield	8.6%	8.3%

Portfolio yield-to-maturity/gross portfolio return

The yield-to-maturity of an individual debt instrument is calculated using a formula involving its annual interest pay-out, face value, current price and number of years to maturity. Portfolio yield-to-maturity is the weighted average of these yields-to-maturity, or total annualised returns, in 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. This measure is applied in this Interim Report to the portfolio of investments held in the Subsidiaries.

Construction risk

Construction risk is the proportion by value of investments held in a portfolio that relate to construction projects. This provides a useful measure of the degree of exposure of the Fund to the increased risk associated with lending to projects that are pre-operational. This measure is applied in this Interim Report to the portfolio of investments held in the Subsidiaries.

	30 September 2024	31 March 2024
Investments exposed to construction risk	£108,427,423	£102,558,615
Total investments held in the Subsidiaries	£1,346,329,623	£1,380,690,694
Construction risk	8.1%	7.4%

Average equity cushion

An equity cushion exists in relation to a debt investment if there is collateral within the borrower available to the lender that exceeds the amount of the outstanding debt. The average equity cushion percentage of the portfolio of investments held in the Subsidiaries is the percentage of the total excess borrower collateral available divided by the total outstanding portfolio debt. This is a useful quantification of the degree of security available to the Fund in case of default by borrowers.

	30 September 2024	31 March 2024
Total excess borrower collateral available	£496,992,897	£521,965,025
Total investments held in the Subsidiary	£1,346,329,623	£1,380,690,694
Equity cushion	37%	38%

Modified duration

The modified duration of a debt instrument provides a useful measure of the sensitivity of the debt instrument's value to changes in interest rates, and is calculated by dividing the instrument's price by the change in the instrument's yield caused by a 1% change in interest rates. This measure is applied in this Interim Report to the portfolio of investments held in the Subsidiaries. The modified duration of the portfolio of 2.0 (31 March 2024: 2.2) indicates that a 1% increase in interest rates would cause the value of the portfolio to fall by 2.0% (31 March 2024: 2.2%).

Appendix – alternative performance measures used in the Interim Report

continued

Ongoing charges ratio (“OCR”)

The OCR 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 2024 (unaudited)	The Company £	The Subsidiaries £	Total £
Total expenses	20,565,656	2,106,773	22,672,429
Non-recurring expenses	(6,971,092)	(1,152,242)	(8,123,334)
Total ongoing expenses	13,594,564	954,531	14,549,095
Average NAV			1,521,814,877
Ongoing charges ratio (using AIC methodology)			0.96%

12-month period ended 30 September 2023 (unaudited)	The Company £	The Subsidiaries £	Total £
Total expenses	25,514,467	974,558	26,489,025
Non-recurring expenses	(11,733,548)	—	(11,733,548)
Total ongoing expenses	13,780,919	974,558	14,755,477
Average NAV			1,600,831,299
Ongoing charges ratio (using AIC methodology)			0.92%

Contacts

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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.

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