SEQUOIA ECONOMIC INFRASTRUCTURE INCOME FUND LIMITED

INTERIM REPORT AND UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2016 TO 30 SEPTEMBER 2016

Contents

Highlights

For the period from 1 April 2016 to 30 September 2016

- The Company raised net proceeds of £172.2 million through a second C Share issue
- Annualised portfolio yield-to-maturity of 8.6% as at 30 September 2016
- Annualised dividend yield of 6.0% of original issue price for the period
- Diversified portfolio of 36 investments made across 8 sectors, 20 sub-sectors and 7 jurisdictions
- 67% of investments in private debt

Financial Highlights at 30 September 2016	
Total net assets	£480,508,202
Net Asset Value ('NAV') per Ordinary Share *	101.29p
Ordinary Share price *	112.75p
Ordinary Share premium to NAV	11.3%
NAV per C Share *	99.21p
C Share price *	108.50p
C Share premium to NAV	9.4%

* Cum dividend

Company Summary

Principal Activity

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

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

Investment Objective

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

Investment Policy

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

Dividend Policy

The Company's dividend policy, subject to sufficient profits being available and taking into account working capital and liquidity requirements, is to pay dividends totalling 6% per annum of the Company's original issue price per Ordinary Share. The Company pays dividends on a quarterly basis.

Chairman's Statement

Dear Shareholder,

It is my pleasure to present to you the Interim Report of Sequoia Economic Infrastructure Income Fund Limited (the "Company") for the 6 month period of operations ending 30 September 2016.

The Company was the first investment trust listed on the London Stock Exchange which focuses exclusively on economic infrastructure debt and is advised by an investment adviser with significant prior experience in the asset class, Sequoia Investment Management Company ("SIMC" or the "Investment Adviser"). On the Company's initial public offering ("IPO") in March 2015, £150 million was raised before costs of issue.

Portfolio and Company performance

Since its IPO, the Company has successfully closed two "C Share" issues, for gross proceeds of approximately £147 million and £175 million, in November 2015 and June 2016 respectively, and thereby grown the fund materially.

The Board of Directors of the Company (the "Board") continues to be pleased with the progress made by the Investment Adviser. As at 30 September 2016, having raised total gross capital of £472.7 million across both the Ordinary Shares and the C Shares and paid cumulative dividends amounting to £14.3 million, the Company's Net Asset Value ("NAV") stood at £480.5 million, of which 96% was invested in a diversified portfolio of infrastructure loans and bonds, including investments in the process of settling. The average yield-to-worst on the acquired portfolio is 8.3% and the average life is 4.6 years. The yield on the portfolio has the potential to increase if LIBOR increases, or if investments that are marked at a discount to par are prepaid by the borrower before their maturity. Even disregarding this potential upside, the current yield is sufficient to meet the Company's targeted return of 7-8%, comprising a 6p per share dividend yield plus 1-2p per share of capital appreciation.

The acquired portfolio is diverse, with 36 holdings in 20 different sub-sectors and 7 different jurisdictions. Pleasingly, the risk profile of the Company remains moderate with 63% of the portfolio as senior debt secured against hard assets, and with only 12% of the portfolio relating to infrastructure projects in their construction stage.

In constructing the portfolio, the Investment Adviser was mindful of a number of factors. Paramount is credit quality, with each investment subject to rigorous scrutiny and due diligence. In addition, the yield on investments needs to be attractive both in relative terms (when compared to assets of a similar quality) and in absolute terms (to ensure the Company can meet its target return). Finally, a range of other criteria must also be met, including compliance with concentration limits to ensure a well-diversified portfolio, and holding floating rate investments in excess of 50% of the portfolio once fully-invested.

Over the first six months of this financial year, the Company's share price has risen by 6.5% and Shareholders have received dividends of 3p per Ordinary Share, resulting in an annualised total return of 9.1%. Since the Company's IPO, over a period of approximately 19 months, the corresponding figures are a share price increase of 12.8%, dividends of 6.5p and an annualised total return of 12.6%.

Additionally, over the first six months of this financial year, the Company's NAV has increased from 97.04p per Ordinary Share to 101.29p per Ordinary Share, largely as a result of interest income net of expenses of 2.64p, an increase of 2.70p in asset valuations and a gain of 1.91p in FX movements net of hedging movements, reduced by dividends of 3p.

As at 30 September 2016, the share price was trading at a premium of 11.3% to the NAV, which is a reflection of the attractiveness of the investment proposition.

Events after the end of the reporting period

On 12 September 2016, the Company announced the conversion of the C shares after having invested in excess of 85% of the net issue proceeds from their issuance. The Company further announced on 18 October 2016 the conversion ratio of 0.9842 which includes a deduction of 1.5p and 1.0p in respect of dividends paid to the Ordinary and C Share classes respectively. The conversion took place on 1 November 2016, at which point the C Shares were cancelled and the new Ordinary Shares issued. Following conversion the Company had 475,215,705 Ordinary Shares in issue.

On 17 October 2016, the Company executed an 18-month secured loan with JP Morgan Chase Bank, London Branch, of £40 million. The rationale for this is to enable the Investment Adviser to acquire or advance infrastructure loans in what remains a strong and attractive market, where yields in excess of 8% can be earned on infrastructure debt. The leverage level is very low at an LTV of circa 8%.

Chairman's Statement (continued)

Outlook for the rest of the financial year

Looking to the second half of this financial year, your Board continues to be satisfied with the portfolio's performance to date and the strategy that is being employed by the Investment Adviser. The Investment Adviser will continue to update you on the Company's progress by way of the monthly Investor Reports.

Global capital markets have been volatile over the 19 months since the IPO. This volatility has resulted from a number of factors: Greece's near default and potential exit from the EU; Chinese equity market volatility in July 2015, arising from volatility in the Yuan exchange rate; very low oil prices, bottoming out in January-February 2016, and the resulting effect on the high-yield market, especially in the US; and heightened tensions in the Middle East. Brexit has had minimal effect, as the portfolio contains only four assets in the UK, none of which has any meaningful business with the EU.

There is no reason to suppose the future will be calmer. However, it is in such periods of volatility that the stability of infrastructure debt has historically demonstrated its real value to investors. The Board believes that the Company's portfolio will continue to deliver an attractive risk-adjusted return with a relatively low correlation to the broader financial markets.

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

Robert Jennings
Chairman

18 November 2016

Investment Adviser's Report

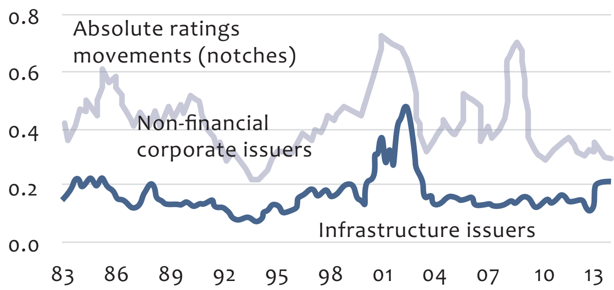
Successful Execution of the Fund's Investment Objective

Over the first six months of the Fund's financial year, Sequoia Investment Management Company Limited (the "Investment Adviser" or "SIMC") delivered to the Shareholders access to a diverse portfolio of infrastructure debt assets. The assets acquired during this period are capable of providing the regular, sustained and long-term distributions of income which is the primary stated investment objective of the Fund. In addition, SIMC sought to include in the portfolio a number of assets that offer the potential for capital appreciation, which is the secondary target of the Fund. For example, Ascendos Rail was purchased at a discount to par while still generating income from quarterly coupon payments. None of the loans acquired has experienced any impairment or default and were selected, in part, based on their prospects for high recovery in the event of any underperformance of the underlying infrastructure assets. SIMC believes that it has successfully delivered to the Fund equity-like returns but with debt protections, namely lower volatility and less downside risk than equity.

By following its strategy of owning debt exposures to economic infrastructure projects across a diversified range of jurisdictions, sectors and sub-sectors, SIMC has constructed a portfolio that is capable of achieving total net annual returns in line with the target of 7% to 8%. The Fund is therefore well-positioned to meet its target dividend yield through quarterly distributions. Investors also benefit from a declining Total Expense Ratio as the Fund grows in size.

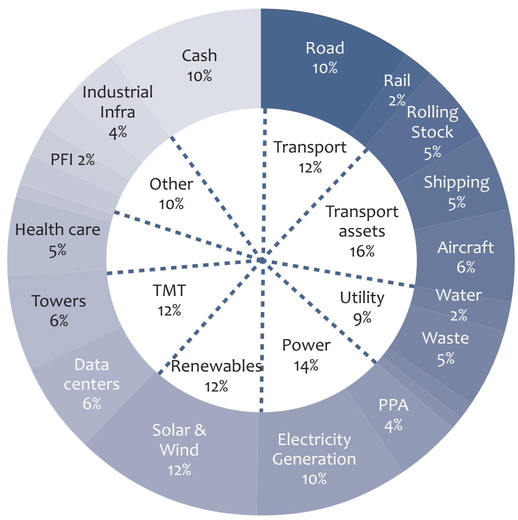
SIMC identified economic infrastructure debt as the most attractive opportunity in the infrastructure debt market. Economic infrastructure includes transportation, utility, power, telecommunication, renewable energy and other related sectors that exhibit infrastructure characteristics and typically have demand exposure. This is a large market at approximately five to ten times the size of the social infrastructure market. SIMC's ability to source these opportunities also reflects the more limited appetite of banks to fund projects that are subject to demand risk.

Economic infrastructure debt offers investors a yield pick-up relative to corporate bonds and loans. The loans have exhibited the stable spreads and cash flows that investors expect from infrastructure debt and this has been reflected in the relative stability of the Fund's NAV during the period. One interesting study by Moody's, a rating agency, illustrates this point. The chart below shows rating volatility over a 30 year period:



As can be seen in general, infrastructure bonds have had approximately half the rating volatility of the broader corporate bond market. SIMC believes this is at least in part due to infrastructure debt's relatively low correlation to the economic cycle.

SIMC successfully implemented the Fund's core investment strategy, namely bringing to investors a diversified economic infrastructure portfolio, delivering the Fund's target return with a strong credit profile. As at 30 September 2016, the Fund held 36 positions after fully-investing the proceeds from the second C Share issue. The investments are located in mature jurisdictions as per the prospectus, which include the UK, Western Europe, the United States, Canada, and Australia, and cover a diverse group of sectors, including the road, rail, shipping, utility, elderly care, student housing, and aircraft leasing sectors.



Region


Investment Adviser's Report (continued)

Successful Execution of the Fund's Investment Objective (continued)

SIMC also ensured that, in keeping with the strategy, all of the investments made by the Fund are supported by adequate sponsor equity. This equity is fully subordinated to any debt position taken by the Fund and this equity effectively provides investors a cushion to absorb any losses before the loans held by the Fund are impacted by underperformance of the underlying infrastructure assets. The weighted average equity cushion in the portfolio is 37%.

The success of SIMC in delivering the acquired portfolio permitted the Fund to pay a total of 6.5p per share in dividends since incorporation which represents an IRR on shares of 12.8%. On 18 October 2016, the Fund announced an additional dividend of 1.5p per Ordinary Share and 1.0p per C Share payable on 25 November 2016.

Origination Activities

Since the IPO, the Fund has closed two separate C Share issues through which it raised gross proceeds of approximately £147 million and £175 million. The Fund also executed an 18-month loan on 17 October 2016 with JP Morgan Chase Bank, London Branch, for £40 million. These inflows of capital have allowed the Fund to take advantage of significant opportunities in the infrastructure debt market. For example, the first C Share issue allowed the Fund to take advantage of the low prices on US pipeline assets in the winter 2015.

SIMC's strategy is to invest in a diversified portfolio of infrastructure loans and bonds in both the primary and secondary markets. SIMC believes that this benefits investors as described below:

Secondary Market Loans and Bonds

SIMC's strategy for investing the proceeds of the IPO and the two subsequent C Share issues was to focus initially on secondary market loans and bonds, with an increasing focus on the former as the Fund's NAV grew.

Secondary market bonds can be acquired more rapidly than a typical primary market transaction and generally have more information available to facilitate quick and thorough credit analyses. The initial goal was to find assets that could close quickly and provide the Fund with income to pay quarterly dividends and reinvest in attractive assets, thereby reducing the "J-curve" and increasing diversification. As the Fund became more fully invested, SIMC was then able to shift the Fund's focus towards secondary private loans which have more intensive due diligence requirements, but also offer the Fund more attractive yields on a risk-return basis compared to the secondary bond market.

Secondary market loans have performance history that allows for credit analysis on actual performance rather than on projected performance. For example, SIMC was able to analyse the A65 toll road in France on the basis of 10 years of operational history which indicated strong growth potential coupled with improving financial metrics.

Finally, Moody's research shows that infrastructure loans improve in credit quality over time so secondary loans in many cases have improved in credit quality from the time of their initial origination. This also provides opportunities for the Fund to sell some positions that have improved in credit quality in order to capture the economic benefit of this movement up the credit curve. Proceeds can then be reinvested in new assets that offer similar appreciation upside.

Primary Market Loans and Bonds

The primary loan and bond markets are an important opportunity for the Fund. Participating in primary transactions allows SIMC to target specific sectors and to explore lending opportunities through its close working relationships with borrowers, law firms, technical advisers, and other relevant counterparties. Primary loans may also have favourable economics because the lender benefits from upfront lending fees, which in the Fund's case would be reinvested. SIMC therefore believes that having some primary loans in the portfolio, including direct originations by SIMC, will be beneficial for the Fund.

Sourcing Infrastructure Assets

SIMC uses its network of infrastructure borrowers, sponsors, construction companies, banks and advisers to source many of the Fund's assets. News of the successful IPO of the Fund travelled fast and SIMC was contacted by a large number of advisers who sought alternative sources of funding for their infrastructure-owning clients. Most of these sponsors are eager to develop an alternative to bank funding, particularly for mezzanine opportunities where banks have little appetite to lend. SIMC also works directly with infrastructure sponsors. Since the Fund's launch, SIMC successfully structured three loans, one of which was bilateral with the other two being subordinated to two major players in the infrastructure debt space. As at 30 September 2016, SIMC was exclusively engaged to provide a loan to an additional Dutch student housing transaction for which the Fund will receive an upfront arranging fee.

Investment Adviser's Report (continued)

Sourcing Infrastructure Assets (continued)

SIMC also benefits from the strong relationships that it has with most of the European banks that are active in infrastructure lending. This provided us with the opportunity to learn about opportunities to purchase secondary market infrastructure loans from those banks' balance sheets or from other market participants. These discussions also resulted in the Fund having opportunities to participate in the financing of new projects in the primary market. During the first period of operations, SIMC has demonstrated that the Fund will have access to sufficient secondary and primary market opportunities to continue to deploy and redeploy capital into attractive infrastructure debt assets.

Infrastructure Debt Market Environment

The Fund is operating in an environment characterised by a slight weakening in credit markets. In addition, Sterling, the operating and reporting currency of the Fund, has fallen considerably since the Brexit vote on 23 June 2016. Stronger non-GBP currencies have positively affected the carrying value of the Fund's non-GBP denominated assets. This gain is however partially offset by an adverse movement on the Company's foreign exchange hedging portfolio, which is designed to reduce the volatility of the NAV arising from movements in foreign exchange rates. As at 30 September 2016, approximately 81% of the NAV was either in Sterling-denominated assets or denominated in another currency and hedged back into Sterling. Additionally, the Fund is well-positioned to benefit from the rise of interest rates, initially most likely in US Dollars, due to the portfolio containing 52% floating rate assets as at 30 September 2016.

With respect to the infrastructure debt market, pricing for assets with availability payment mechanisms have been aggressively bid by the market and margins are now approaching +100 bps. This reflects the return of many banks to the senior lending market. In addition, institutional investors continue to increase their market share and lend alongside banks or originated large loans directly. Despite the increasing competition, SIMC's strategy continues to be successful as shown by the current portfolio yield of 8% with a majority of senior debt positions.

Sequoia Investment Management Company Limited
Investment Adviser

18 November 2016

Board of Directors

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

Robert Jennings, CBE (Chairman)
Robert Jennings is a resident of the United Kingdom and qualified as a Chartered Accountant in 1979. He has over 30 years experience in the infrastructure sector. Mr Jennings was a managing director of UBS Investment Bank and was joint head of the Bank's Infrastructure Group until 2007. In that role, he particularly focused on the railway sector advising companies and governments across a very broad geographic range. He has twice acted as a special senior adviser to HM Treasury; in 2001/02 during Railtrack's administration and again in 2007/08 in relation to Crossrail. Mr Jennings is also a non executive director of Crossrail and non executive chairman of Southern Water.

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

Jonathan (Jon) Bridel
Jon Bridel is a resident of Guernsey. Mr Bridel is currently a non executive director of a number of investment funds and managers including Alcentra European Floating Rate Income Fund Limited, The Renewables Infrastructure Group Limited (FTSE 250), Funding Circle SME Income Fund Limited and Starwood European Real Estate Finance Limited, which are listed on the Main Market of the London Stock Exchange, and of DP Aircraft I Limited and Fair Oaks Income Fund Limited. Mr Bridel was previously Managing Director of Royal Bank of Canada's investment businesses in the Channel Islands.

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

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

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

Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

- The Unaudited Condensed Interim Financial Statements (the "Financial Statements") have been prepared in accordance with IAS 34 'Interim Financial Reporting' and give a true and fair view of the assets, liabilities, financial position and comprehensive income of the Company as a whole as required by DTR 4.2.4.

- The Interim Report, together with the Financial Statements, meet the requirements of an interim management report, and include a fair review of the information required by:

  (a) DTR 4.2.7 of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, being an indication of important events that have occurred during the period ended 30 September 2016 and their impact on the Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8 of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, being related party transactions that have taken place during the period ended 30 September 2016 and have materially affected the financial position or performance of the Company during that period.

Signed on behalf of the Board by:

Sandra Platts
Director

18 November 2016

Key Risks and Uncertainties

The Board has established a Risk Committee, which is responsible for reviewing the Company's overall risks and monitoring the risk control activity designed to mitigate these risks, and has appointed International Fund Management Limited ("IFML" or the "Investment Manager") as the Alternative Investment Fund Manager ("AIFM") to the Company. IFML is also responsible for providing risk management services compliant with that defined in the Alternative Investment Fund Managers Directive ("AIFMD") and as deemed appropriate by the Board.

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

The key risks associated with the Company are as follows:

Market Risk

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

Credit Risk

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

Liquidity Risk

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

Counterparty Risk

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

Leverage Risk

Leverage risk arises where the Company takes on additional exposure to other risks because of the leverage of exposures, along with the specific potential for loss arising from a leverage counterparty being granted a charge over assets.

Compliance & Regulatory Risk

Compliance and Regulatory risk can arise where processes and procedures are not followed correctly or where incorrect judgement causes the Company to be unable to fulfil its objectives or obligation, exposing the Company to the risk of loss, sanction or action by Shareholders, counterparties or regulators.

Operational Risk

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

These risks, and the way in which they are managed, are described in more detail in note 5 to the Company's Annual Financial Statements for the period ended 31 March 2016. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year.

Independent Review Report to Sequoia Economic Infrastructure Income Fund Limited

Introduction

We have been engaged by Sequoia Economic Infrastructure Income Fund Limited (the "Company") to review the unaudited condensed interim financial statements (the "financial statements") in the half-yearly financial report for the six months ended 30 September 2016 which comprises the unaudited condensed interim statement of comprehensive income, the unaudited condensed interim statement of financial position, the unaudited condensed interim statement of changes in equity, the unaudited condensed interim statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting.*

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* and the DTR of the UK FCA.

Dermot A. Dempsey
For and on behalf of

KPMG Channel Islands Limited
Chartered Accountants
Guernsey

18 November 2016

Unaudited Condensed Interim Statement of Comprehensive Income

For the period from 1 April 2016 to 30 September 2016

	Note	For the period from 1 April 2016 to 30 September 2016 £	For the period from 30 December 2014 (date of incorporation) to 30 September 2015 £
Revenue			
Net gains/(losses) on non-derivative financial assets at fair value through profit or loss	6	25,326,134	(3,660,045)
Net losses on derivative financial assets at fair value through profit or loss	7	(19,247,542)	(80,563)
Investment income	8	15,710,697	2,435,101
Net foreign exchange gains		425,502	856,842
Total revenue		**22,214,791**	**(448,665)**
Expenses			
Investment Adviser's fees	9	1,479,336	354,123
Investment Manager's fees	9	122,341	53,995
Directors' fees and expenses	9	86,750	110,600
Administration fees	9	163,888	83,392
Custodian fees		55,514	–
Audit and related non-audit fees		40,730	21,367
Legal and professional fees		45,824	9,735
Valuation fees		95,130	47,135
Listing and regulatory fees		33,465	12,078
Other expenses		98,101	85,131
Total operating expenses		**2,221,079**	**777,556**
Profit/(loss) and total comprehensive income/(loss) for the period		**19,993,712**	**(1,226,221)**
Basic and diluted earnings/(loss) per Ordinary Share	11	**6.09p**	**(0.82)p**
Basic and diluted earnings per C Share	11	**1.46p**	**–**

All items in the above statement derive from continuing operations.

The accompanying notes on pages 16 to 27 form an integral part of the Financial Statements.

Unaudited Condensed Interim Statement of Changes in Shareholders' Equity

For the period from 1 April 2016 to 30 September 2016

	Note	Share capital £	Retained earnings £	Total £
At 1 April 2016		291,136,398	5,969,282	297,105,680
Issue of Ordinary Shares during the period	10	274,662	–	274,662
Issue of C Shares during the period, net of issue costs	10	172,212,492	–	172,212,492
Total comprehensive income for the period		–	19,993,712	19,993,712
Dividend paid during the period	5	–	(9,078,344)	(9,078,344)
At 30 September 2016		**463,623,552**	**16,884,650**	**480,508,202**

For the period from 30 December 2014 (date of incorporation) to 30 September 2015

	Note	Share capital £	Retained deficit £	Total £
At 30 December 2014 (date of incorporation)		–	–	–
Issue of Ordinary Shares during the period, net of issue costs	10	147,067,837	–	147,067,837
Total comprehensive loss for the period		–	(1,226,221)	(1,226,221)
Dividend paid during the period		–	(1,500,399)	(1,500,399)
At 30 September 2015		**147,067,837**	**(2,726,620)**	**144,341,217**

The accompanying notes on pages 16 to 27 form an integral part of the Financial Statements.

Unaudited Condensed Interim Statement of Financial Position

At 30 September 2016

	Note	30 September 2016 (unaudited) £	31 March 2016 (audited) £
Non-current assets			
Non-derivative financial assets at fair value through profit or loss	6	438,613,817	292,199,356
Current assets			
Cash and cash equivalents		45,665,843	7,382,306
Trade and other receivables		8,850,333	1,675,766
Derivative financial assets at fair value through profit or loss	7	287,808	335,134
Total current assets		**54,803,984**	**9,393,206**
Total assets		**493,417,801**	**301,592,562**
Current liabilities			
Trade and other payables		1,112,600	685,814
Derivatives financial liabilities at fair value through profit or loss	7	11,796,999	3,801,068
Total liabilities		**12,909,599**	**4,486,882**
Net assets		**480,508,202**	**297,105,680**
Equity			
Share capital	10	463,623,552	291,136,398
Retained earnings		16,884,650	5,969,282
Total equity		**480,508,202**	**297,105,680**
Number of Ordinary Shares	10	**302,811,586**	**302,548,728**
Number of C Shares	10	**175,171,834**	**–**
Net Asset Value per Ordinary Share		**101.29p**	**98.20p**
Net Asset Value per C Share		**99.21p**	**–**

The Unaudited Condensed Interim Financial Statements on pages 12 to 27 were approved and authorised for issue by the Board of Directors on 18 November 2016 and signed on its behalf by:

Sandra Platts
Director

The accompanying notes on pages 16 to 27 form an integral part of the Financial Statements.

Unaudited Condensed Interim Statement of Cash Flows

For the period from 1 April 2016 to 30 September 2016

	Note	For the period from 1 April 2016 to 30 September 2016 £	For the period from 30 December 2014 (date of incorporation) to 30 September 2015 £
Cash flows from operating activities			
Profit/(loss) for the period		19,993,712	(1,226,221)
Adjustments for:			
Net unrealised (gains)/losses on non-derivative financial assets at fair value through profit or loss	6	(25,246,882)	3,660,045
Net losses on derivative financial assets at fair value through profit or loss	7	19,247,542	80,563
Net foreign exchange gains		(425,502)	(856,842)
Increase in trade and other receivables		(7,174,567)	(1,738,698)
Increase in trade and other payables		426,786	265,867
		6,821,089	**184,714**
Net cash (paid)/received on settled forward contracts	7	(11,204,285)	268,642
Purchases of investments	6	(207,908,878)	(141,611,786)
Sales of investments	6	86,741,299	26,636,585
Net cash outflow from operating activities		**(125,550,775)**	**(114,521,845)**
Cash flows from financing activities			
Proceeds from issue of C Shares	10	172,212,492	–
Proceeds from issue of Ordinary Shares	10	274,662	147,067,837
Dividends paid	5	(9,078,344)	(1,500,399)
Net cash inflow from financing activities		**163,408,810**	**145,567,438**
Net increase in cash and cash equivalents		37,858,035	31,045,593
Cash and cash equivalents at beginning of period		7,382,306	–
Effect of foreign exchange rate changes on cash and cash equivalents during the period		425,502	856,842
Cash and cash equivalents at end of period		**45,665,843**	**31,902,435**

The accompanying notes on pages 16 to 27 form an integral part of the Financial Statements.

Notes to the Unaudited Condensed Interim Financial Statements

For the period from 1 April 2016 to 30 September 2016

1. General Information

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

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

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

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

2. Significant Accounting Policies

Basis of preparation and statement of compliance

These Unaudited Condensed Financial Statements ("Financial Statements") have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', the Listing Rules of the London Stock Exchange ("LSE") and 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 last Annual Audited Financial Statements for the year ended 31 March 2016.

The accounting policies applied in these Financial Statements are consistent with those applied in the last Annual Audited Financial Statements for the year ended 31 March 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB. Having reassessed the principal risks, the Company's financial position as at 30 September 2016 and the factors that may impact its performance in the forthcoming year, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements.

These Financial Statements were authorised for issue by the Company's Board of Directors on xx November 2016.

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 2016.

New Accounting Standards effective and adopted

- IAS 27 (amended), 'Separate Financial Statements' (amendments effective for periods commencing on or after 1 January 2016);
- IFRS 10 (amended), "Consolidated Financial Statements" (amendments effective for periods commencing on or after 1 January 2016); and
- IFRS 12 (amended), "Disclosure of Interests in Other Entities" (amendments effective for periods commencing on or after 1 January 2016).

The IASB completed its latest Annual Improvements to IFRS project in September 2014 and its Disclosure Initiative project in December 2014. These projects have amended a number of existing standards effective for accounting periods commencing on or after 1 January 2016, and these amended standards have been adopted by the Company.

The adoption of these amended standards has had no material impact on the Financial Statements of the Company.

Notes to the Unaudited Condensed Interim Financial Statements (continued)

For the period from 1 April 2016 to 30 September 2016

3. Segmental Reporting

There have been no changes in the basis of segmentation from that applied in the Company's Audited Annual Financial Statements for the year ended 31 March 2016.

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 2016.

5. Dividends

The Company's dividend policy, subject to sufficient profits being available and taking into account working capital and liquidity requirements, is to pay dividends totalling 5% per annum of the Company's original issue price per Ordinary Share in the first period of operations, and 6% per annum thereafter. The Company pays dividends on a quarterly basis.

The Company paid the following dividends during the period ended 30 September 2016:

Period to	Payment date	Dividend rate per Ordinary Share (pence)	Net dividend payable (£)	Record date	Ex-dividend date
31 March 2016	25 May 2016	1.5	4,538,231	29 April 2016	28 April 2016
30 June 2016	26 August 2016	1.5	4,540,113	29 July 2016	28 July 2016

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

6. Financial Assets at fair value through Profit or Loss

	30 September 2016	31 March 2016
	£	£
Cost at the start of the period	279,073,491	–
VFNs purchased during the period	207,908,878	315,555,382
VFNs redeemed during the period	(86,820,551)	(36,481,891)
Realised gains on redemptions of VFNs	79,252	–
Cost at the end of the period	400,241,070	279,073,491
Net gains on non-derivative financial assets at the end of the period	38,372,747	13,125,865
Non-derivative financial assets at fair value through profit or loss at the end of the period	**438,613,817**	**292,199,356**

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

	30 September 2016	31 March 2016
	£	£
Subsidiary's non-derivative financial assets at fair value through profit or loss	429,167,631	270,253,022
Subsidiary's net current assets	9,446,186	21,946,334
Company's non-derivative financial assets at fair value through profit or loss	**438,613,817**	**292,199,356**

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

Notes to the Unaudited Condensed Interim Financial Statements (continued)

For the period from 1 April 2016 to 30 September 2016

6. Financial Assets at fair value through Profit or Loss (continued)

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

	30 September 2016	31 March 2016
	£	£
Subsidiary		
Investment income	10,736,495	9,014,145
Realised gains/(losses) on non-derivative financial assets at fair value through profit or loss	8,926,834	(2,169,461)
Unrealised gains on non-derivative financial assets at fair value through profit or loss	19,732,270	12,673,725
Foreign exchange losses	(25,474,450)	(14,827,007)
Interest on VFNs	(15,608,222)	(6,155,742)
Net expenses	(9,438)	(142,337)
	(1,696,511)	(1,606,677)
Company		
Unrealised foreign exchange gains on VFNs	26,943,393	14,732,542
Net gains on non-derivative financial assets at fair value through profit or loss at the end of the period	**25,246,882**	**13,125,865**

Fair Value Measurement

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

– Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments;

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

– Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

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

Notes to the Unaudited Condensed Interim Financial Statements (continued)

For the period from 1 April 2016 to 30 September 2016

6. Financial Assets at fair value through Profit or Loss (continued)

Fair Value Measurement (continued)

	30 September 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Assets				
Non-derivative financial assets at fair value through profit or loss	–	–	438,613,817	438,613,817
Derivative financial assets at fair value through profit or loss	–	287,808	–	287,808
Total	**–**	**287,808**	**438,613,817**	**438,901,625**
Liabilities				
Derivative financial liabilities at fair value through profit or loss	–	11,796,999	–	11,796,999
Total	**–**	**11,796,999**	**–**	**11,796,999**

	31 March 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Assets				
Non-derivative financial assets at fair value through profit or loss	–	–	292,199,356	292,199,356
Derivative financial assets at fair value through profit or loss	–	335,134	–	335,134
Total	**–**	**335,134**	**292,199,356**	**292,534,490**
Liabilities				
Derivative financial liabilities at fair value through profit or loss	–	3,801,068	–	3,801,068
Total	**–**	**3,801,068**	**–**	**3,801,068**

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

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

	30 September 2016	**31 March 2016**
	£	**£**
Opening balance	292,199,356	–
Purchases	207,908,878	315,555,382
Sales	(86,820,551)	(36,481,891)
Unrealised gains on non-derivative financial assets	25,246,882	13,125,865
Realised gains on non-derivative financial assets	79,252	–
Closing balance	**438,613,817**	**292,199,356**

Notes to the Unaudited Condensed Interim Financial Statements (continued)

For the period from 1 April 2016 to 30 September 2016

6. Financial Assets at fair value through Profit or Loss (continued)

Fair Value Measurement (continued)

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

	30 September 2016			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Non-derivative financial assets at fair value through profit or loss	**28,077,255**	**151,413,643**	**249,676,733**	**429,167,631**

	31 March 2016			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Non-derivative financial assets at fair value through profit or loss	**27,699,347**	**96,236,866**	**146,316,809**	**270,253,022**

When valuing the Subsidiary's Level 3 investments, the investments are benchmarked to bond yields and transaction data, based on the specific risk profile of the investment, and if necessary the yield in the valuation is adjusted from the yield that was used originally to price the loan. Any subsequent change to the valuation is expressed as a change in the expected yield from the investment, and this has a linear effect on the valuation of the investment (i.e. an increase/decrease of 5% in the yield will produce an increase/decrease of 5% in the fair value). The yields are assessed each month based on material and sustained movements in the benchmark bonds and transaction data, as well as any change to project-specific risks, and any change to the valuation will be a result of this assessment.

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

Valuation techniques for the investment portfolio of the Subsidiary

The Company has engaged Mazars LLP ("Mazars") as Valuation Agent, with responsibility for reviewing the valuations applied by the Investment Adviser in relation to the acquisition of loans and bonds, and for calculating the valuations of portfolio loans and bonds on a monthly basis. The principles and techniques utilised by Mazars in calculating the valuations are described below.

Performing Portfolio Loans and Bonds

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

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

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

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

Notes to the Unaudited Condensed Interim Financial Statements (continued)

For the period from 1 April 2016 to 30 September 2016

6. Financial Assets at fair value through Profit or Loss (continued)

Valuation techniques for the investment portfolio of the Subsidiary (continued)

Performing Portfolio Loans and Bonds (continued)

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

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

Non-performing Portfolio Bonds

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

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

Finalising the Net Asset Value

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

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

7. Derivative Financial Assets at fair value through Profit or Loss

As at 30 September 2016, the Company had the following outstanding commitments in respect of open forward foreign exchange contracts.

30 September 2016	**Unrealised gains**	**Unrealised losses**	**Net unrealised gains/(losses)**
Counterparty	**£**	**£**	**£**
Global Reach	–	(29,884)	(29,884)
Investec Bank	219,702	(3,478,886)	(3,259,184)
Monex	–	(7,158,131)	(7,158,131)
RBSI	68,106	(1,130,098)	(1,061,992)
	287,808	**(11,796,999)**	**(11,509,191)**

31 March 2016	**Unrealised gains**	**Unrealised losses**	**Net unrealised gains/(losses)**
Counterparty	**£**	**£**	**£**
Investec Bank	87,531	(1,013,172)	(925,641)
Monex	–	(1,887,077)	(1,887,077)
RBSI	247,603	(900,819)	(653,216)
	335,134	**(3,801,068)**	**(3,465,934)**

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

Notes to the Unaudited Condensed Interim Financial Statements (continued)

For the period from 1 April 2016 to 30 September 2016

7. Derivative Financial Assets at fair value through Profit or Loss (continued)

The net loss on forward foreign exchange contracts in the period comprises both realised and unrealised losses as follows:

	For the period from 1 April 2016 to 30 September 2016	For the period from 30 December 2014 (date of incorporation) to 30 September 2015
	£	£
Realised (losses)/gains on forward foreign exchange contracts during the period	(11,204,285)	268,642
Unrealised losses on forward foreign exchange contracts during the period	(8,043,257)	(349,205)
Net losses on forward foreign exchange contracts during the period	**(19,247,542)**	**(80,563)**

8. Investment Income

	For the period from 1 April 2016 to 30 September 2016	For the period from 30 December 2014 (date of incorporation) to 30 September 2015
	£	£
Interest income on financial assets carried at amortised cost:		
Cash and cash equivalents	102,475	84,188
Interest income on the Company's non-derivative financial assets at fair value through profit and loss	15,608,222	2,350,913
	15,710,697	**2,435,101**

9. Related Parties and Other Material Contracts

Directors' Fees

Robert Jennings is entitled to a fee in remuneration for his services as Chairman of the Board of Directors at a rate payable of £52,000 per annum (increased from £45,000 per annum with effect from 1 April 2016). The remaining Directors are entitled to a fee in remuneration for their services as Directors at a rate of £35,000 each per annum (increased from £30,000 per annum with effect from 1 April 2016).

Jan Pethick, Jon Bridel and Sandra Platts are also each entitled to a fee of £5,500 per annum (increased from £5,000 per annum with effect from 1 April 2016) in respect of their roles as Chairman of the Management Engagement Committee, Chairman of the Risk Committee and Chairman of the Audit and Remuneration Committees respectively.

During the period, Robert Jennings, Jan Pethick, Jon Bridel and Sandra Platts each received a listing fee of £5,000, which was subject to issue of the Prospectus, in relation to the listing of C shares on 10 June 2016.

Notes to the Unaudited Condensed Interim Financial Statements (continued)

For the period from 1 April 2016 to 30 September 2016

9. **Related Parties and Other Material Contracts** (continued)

Ordinary Shares held by related parties

The Shareholdings of the Directors' in the Company at 30 September 2016 were as follows:

Name	30 September 2016 Number of C Shares	30 September 2016 Number of Ordinary Shares	30 September 2016 Percentage of Ordinary Shares in Issue	31 March 2016 Number of Ordinary Shares	31 March 2016 Percentage of Ordinary Shares in Issue
Robert Jennings (Chairman)	63,000	115,000	0.04%	115,000	0.04%
Jan Pethick	63,000	157,500	0.05%	157,500	0.05%
Jon Bridel (with his spouse)	3,000	7,500	0.00%	7,500	0.00%
Sandra Platts	3,000	7,500	0.00%	7,500	0.00%

During the period, the Directors (including family members) acquired the following holdings in the listing of C Shares on 10 June 2016: Robert Jennings 63,000 C Shares; Jan Pethick 63,000 C Shares; Jon Bridel 3,000 C Shares; and Sandra Platts 3,000 C Shares. On 31 October 2016, these holdings were converted to Ordinary Shares at a ratio of 0.9842 Ordinary Shares for each C Share, as a result of which the Directors received the following additional holdings of Ordinary Shares: Robert Jennings 62,002 Shares; Jan Pethick 62,004 Shares; Jon Bridel 2,952 Shares; and Sandra Platts 2,952 Shares. These new Ordinary Shares were admitted to the Premium Segment of the Official List and to trading on the Main Market of the London Stock Exchange on 1 November 2016. There have been no other changes to the Directors' shareholdings since 30 September 2016.

Other Material Contracts

Investment Adviser

Sequoia Investment Management Company Limited (the "Investment Adviser") is entitled to receive from the Company a base fee calculated as follows and payable quarterly:

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

The Investment Adviser's fee is calculated on the value of both the Ordinary Share and C Share portfolios and is charged to each portfolio accordingly. One quarter of the total Investment Adviser's fee will be applied in subscribing for Ordinary Shares in the Company, which the Investment Adviser shall retain with a three-year rolling lock-up (such that those Ordinary Shares may not be sold or otherwise disposed of by the Investment Adviser without the prior consent of the Company before the third anniversary of the date of issue of the relevant Ordinary Shares). If the Company raises further capital or otherwise increases its Net Asset Value, the Investment Adviser will receive a reduced percentage fee.

On 20 April 2016 the Company issued 125,488 Ordinary Shares to the Investment Adviser in relation to fees payable for the quarter ended 31 March 2016.

On 19 July 2016, the Company issued 137,370 Ordinary Shares of no par value to the Investment Adviser, in relation to fees payable for the period ended 30 June 2016.

As at 30 September 2016, the Investment Adviser held 450,948 Ordinary Shares in the Company (31 March 2016: 188,090 Ordinary Shares).

As at 30 September 2016, the members of the Investment Adviser's founding team held an aggregate of 670,215 Ordinary Shares, which is 0.22% of the issued share capital (31 March 2016: 670,215 Ordinary Shares, 0.22% of the issued share capital).

Notes to the Unaudited Condensed Interim Financial Statements (continued)

For the period from 1 April 2016 to 30 September 2016

9. Related Parties and Other Material Contracts (continued)

Other Material Contracts (continued)

Investment Adviser (continued)

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

Investment Manager

International Fund Management Limited (the "Investment Manager") is entitled to receive a management fee for AIFM services which shall be calculated and accrue monthly at a rate equivalent to 0.064% of the NAV per annum for the period ending 1 May 2016 and on the following sliding scale thereafter:

- 0.075% of NAV per annum up to a NAV of £200 million;
- 0.05% of NAV per annum from a NAV of £200 million to £400 million;
- 0.04% of NAV per annum above a NAV of £400 million.

The management fee is subject to an annualised minimum of £80,000 applied on a monthly basis. The management fees are calculated without regard to VAT. If there is any VAT payable on the fees then this shall be added to the fee amount. The minimum investment management fee will be subject to an annual review on 1 May of each year. The investment management fees are payable monthly in arrears. During the period, the Investment Manager has also received a fee of £7,500 for services rendered in connection with the launch of C shares in June 2016. The Investment Manager will also receive ongoing fees in relation to services offered for the provision of AIFM services.

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

As at 30 September 2016, the Investment Manager held an aggregate of 50,000 Ordinary Shares, which is 0.02% of the issued share capital. (31 March 2016: 50,000 Ordinary Shares, 0.02% of the issued share capital).

Administrator

Praxis Fund Services Limited (the "Administrator") is entitled to receive a fee for its services based on the following sliding scale:

- 0.07% of NAV per annum (discounted to 0.06% of NAV for the one year period from the date of the Company's inaugural board meeting) up to a NAV of £300 million;
- 0.05% of NAV from a NAV of £300 million to £400 million;
- 0.04% of NAV above a NAV of £400 million.

The administration fee may be varied by agreement between the parties and is subject to a minimum annual fee of £65,000 and a fee for company secretarial services based on time costs. During the period, the Administrator has also received a fee of £16,500 for services rendered in connection with the preparation of pre-launch documentation and other services rendered in connection with the launch of C shares in June 2016.

Subsidiary Administrator

TMF Luxembourg S.A. (the "Subsidiary Administrator") is entitled to receive an annual fee of €24,000 and, in addition, a fee for NAV reconciliation and reporting services based on time costs but capped at €6,000 per annum.

Custodian

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

Cash Portfolio Manager

PraxisIFM Treasury Services Limited ('PTSL') provides cash management services to the Company in respect of uninvested cash, for which it receives a fee of up to 0.1% of the cash balances managed, depending on the interest rate obtained. As at 30 September 2016, the cash managed by PTSL is subject to a fee of 0.1% of the cash balance under their management. PTSL has agreed that it will rebate to the Investment Manager 40% of any such fees it receives from the Company.

Notes to the Unaudited Condensed Interim Financial Statements (continued)

For the period from 1 April 2016 to 30 September 2016

9. Related Parties and Other Material Contracts (continued)

Other Material Contracts (continued)

The amounts charged for the above-mentioned fees during the period ended 30 September 2016 and outstanding at 30 September 2016 are as follows:

	Charge for the period from 1 April 2016 to 30 September 2016	Amounts outstanding at 30 September 2016	Charge for the period from 30 December 2014 (date of incorporation) to 30 September 2015	Amounts outstanding at 31 March 2016
	£	£	£	£
Investment advisory fee	1,479,336	893,962	354,123	510,076
Investment management fee	122,341	23,146	53,995	15,004
Administration fee	163,888	30,012	83,392	26,968
Directors' fees and expenses	86,750	–	110,600	–
Sub-administration fee*	19,915	8,555	21,501	–
Fees payable to the Custodian**	113,175	81,684	56,006	16,987

* Expense incurred in the Subsidiary

** Expense incurred in both the Company and the Subsidiary

Overdraft and loan facilities

On 15 February 2016 the Company entered into an overdraft facility with the Royal Bank of Scotland International Limited with a limit of £1,500,000. At the period end date, this facility had not been utilised.

Subsequent to the period end, on 17 October 2016, the Company executed an 18-month £40 million secured loan with JP Morgan Chase Bank, London Branch. The proceeds of the loan are to be used in or towards the making of investments in accordance with the Company's investment policy. Interest on the loan is charged at a rate of LIBOR plus 2.5% per annum. There are no upfront fees or commitment fees payable on the loan, however a fee is payable upon early prepayment.

10. Share Capital

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

The 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.

Notes to the Unaudited Condensed Interim Financial Statements (continued)

For the period from 1 April 2016 to 30 September 2016

10. Share Capital (continued)

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.

Issued Share Capital

Ordinary and C Shares

	30 September 2016		31 March 2016	
	C shares Number	Ordinary shares Number	C shares Number	Ordinary shares Number
Share Capital at the beginning of the period	–	302,548,728	–	–
Share Capital issued and fully paid	175,171,834	262,858	146,887,513	150,152,934
Converted from C to Ordinary Shares	–	–	(146,887,513)	152,395,794
Total Share Capital at the end of the period	**175,171,834**	**302,811,586**	**–**	**302,548,728**

	30 September 2016		31 March 2016	
	C shares £	Ordinary shares £	C shares £	Ordinary shares £
Share Capital at the beginning of the period	–	291,136,398	–	–
Share Capital issued and fully paid	175,171,834	274,662	146,887,599	150,155,871
Share issue costs	(2,959,342)	–	(2,937,072)	(2,970,000)
Converted to Ordinary Shares	–	–	(143,950,527)	143,950,527
Total Share Capital at the end of the period	**172,212,492**	**291,411,060**	**–**	**291,136,398**

On 10 June 2016, the Company raised net proceeds of £172,212,492 million through an Open Offer, Placing and Offer for Subscription of C Shares.

A total of 175,171,834 C Shares were issued, of which 45,297,256 C Shares were issued pursuant to the Open Offer (including the Excess Application Facility) and 129,874,578 C Shares were issued pursuant to the Placing and the Offer for Subscription. Subsequent to the period end, these C Shares were converted to 172,404,119 Ordinary Shares using a conversion ratio of 0.9842 Ordinary Shares for every one C Share.

11. Basic and Diluted Earnings/(Loss) Per Share

	For the period from 1 April 2016 to 30 September 2016	For the period from 30 December 2014 (date of incorporation) to 30 September 2015
Ordinary Shares		
Profit/(loss) for the financial period	**£18,424,291**	**£(1,226,221)**
Weighted average number of Shares	**302,715,299**	**150,014,547**
Basic and diluted earnings/(loss) per Share	**6.09p**	**(0.82)p**
C Shares		
Profit for the financial period	**£1,569,421**	**–**
Weighted average number of Shares	**107,208,991**	**–**
Basic and diluted earnings per Share	**1.46p**	**–**

The weighted average number of Ordinary and C Shares as at 30 September 2016 is based on the number of Ordinary and C Shares in issue during the period under review, as detailed in note 10.

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

Notes to the Unaudited Condensed Interim Financial Statements (continued)

For the period from 1 April 2016 to 30 September 2016

12. Subsequent Events

On 17 October 2016, the Company executed an 18-month £40 million secured loan with JP Morgan Chase Bank, London Branch ("JP Morgan"). The proceeds of the loan are to be used in or towards the making of investments in accordance with the Company's investment policy.

On 18 October 2016 the Company declared an interim dividend of 1.5p per Ordinary Share in respect of the quarter ended 30 September 2016. The dividend will be paid on 25 November 2016.

On 18 October 2016 the Company declared an interim dividend of 1.0p per C Share in respect of the quarter ended 30 September 2016. The dividend will be paid on 25 November 2016.

On 18 October 2016 the Company issued 196,908 Ordinary Shares to the Investment Adviser at an issue price of £1.1350 per Share, in relation to fees payable for the quarter ended 30 September 2016.

On 18 October 2016 the Company announced that the ratio for the conversion of the Company's C Shares to Ordinary Shares was 0.9842 Ordinary Shares for every one C Share. Accordingly, applications have been made for 172,404,119 Ordinary Shares to be admitted to the Premium Segment of the Official List and to trading on the Main Market of the London Stock Exchange on 1 November 2016.

On 26 October 2016 the Company announced that it intended to raise gross proceeds in excess of £40 million through a placing of new Ordinary Shares under the Placing Programme, as described in the Company's prospectus published on 6 May 2016. The issue price of the Shares, which will be accretive to NAV, will be announced on or around 22 November 2016.

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

Officers and Advisers

Directors
Robert Jennings, CBE (Non-executive Chairman)
Jan Pethick (Non-executive Director)
Jon Bridel (Non-executive Director)
Sandra Platts (Non-executive Director)

Investment Adviser
Sequoia Investment Management Company Limited
11-13 Market Place
London W1W 8AH

Investment Manager
International Fund Management Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 1GR

Administrator and Secretary
Praxis Fund Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 1GR

Subsidiary Administrator
TMF Luxembourg S.A.
46A, Avenue JF Kennedy
L-1855 Luxembourg

Valuation Agent
Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

Legal Adviser (as to Guernsey Law)
Ogier
Redwood House
St Julian's Avenue
St Peter Port
Guernsey GY1 1WA

Legal Adviser (as to UK Law)
Jones Day
21 Tudor Street
London EC4Y 0DJ

Registered Office
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 1GR

Auditor
KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St Peter Port
Guernsey GY1 1WR

Broker
Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

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

Depositary
Bank of New York Mellon SA/NV
Niederlassung Frankfurt am Main
Friedrich-Ebert-Anlage 49
60327 Frankfurt am Main
Germany

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

Cash Portfolio Manager
PraxisIFM Treasury Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 1GR

Appendix – Supplemental Non-GAAP Information

The Board has provided the following supplemental non-GAAP information, which presents the Group's results for the period and financial position at the end of the period on a consolidated basis, as they consider that this information may be of interest to some Shareholders. This information is unaudited and, whilst it reconciles fully to the Unaudited Condensed Statement of Comprehensive Income and Unaudited Condensed Statement of Financial Position on pages 12 and 14 respectively, it does not form part of the Unaudited Condensed Financial Statements.

Appendix – Supplemental Non-GAAP Information (continued)

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

For the period from 1 April 2016 to 30 September 2016

	For the period from 1 April 2016 to 30 September 2016 £	For the period from 30 December 2014 (date of incorporation) to 30 September 2015 £
Revenue		
Net gains/(losses) on non-derivative financial assets at fair value through profit or loss	28,738,356	(2,804,609)
Net losses on derivative financial assets at fair value through profit or loss	(19,247,542)	(80,563)
Investment income	10,838,969	2,477,432
Net foreign exchange gain	1,894,444	20,486
Other income	91,955	51,683
Total revenue	**22,316,182**	**(335,571)**
Expenses		
Investment Adviser fees	1,479,336	354,123
Investment Manager fees	122,341	53,995
Directors' fees and expenses	86,750	110,600
Administration fees	183,803	104,893
Audit and related fees	59,368	27,506
Broker fees	–	29,851
Valuation fees	95,131	47,135
Legal and professional fees	48,532	11,915
Custodian and paying agent fees	113,175	–
Listing and regulatory fees	33,465	–
Other expenses	100,569	150,632
Total operating expenses	**2,322,470**	**890,650**
Total comprehensive income/(loss) for the period	**19,993,712**	**(1,226,221)**

Appendix – Supplemental Non-GAAP Information (continued)

Unaudited Condensed Consolidated Interim Statement of Financial Position

At 30 September 2016

	30 September 2016 (unaudited) £	31 March 2016 (audited) £
Assets		
Non-derivative financial assets at fair value through profit or loss	429,167,631	270,253,022
Cash and cash equivalents	59,147,879	28,056,669
Trade and other receivables	4,907,117	3,034,936
Derivative financial assets at fair value through profit or loss	287,808	335,134
Total assets	**493,510,435**	**301,679,761**
Liabilities		
Trade and other payables	1,205,234	773,013
Derivatives financial liabilities at fair value through profit or loss	11,796,999	3,801,068
Total liabilities	**13,002,233**	**4,574,081**
Net assets	**480,508,202**	**297,105,680**
Equity		
Share capital	463,623,552	291,136,398
Retained earnings	16,884,650	5,969,282
Total equity	**480,508,202**	**297,105,680**