



10-Year  
Anniversary

# Annual Report and Accounts 2025

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

- Diversified portfolio of 59 investments across 8 sectors, 29 sub-sectors and 10 mature jurisdictions
  - 91% of investments in private debt (2024: 97%)
  - 59% fixed-rate investments (2024: 58%), locking in current interest rates
  - Short weighted average life of 3.4 years (2024: 3.9 years), creating reinvestment opportunities
  - Weighted average equity cushion<sup>1</sup> of 39% (2024: 38%)
- Annualised portfolio yield-to-maturity<sup>1</sup> of 9.9% (2024: 10.0%) as at 31 March 2025
- NAV total return<sup>1</sup> of 6.1% (2024: 8.1%) in the year
- Share price total return<sup>1</sup> of 5.3% (2024: 9.6%) in the year
- Ongoing charges ratio<sup>1</sup> of 0.92% (2024: 0.95%) (calculated in accordance with AIC guidance)
- Dividends totalling 6.875p per Ordinary Share (2024: 6.875p) paid in respect of the year in line with annual dividend targets in place
- Dividend cash cover<sup>1</sup> of 1.00x (2024: 1.06x)
- ESG score of the portfolio increased to 64.70<sup>Δ</sup> (2024: 62.77)

1. See Appendix for Alternative Performance Measures ("APMs")

2. Cum dividend

3. Includes the dividend paid in May 2025 in respect of the quarter ended 31 March 2025 and excludes the dividend paid in May 2024 in respect of the quarter ended 31 March 2024 (2024: includes the dividend paid in May 2024 in respect of the quarter ended 31 March 2024 and excludes the dividend paid in May 2023 in respect of the quarter ended 31 March 2023)

Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2025 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/)

## £1.44bn

Total net assets  
(31 March 2024: **£1.52bn**)

## £92.55p

Net asset value ("NAV") per Ordinary Share<sup>1,2</sup>  
(31 March 2024: **£93.77p**)

## £78.30p

Ordinary Share price<sup>2</sup>  
(31 March 2024: **£81.10p**)

## (15.4)%

Ordinary Share discount to NAV<sup>1</sup>  
(31 March 2024: **(13.5)%**)

## £1.22bn

Market capitalisation  
(31 March 2024: **£1.32bn**)

## 64.70<sup>Δ</sup>

ESG score of the portfolio  
(31 March 2024: **62.77**)

## £5.04p

Earnings per share  
(31 March 2024: **£6.58p**)

## 6.875p

Dividends paid in respect of the year<sup>3</sup>  
(31 March 2024: **£6.875p**)

## 8.8%

Annualised dividend yield<sup>1</sup>  
(31 March 2024: **8.3%**)

## ► USD66m

Invested

### ► Tracy Hills

Since 2017, SEQI has invested a net total of USD66 million through a senior secured term loan and a revolving credit facility to Tracy Hills, a master-planned residential community in Northern California. The financing supported critical infrastructure such as roads, water and wastewater systems, enabling the phased delivery of thousands of homes in a high-demand region.





# Objectives and policies

## Principal activity

Sequoia Economic Infrastructure Income Fund Limited (the “Company” or “SEQI”) invests in a diversified portfolio of senior and subordinated economic infrastructure debt investments through Sequoia IDF Asset Holdings S.A. (the “Luxembourg Subsidiary”), Yotta BidCo Limited and Gadwall Holdings Limited (the “UK Subsidiaries”) (all together the “Fund”). The Company controls the Subsidiaries through holdings of 100% of their shares. The Company’s investment in the Subsidiaries is principally achieved through the acquisition of Variable Funding Notes (“VFNs”) issued by the Luxembourg Subsidiary. For further details of the structure of the group, please refer to note 1 on page 77.

## 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, in accordance with 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 only invest directly or indirectly 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 & Poors 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 sub-sector to represent more than 15% of total assets, other than a major sub-sector (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;
- 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, which the Board reviews regularly and ensures is kept up to date. The policy describes the Company’s sustainability principles that underpin its approach and the Fund’s three corresponding sustainability goals that it measures and reports its progress against.

It also details how sustainability 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/](http://www.seqi.fund/sustainability/publications/).

## Dividend policy

The Company’s dividend policy is to pay dividends in accordance with its annual dividend target. The annual dividend target is 6.875p (2024: 6.875p). Accordingly, in the absence of any significant restricting factors, the Board believes the current dividend totalling 6.875p per Ordinary Share per annum can and will be maintained. The Company pays dividends on a quarterly basis.

For further details, please see note 4 to the Financial Statements.

▶ £18m

Invested

▶ 34

Locations in the UK

## ▶ Welcome Break

In 2017, SEQI invested £18 million in mezzanine debt to Welcome Break, one of the three main Motorway Service Area (“MSA”) operators in the UK, with 34 locations situated along the most profitable stretches of the UK motorway network.

The investment was repaid in full in 2019.





# SEQI's 10-year anniversary

The chart shows the growth of cumulative dividends over time





# Our story in numbers

## What we helped power

Over the past decade, we participated in the financing of 21.5 GW of power generation capacity across North America, the UK, and Europe.

To put this into context, the UK's electricity consumption in 2023 was approximately 315 TWh or the equivalent of 34.2 GW facilities running at full capacity for the year. On that basis, the assets we helped finance could have supplied around 60% of the UK's power demand.

While we are not the sole lender in most cases, and some assets are not designed for continuous full-load operation, we believe it remains that we have made a noteworthy contribution to the provision and upkeep of energy security.

Our credit investments supported the construction, acquisition, and operation of over 25 major generation facilities, including high-efficiency combined cycle gas turbines (CCGTs), cogeneration units, and peaker plants – critical infrastructure underpinning system reliability during the energy transition.

See the "Energy Security and Resilience" section for more on our contribution to energy reliability during the transition.

### Highlights

# 21.5GW

of power generation capacity across North America, the UK, and Europe

# 315TWh

UK's electricity consumption in 2023

### Technologies financed

Combined Cycle Gas Turbines (CCGTs)

Steam and Dual-Fuel Plants

Cogeneration (CHP)

Peaker plants

### Geographies active

ERCOT, PJM, NYISO, ISO-NE, CAISO

Ontario

Ireland & Spain

## What we helped store

One of the reasons behind surging demand for power infrastructure is the dramatic growth in data centre development, driven by the computing needs of artificial intelligence, cloud adoption, and the shift to digital-first services. In response, we have provided financing for the construction, expansion, or refinancing of 39 individual data centres, providing over 348 MW of data centre capacity, across both established and emerging digital hubs in Europe and North America. These assets include high-density hyperscale centres fully leased to Tier 1 tenants, as well as edge and regional platforms delivering hybrid-cloud services to small and mid-size companies.

The digital capacity we've helped finance could house the compute equivalent of millions of consumer devices – powering everything from generative AI model training and real-time financial transactions to remote work and video conferencing across global enterprise users.

### Highlights

# 348MW

of total capacity across US & Europe

# 39

data centre sites across Europe and North America

# Strong

sponsor backing

## What we helped connect

Just as data centres require high-capacity fibre connectivity to function, so too does the broader economy. Over the life of the Company, we have helped deliver next-generation fibre infrastructure to more than 2 million premises across the UK and the United States including large cities and underserved regional communities – enabling wider access to the continuously expanding digital world.

This infrastructure now delivers gigabit-capable, symmetrical fibre to the premises ("FTTP") connectivity to homes, small businesses, and public institutions. These networks also support wholesale access to major telecom operators, providing the platform for competitive, future-proof broadband markets.

The fibre networks we have helped finance could provide high-speed broadband to nearly 1 in 13 UK premises – roughly equivalent to every household in Greater Manchester, Birmingham, and Edinburgh combined.

In addition to terrestrial fibre, we took part in the construction financing of a 14,000-kilometre transoceanic subsea cable system, now delivering high-capacity, low-latency connectivity between major international internet gateways. This system supports global cloud, enterprise, and research connectivity across the Pacific.

### Highlights

# ~2m

premises provided with FTTP

# 14,000km

subsea fibre cable delivered

# Gigabit-capable

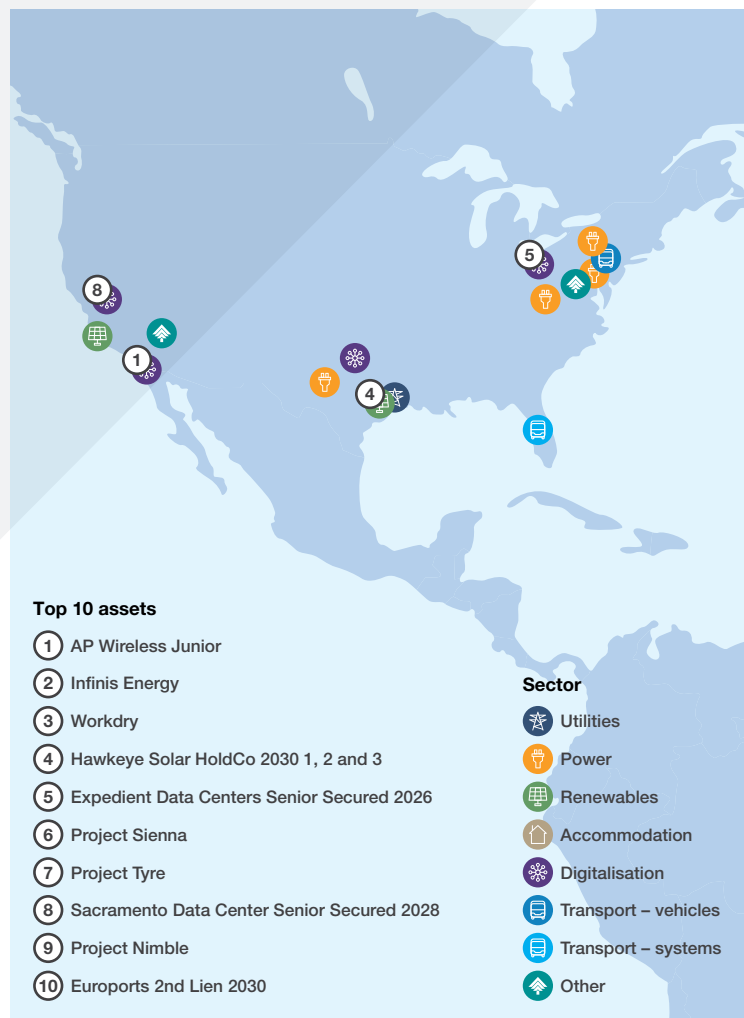
symmetrical broadband deployed



# At a glance

Fund NAV values are reported as at calendar year end.

## North America



## UK and Europe



SEI targets mature, investment-grade jurisdictions, including the UK, Western Europe, North America and Australasia, ensuring strong geographic diversity and access to resilient, high-quality infrastructure credit.



# Why invest?

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 ("SIMCo").

A focus on regular, stable income with opportunity for NAV upside. SEQI has provided investors with 10 years of quarterly income, consistently meeting its dividend targets from stable portfolio cash flows.

**92.55p**  
NAV per share

**8.8%**  
Dividend yield

**6.875p**  
Target annual dividend per share

**£1.44bn**  
Total net assets

## Infrastructure credit market resilience

1.



SEQI's infrastructure credit investments target resilient, non-cyclical, long-term cash flows from essential services and evolving sectors, offering strong real asset backing and returns distinct from broader corporate credit markets.

[Find out more](#)

## Access to investment expertise

2.



SEQI benefits from a dedicated infrastructure credit manager, offering deep international expertise in private, illiquid markets and a strong track record of attractive returns for investors.

[Find out more](#)

## Portfolio diversification

3.



SEQI's actively managed, globally diversified portfolio spans sectors, geographies and credit structures, offering time-based and thematic diversification while providing compelling risk-adjusted returns across varying market conditions.

[Find out more](#)

## Transparency and liquidity

4.



SEQI, the largest credit fund on the LSE, provides leading transparency, monthly NAV reporting, FTSE 250 membership, broad investor support, regular analyst coverage and ongoing share liquidity.

[Find out more](#)

## Sustainability goals

5.



SEQI, an EU SFDR Article 8 fund, actively drives ESG improvement across its portfolio, combining internal expertise and third-party analysis – earning SIMCo a global award for best ESG infrastructure investment strategy for 2022.

[Find out more](#)





# Chair's statement



“

We operate in challenging times, but believe lending to infrastructure projects remains a robust, differentiated strategy that can deliver strong risk-adjusted returns for investors.

**James Stewart**  
Chair

“The diversification and the credit quality of the portfolio will stand us in good stead and we remain confident we will be able to meet our target returns.”

It is my pleasure to present to you the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 March 2025.

The Fund's diversified infrastructure debt portfolio continues to demonstrate its resilience by generating significant levels of cash in the face of a challenging market environment and volatile macro-economic backdrop.

The Company's underlying investment portfolio has had a steady year, delivering a NAV total return of 6.1%, slightly below its target of 7-8%. The Board remains confident in the investment qualities of the infrastructure sector and infrastructure debt as an asset class. We have successfully deployed capital in accordance with our strategy of maintaining portfolio diversification and credit quality by continuing to target loan yields of 9-10%.

## NAV and share price performance

Over the financial year, the Company's NAV per Ordinary Share<sup>1</sup> declined from 93.77p to 92.55p, after paying dividends of 6.875p, producing a NAV total return<sup>1</sup> of 6.1% (2024: 8.1%), compared to our target return of 7-8%.

The change in the NAV has been largely driven by interest income during the year (8.17p per Ordinary Share) and offset by dividends (6.875p per Ordinary Share), operating costs (1.59p per Ordinary Share) and negative valuation changes (1.45p per Ordinary Share). The share buyback programme delivered a positive NAV gain of 0.70p per Ordinary Share over the year. The negative valuation movement is primarily due to a 1.45p per Ordinary Share write-down of one of our non-performing loans. Our Investment Adviser, Sequoia Investment Management Company Limited (“SIMCo”), discusses these movements in more detail in its report.

Our portfolio underperformed the liquid credit markets this year, with leveraged loans and high yield bonds generating total returns of 7.5% and 7.8% respectively. We believe that this largely reflects the rapid collapse in lending rates in those markets, which has boosted the value of older loans and bonds written in the past (since they are at old and higher lending rates), even while new loans in those markets became less attractive. For example, the average BB-rated leveraged loan interest rate (on new loans) fell from SOFR+2.99% to SOFR+2.66% over the course of the financial year; meanwhile the price of the average leveraged loan decreased from 99.6% to 99.3% over the same period.

## Capital allocation

During the financial year, the Company has maintained a balanced approach to capital allocation, by returning £55.9 million to Shareholders through its share buyback programme, extending £328 million of new loans (including some commitments entered into but not fully drawn by year end) and enhancing diversification across the portfolio. These new investments were predominantly senior secured loans (representing 83% of the total) in Europe and the UK (collectively 72% of the total), and were well diversified, being spread across six of the Company's eight investment sectors.

These new loans were largely financed by the natural recycling of maturing loans, but we have also allowed our revolving credit facility (“RCF”) to be moderately utilised, with year-end leverage of £56.9 million (representing 4% of NAV). We considered that this amount of leverage was acceptable and consistent with our long-standing strategy of having no structural leverage while endeavouring to remain fully invested. We have very good visibility on loans scheduled for repayment in the near term, and therefore the drawings on the RCF can be repaid if necessary.

The Board believes that, looking to the future, it is important for the Company to continue making new investments in a balanced manner to maintain an active presence in the infrastructure debt market. This will continue to enhance access to high-quality transactions alongside reputable sponsors.

1. See Appendix for Alternative Performance Measures (“APMs”)

# Chair's statement continued

## Share price performance and the ongoing discount

The market environment has remained challenging for all investment companies, and in particular the alternatives sector, where most of the companies' shares are continuing to trade at a significant discount to NAV. Across the infrastructure, renewable energy and debt sectors of investment trusts – which includes 40 different trusts with a combined market capitalisation of £23 billion (as at our year end) – the average discount has increased from 20.6% at the start of the financial year to 22.0% at the end. Over the course of the year, SEQI's share price discount to NAV increased from 13.5% to 15.4%. The Company's share price fell over the year, from 81.10p to 78.30p with a share price total return of 5.3% (2024: 9.6%), once dividends are taken into account. Share performance is discussed in more detail in the Investment Adviser's report.

While emphasising we are not complacent with the level of our discount, we are pleased that our discount is towards the narrow end of the market range, and has been one of the least volatile in the sector. Reducing (and eventually eliminating) the discount remains a key strategic objective of the Board. To help achieve this, we have:

- an active buyback programme, with 70.4 million shares; £55.9 million (2024: £88.2 million) repurchased over the financial year and 213.2 million shares repurchased since the beginning of the programme;
- a continuing active dialogue with investors and a philosophy of open and transparent dissemination of information with considerable investment in online content on the Fund's website and monthly investor reporting;

- worked with other investment companies (especially in the alternatives sector) to address the ongoing "cost disclosure" problem, which has led to companies like ours being unfairly treated when compared with other types of investment structures;
- appointed a second Broker, J.P. Morgan Cazenove, to complement the services offered by Jefferies and help us execute our marketing and investor engagement strategy, particularly overseas; and
- an ongoing programme, working with the Investment Adviser and our joint Brokers, to market the Ordinary Shares to a wider audience, with the goal of attracting new investors. We also extended the mandate of Kepler Trust Intelligence to help increase our engagement with retail investors.

The ongoing share purchases by the Directors of the Company and the directors of the Investment Adviser reflect our shared conviction in the investment case and the value provided by the current share price. In total, 62,059 (2024: 122,656) Ordinary Shares were bought by these parties during the financial year. In addition, the Investment Adviser bought 1,235,468 (2024: 1,272,199) Ordinary Shares during the financial year. None of these parties sold any shares in the year, bringing their aggregate investment in the Company to 8,092,121 Ordinary Shares.

### Dividend

Our dividend of 6.875p per Ordinary Share remains cash covered at 1.00x (2024: 1.06x). The level of cash cover is lower than the previous year, due in part to "cash drag", referring to cash held over the year reducing the Fund's level of investment income and less capitalised interest received.

The repayment of capitalised interest is an essential component of the Company's cash cover. However, given that its timing is tied to the eventual repayment or sale of the Company's assets, it is unevenly distributed over the life of the Company, which can result in fluctuations in the dividend cash cover. This also affected this year's cash cover.

In addition, the share buybacks, while being accretive to NAV, free up less cash than cash generated by extending new loans.

The Board has also considered the ratio of dividends per share to earnings per share, which is 137% (2024: 105%). While a ratio of more than 100% is undesirable, it does not imply that the dividend is unsustainable, as the ratio is driven in part by unrealised mark-to-market adjustments in the carrying value of performing loans – this type of price adjustment does not affect the long-term income-generating ability of those loans. Moreover, the ratio does not reflect the NAV benefits of the share buyback, which creates capital value in an economic sense, but this is not captured in earnings per share.

Paying a stable, attractive and covered dividend is an important part of the Company's value proposition to investors. The Board believes that the current level can and will be maintained. However, the Board is mindful of the increased risk environment and the fact that interest rates are forecast to fall, and so will keep the level of dividend under review to ensure that it remains affordable and sustainable.

### Portfolio performance

Our investment strategy over the financial year has been to maintain portfolio credit quality and diversification, while targeting a portfolio yield of 9-10%.

- Credit quality has improved on a number of metrics: the proportion of the portfolio invested in senior secured loans rose from 58.6% to 59.9%; the weighted average "equity cushion"<sup>1</sup> (being the average amount of equity capital in the businesses that we lend to, expressed as a percentage of their total capital) rose from 38% to 39%.
- Diversification has been maintained: the overall number of investments increased from 55 to 59, covering eight sectors and 29 sub-sectors.
- Yield has been maintained: our portfolio's weighted average yield-to-maturity, which measures both the income and future capital gains, fell slightly from 10.0% to 9.8% – a significantly smaller fall than for UK base rates, reflecting the high proportion of fixed-rate loans in the portfolio and the impact of the interest rate hedging strategy we undertook to protect the Company from falling interest rates.

During the year, SEQI committed £328 million to new loans, contributing to a more balanced sector and geographic mix, as well as a more defensive positioning through a slightly higher proportion of senior-ranked loans.

We have made progress on our non-performing loans ("NPLs"), which now represent only 1.0% of our NAV compared to 5.4% last year. We no longer classify our loan to Bulb Energy as an NPL as we expect to receive back in full the amount lent (including accrued interest). During the year we also sold our loan backed by a property in Glasgow (originally student accommodation but re-purposed as a hotel). This position has been fully exited, although we retain the right to an "earn out" payment based on the future performance of the asset. Shortly before the year end, we received the final, residual payment on the Salt Lake investment in Australia.

1. See Appendix for Alternative Performance Measures ("APMs")



# Chair's statement continued

## Portfolio performance continued

Our remaining two NPLs comprise a loan backed by a property in Washington DC that was previously leased to a school (representing 0.4% of NAV) and a municipal infrastructure loan (representing 0.6% of NAV). The valuations for both loans have been written down during the year and reflect a prudent view on the possible outcomes. The Investment Adviser continues to work diligently to realise value from these investments. We will update our investors as and when we are able to. NPLs are discussed in more detail in the Investment Adviser's report.

The Investment Adviser closely monitors each and every loan within the portfolio. The Board reviews the portfolio at each quarterly Board meeting and, in addition, undertakes a more detailed review semi-annually. When necessary, loans are also subject to further and enhanced scrutiny by our Investment Adviser. As at year end, approximately 15.0% of our portfolio (including the NPLs mentioned above) was receiving enhanced scrutiny. This compares to 15.5% at the time of the Interim Financial Statements and 12.0% at the prior year end. The Board has closely reviewed these positions and is comfortable that their current marks fairly reflect the current value.

SEQL adopts a robust, independent approach to calculating the NAV of its portfolio: our approach is to calculate and publish a monthly NAV report that investors can have great confidence in. Monthly reviews are more frequent than many of our peers in the listed fund sector (in particular for alternative investments) and additionally, the marks are independently reviewed every month by our valuation agent PricewaterhouseCoopers LLP ("PwC") and audited annually by our independent Auditor, Grant Thornton.

Valuations of performing loans are fundamentally simpler than valuations of equity investments. For a performing loan, the cash flows are typically known, as they are supported by contractual commitments. The assessment that is required is limited to applying the appropriate discount rate, for which there are many publicly available reference points, such as sector-specific leveraged loan indices. By contrast, for equity investments, both the future cash flows and the discount rate need to be assessed. In summary, our NAV is calculated more frequently, more objectively and in a more straightforward manner than many other funds in our sector.

## The first 10 years of the Company's life

The Company celebrated its 10th anniversary of listing on 3 March 2025, and this is a good opportunity to look back and reflect on what has been achieved.

The IPO itself was for a moderate size of £150 million. What made the Company stand out was our clearly defined and differentiated investment strategy – providing a diversified portfolio of private debt, backed by economic infrastructure, in developed markets. There remains no other fund like us, and therefore we consider that we provide our Shareholders with a risk-return proposition that they cannot easily get elsewhere. This has enabled us to grow the Company through 10 subsequent capital raises to being a FTSE 250 company today.

Of course, having a strategy is one thing; being able to execute it is another. The Investment Adviser has carefully built our portfolio based on deep due diligence of the underlying businesses that we lend to, reflecting the risks and opportunities in the markets at the time. We have been careful to avoid "mission creep".

This methodical approach has led to a strong credit performance and low credit losses through turbulent times: the COVID-19 lockdowns and their economic consequences; geopolitical events; Brexit; an energy crisis in Europe; very low interest rates followed by a rapid escalation in rates; and a period of the highest inflation for 40 years. It is through this turmoil that one of the main attractions of infrastructure debt becomes clear: its ability to weather the storm.

Another important part of our strategy has been engagement with our Shareholders. We have adopted a policy of high levels of disclosure through our website and factsheets and other forms of investor reporting. We have listened to Shareholders and adopted our approach to reflect what is important to them: we were an early integrator of sustainability factors into our investment process and reporting; we have been able to increase our dividend over time; and we were one of the first listed alternatives funds to start buying back shares as discounts in the sector started to emerge.

## Sustainability

In a year marked by global uncertainty and intensifying scrutiny of sustainability, SEQL remains committed to integrating material sustainability considerations into its investment approach. We believe it is the right thing to do and it is an integral part of full and proper risk assessment of long-term credit performance. We recognise the essential role infrastructure will play in enabling a more sustainable future, and whilst SEQL is not an impact fund, many of the assets it finances – across renewables, transport, digital and essential services for example – are supportive of the climate transition and building resilient, future-proofed economies.

With this in mind, the Fund has continued to make progress on the sustainability of its own operations. This year we introduced a stand-alone Governance Policy, which details the Company's governance structures, policies and oversight as well as the Fund's approach to assessing good governance at borrowers. Sustainability factors at portfolio level are thoroughly assessed using SIMCo's sustainability framework and methodology. KPMG have again provided independent assurance over all three components of SEQL's sustainability integration processes: negative screening, thematic investing and the portfolio's average ESG score<sup>Δ</sup>.

This year also saw the weighted average ESG score increasing to 64.70<sup>Δ</sup>, largely driven by judicious acquisitions and active engagement work throughout the year. Our efforts in borrower engagement are illustrated by a market-leading response rate to our annual sustainability questionnaire – 93% of portfolio companies completed this on an almost entirely voluntary basis. In addition, sustainability-linked covenants are now in place across eight projects in the portfolio, the highest it has ever been. This reflects our growing influence and the strong relationships SIMCo has built with our borrowers' management teams. It is this kind of impactful work that contributed to SIMCo's Sustainability Manager being recognised with two industry accolades this year. Similarly, our Shareholder engagement also intensified this year with SEQL hosting an inaugural ESG event, at which investors gathered for a breakfast roundtable to discuss common ESG challenges and key emerging themes and opportunities.

Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2025 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/)

# Chair's statement continued

## Sustainability continued

This year also marks a milestone in our climate reporting journey. For the first time, SEQI is able to disclose emissions data for the Company and the portfolio is in alignment with all recommendations of the TCFD framework, as it onboarded Altitude by AXA Climate to assist with sourcing emissions estimates and analysis of assets under different climate scenarios. This enhanced capability will support deeper climate risk analysis and strengthen our engagement with borrowers on these issues going forward.

As we look ahead, SEQI will continue to monitor the fast-evolving regulatory landscape, including the FCA's Sustainability Disclosure Requirements ("SDR") and the International Sustainability Standards Board's ("ISSB") IFRS Sustainability Disclosure Standards, while exploring how to incorporate nature and biodiversity into our sustainability assessments. Looking back over the 10 years since SEQI's IPO, we are proud of how far we've come on our sustainability journey and remain committed to making sustainability an enduring part of our future strategy.

## Board changes

For the last three years the Board has consisted of five members. Last autumn the Remuneration and Nomination Committee reviewed the make-up of the Board and noted a substantial increase in the workload and responsibilities following changes to reporting standards and the need to maintain more active portfolio oversight and Shareholder engagement in an elevated market risk environment. The Board subsequently decided to recruit an additional Board member.

Following an extensive independent search, I was very pleased to welcome Selina Sagayam to the Board on 1 April 2025.

Until 2024, Selina was Senior Counsel at Gibson, Dunn & Crutcher where she also led the firm's environment, social and governance practice. She has extensive experience as a mergers and acquisitions, corporate governance, financial services and regulatory law adviser. Selina will assume the position of Chair of the ESG and Stakeholder Engagement Committee.

I was very sorry that, following a close family bereavement, Fiona Le Poidevin decided to step down as a Director with effect from 31 March 2025. I am very grateful for all that Fiona contributed to SEQI. Margaret Stephens has taken over as the Chair of the Audit Committee. Margaret is a qualified Chartered Accountant and is an experienced audit committee chair with investment company experience. An external independent search process was undertaken to find a suitable Guernsey-resident non-executive Director to replace Fiona. I look forward to welcoming Nicola Paul to the board on 1 July 2025. Nicola has recently retired as an associate partner of Deloitte and has a strong background in audit and control evaluation, which will assist the Board in complying with future reporting requirements.

I would also like to say thank you to Kate Thurman, one of our Independent Consultants, who has stepped down having supported SEQI over many years.

Profiles of the Board and our Investment Adviser are on pages 44 and 45.

## Outlook

Our investment strategy is to maintain the level of credit quality across the portfolio, whilst targeting a portfolio yield of 9-10%. We are very mindful of the current high level of global uncertainty and the generally challenging economic outlook for many of the countries that we operate in. This is discussed in more detail in the Investment Adviser's report.

We believe that the diversification and the credit quality of the portfolio will stand us in good stead and we will maintain a prudent approach to credit risk in our approach to new investments. One consequence of the heightened market volatility is that lending terms have improved (from the perspective of lenders) since the end of the financial year. This means we remain confident that we will be able to meet our target returns, even if interest rates continue to fall.

Given the high level of global demand for infrastructure capital, our Investment Adviser's pipeline of opportunities remains strong and they are able to adopt a highly selective approach to investment.

We will also continue to monitor our share price closely and, where appropriate, engage in share buybacks. The rate at which we buy back shares will flex depending on various factors, including the level of our share price discount to NAV. The Board is not satisfied with the current share price and our strategic goal remains to eliminate the discount.

Finally, I would like to thank our Shareholders for their continued support. We operate in challenging times, but we believe that lending to infrastructure projects remains a robust, differentiated strategy that can deliver strong risk-adjusted returns for investors.

**James Stewart**  
Chair

24 June 2025

► **USD131m**

Invested

## ► Generation Bridge

Between 2022 and 2024, SEQI provided a total of USD131 million across three senior secured loans to Generation Bridge LLC, a portfolio of US-based peaking power plants. These assets provide critical, flexible capacity to the electricity grid, helping to balance intermittent renewable generation and ensure system reliability during periods of high demand. All three investments have repaid in full.





# Market opportunity

## Principal activity

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. The Fund principally invests in private operational businesses with a proven record and stable cash flows, spread across eight sectors and 29 sub-sectors, reducing exposure to any one sector or business cycle. It aims to capture the illiquidity premium offered by private debt investments, with select exposure to liquid, publicly traded debt being used to help to manage working capital. The majority of the Fund's portfolio consists of bilateral loans and club deals, for which the Investment Adviser negotiated favourable terms for the Fund to enable its risk-adjusted returns.

## Sectors in which we invest



### Utilities



The utility industry includes companies that supply essential services such as the distribution and transmission of electricity, natural gas and water, and their key suppliers. Utilities serve as a public good and often have monopolistic characteristics, and as a result, are typically highly regulated. Utility companies are normally defensive, as the businesses are capital intensive, enjoy very high barriers to entry, and their revenues are resilient through the economic cycle. Utility company revenues are also not normally directly linked to commodity prices.

### Power



In the power sector, the Fund mainly invests in baseload and energy transition assets. Baseload generators such as nuclear power plants sell electricity all of the time. Energy transition assets include "peaker plants" and batteries, which are only expected to supply electricity when electricity demand and/or prices are high and purchase electricity when demand and/or prices are low in the case of batteries. These plants may also receive capacity-related standby payments from grid operators. Energy transition businesses have an intrinsic sustainability strength of facilitating higher levels of renewable energy. Attractive energy assets are characterised by strong asset backing and a high percentage of contracted revenues – the Fund generally targets companies with low exposure to unhedged power prices. All projects are assessed based on their competitive positioning in the merit order curve and must be able to demonstrate solid operational performance.

### Renewables



Over the course of the last decade, renewable energy has grown materially as many governments and investors have accepted the need for sustainable energy sources. Decarbonisation plans continue, despite a global pandemic and an economic recession. The Fund finances a wide range of renewable energy assets including both ground-mounted and rooftop solar and energy from waste projects. Typically, renewable energy businesses benefit from long-term electricity purchase agreements and government support schemes such as Renewable Obligation Certificates ("ROCs") in the UK and Investment Tax Credits ("ITCs") in the US.

### Accommodation



The Fund invests in infrastructure providing social services and accommodation, including student accommodation, healthcare and elderly care. Our main activity in this sector has been specialist healthcare, such as learning disability care homes. Healthcare assets are fundamental to societies and have a non-discretionary demand profile as governments have a statutory duty to provide these services to their citizens. The industry is highly regulated, non-cyclical and has high barriers to entry. The Fund also invests in selective student housing opportunities in countries where there are student housing shortages, such as the Netherlands.

### Digitalisation



The opportunities we are seeing across the digital sector stem from the exponential growth in demand for digital connectivity and data storage and processing. Technological advances, such as AI, the internet of things, and self-driving cars, will continue to provide tailwinds to the sector. The Fund's experience in the sector includes hyperscale data centres with blue-chip tenants, global portfolios of mobile phone towers and an undersea data cable and broadband. Given the essentiality of digitalisation assets, these investments typically exhibit defensive characteristics.

### Transportation



In the transportation sector, the Fund lends to owners of long-term assets such as roads, ports, airports and railways. These benefit from high barriers to entry and may have quasi-monopolistic characteristics. They are well positioned to generate highly predictable revenue streams. In some cases, these revenues are regulated, meaning that they are subject to government oversight and pricing controls to ensure fair and equitable access to transportation services, which provides further comfort around debt serviceability. In the transport assets sector, the Fund finances rolling stock, aircraft and shipping. These types of assets typically have a high replacement cost and a long economic life. In many cases, these assets will be on long-term leases, which provides a high degree of certainty of income.

## Market opportunity continued

### Other

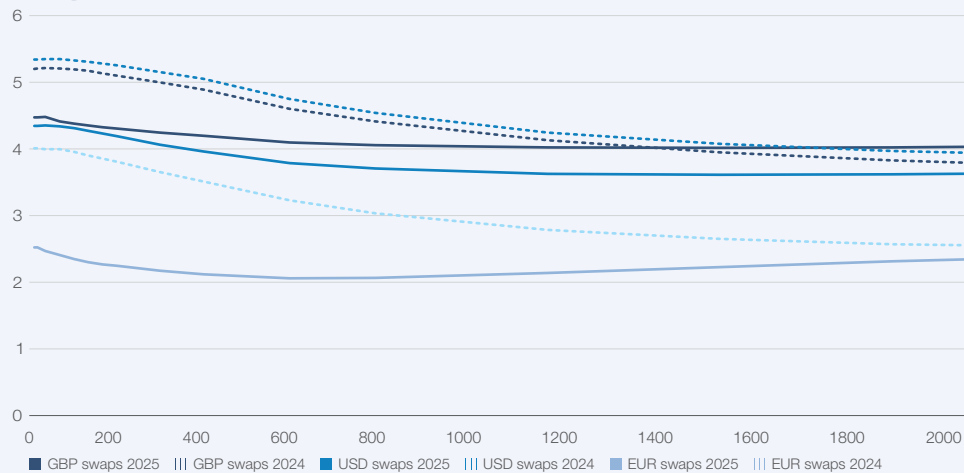
The Fund also makes loans to projects and businesses that fall outside the main economic infrastructure sectors. These investments have characteristics such as providing an essential service, high barriers to entry, physical asset backing and low market correlations. Examples would include infrastructure used in the agricultural sector (such as energy from biomass).

### The market environment during the year

The financial year saw interest rates begin to fall in most markets, especially the Eurozone, as inflation started to return to normal levels. The credit markets had a strong year, with spreads on corporate bonds and leveraged loans tightening over the course of the year. Economic growth remained anaemic in Europe, but the US economy performed much better.

While the year started with some optimism, over the course of the year, and subsequent to the year end, investors became increasingly focused on geopolitical risks and the volatility and uncertainty arising from the actions of the new Trump Administration in the US, especially tariffs. In its report, the Investment Adviser discusses how the Fund has fared and how the investment portfolio is well positioned for some of the challenges and opportunities that investors will face in the future.

### Swap curves (%)



► £67m  
Invested

### Bannister

Between 2019 and 2020, SEQI invested £67 million of senior secured debt to Bannister, a leading provider of long-term supported and residential living facilities for adults with learning disabilities, such as intellectual disability, autism, mental health diagnoses and acquired brain injuries with complex behavioural needs.

The loan was repaid in full in 2022.





# Business model

## Driven by 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 necessary credit analysis and advisory 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.

## Investment process



## Financial outcomes

### Financial

The Company's NAV performance and dividend cover



Pages 18 to 20

### Governance

Details of the Company's governance framework and the activities of the Board during the year



Pages 46 to 63

### Environmental and social

Details of the Company's sustainability strategy and the approach taken in applying its principles to its business activities are described in the sustainability section



Pages 26 to 34

See website for more details

# 6.875p

The Company has paid dividends totalling 6.875p per Ordinary Share (2024: 6.875p) in respect of the financial year, in line with its dividend target at the time.

# £1.42bn

The Fund's investment portfolio was valued at c.£1.42 billion at the year end (2024: £1.38 billion).

# 1.00x

The Company's cash dividend cover<sup>1</sup> for the financial year was 1.00x (2024: 1.06x).

# 6.1%

Total NAV return<sup>1</sup> for the year was 6.1% (2024: 8.1%).

# 5.3%

Total share price return<sup>1</sup> for the year was 5.3% (2024: 9.6%).

1. See Appendix for Alternative Performance Measures ("APMs")

# Business model continued

## Investment process



### Origination

1

- › Identify market opportunities in sectors and jurisdictions with strong credit characteristics and attractive relative pricing
- › Leverage relationships with lending banks and infrastructure owners



### Initial screening

2

- › Eliminate assets unlikely to pass investment approval, including review of sustainability credentials
- › Identify strong credits for inclusion in a shortlist for full analysis



### Detailed credit analysis

3

- › Due diligence and credit assessment
- › Site visits and meetings with management, as appropriate
- › Run proprietary analytical models if applicable
- › Determine risk characteristics and mitigants
- › Ensure no diversification, concentration or other limits are broken
- › Comprehensive sustainability analysis, including preliminary ESG scoring



### Investment approval process

4

- › Full credit memorandum and valuation/yield analysis is provided to the Investment Committee for review
- › A unanimous investment decision is required in order to make the recommendation to the Alternative Investment Fund Manager ("AIFM")
- › Investment Committee minutes and material credit documentation are submitted to the AIFM and, if appropriate, to the Board, prior to AIFM approval and sign-off



### Acquisition and monitoring

5

- › Investment Adviser executes the trade once the recommendation is approved
- › Execution of appropriate currency hedge as necessary
- › All ongoing credit monitoring and updates, including the Investment Committee reviews, are sent to the AIFM
- › Every asset is monitored semi-annually at a minimum, and more frequently when required
- › Semi-annually the Board undertakes a full portfolio review, with a separate session dedicated to focus loans (determined by risk profile), in addition to quarterly Board reviews



### Exit and redeployment

6

- › The asset is exited via repayment or sale
- › Relationship with borrower is maintained for future potential investment opportunities
- › Proceeds are redeployed into new assets or held as liquidity as appropriate

## Risk management

### Credit review framework

Escalation criteria are in place requiring Risk Committee review of investments possessing certain characteristics. AIFM has full discretion to approve or decline investments.

### Risk Committee

The Risk Committee is comprised of independent non-executive Directors. Read more on page 57.

### Independent AIFM Risk Manager

Detailed review of all investment recommendations and material developments with borrowers.

[Read more on pages 38 to 42](#)

## Robust governance

### Effective Board oversight

Details of Board composition, Committee structures and the Company's internal controls and risk management systems are set out in the corporate governance report.

[Read more on pages 46 to 49](#)

### Financial management

Details of the arrangements for ensuring the integrity of the Company's system of internal financial controls and financial reporting processes is set out in the report of the Audit Committee.

[Read more on pages 51 to 53](#)



# Investment Adviser's report

## The Investment Adviser's objectives for the year

During the financial year, Sequoia Investment Management Company Limited ("SIMCo" or the "Investment Adviser") has had the following objectives for the Fund:

### Target an interest rate profile of 40% floating rate and 60% fixed-rate, to reflect the likelihood of falling interest rates

The floating rate portion of the portfolio fell to 40.6% on 31 March 2025 from 42.1% a year previously. This was achieved through our loan origination activities and by the tactical use of interest rate swaps.

### Timely and transparent investor reporting

The Company's Factsheet, RNS NAV announcements and full portfolios have been provided monthly for full transparency.

Investor engagement has continued over the financial year including a capital markets seminar, smaller bespoke investor events and a results roadshow as well.

### Follow a sustainable investment strategy and continue to enhance the sustainability profile of the Company and the portfolio

SEQI has increased the overall ESG score of its portfolio from 62.77 to 64.70<sup>A</sup>. SEQI refreshed its sustainability framework to align with evolving market standards and forward-looking best practices. Further details on the updated approach can be found in the sustainability section of our website: <https://www.seqi.fund/sustainability/>.

### Dividend target of 6.875p per Ordinary Share per annum

The Company paid four quarterly dividends of 1.71875p per Ordinary Share in line with its dividend target, amounting to a total of 6.875p.

### Manage portfolio credit quality in the face of economic uncertainty

The proportion of the portfolio invested in senior secured loans rose from 58.6% to 59.9%; the weighted average "equity cushion"<sup>1</sup> rose from 38% to 39%; and NPLs have fallen from 5.4% to 1.0% of NAV.

### Gross portfolio return of 8-9%

The Fund is invested in a portfolio which currently yields<sup>1</sup> approximately 10% and produced a NAV total return of 6.1% in the year, below the Company's target net annual return of 7-8% after approximate annual costs of 1%.



The Fund maintained a disciplined focus on building and managing a diversified portfolio of private debt investments, underpinned by the strategy of delivering target returns while maintaining the credit quality of the portfolio."

**Steve Cook**

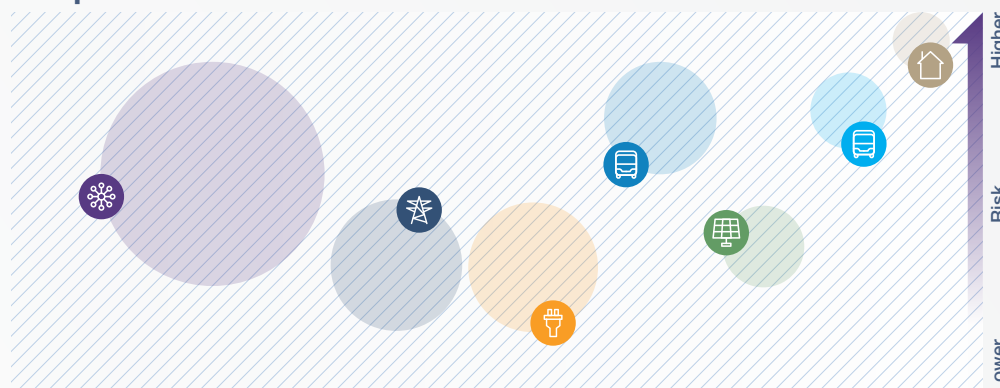
Partner and Head of Portfolio Management



1. See Appendix for Alternative Performance Measures ("APMs")

Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2025 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: [www.seqi.fund/sustainability/publications/](https://www.seqi.fund/sustainability/publications/)

## Risk profile



### Sector

- Digitalisation
- Utilities
- Power

- Transport – vehicles
- Renewables
- Transport – systems
- Accommodation

This chart illustrates the portfolio's sector exposure, with bubble size reflecting allocation size and vertical positioning indicating relative risk – from highest (top) to lowest (bottom).

# Investment Adviser's report continued

Economic infrastructure debt continues to stand out as a resilient and reliable asset class, offering investors access to stable, long-term income streams underpinned by essential services. Its appeal lies in a distinct set of characteristics: high barriers to entry for borrowers, predictable cash flows and strong asset-backed security, all of which support its performance through economic cycles.

## Overview of infrastructure debt

The sectors applicable to this type of debt include transportation, utilities, power, renewables, telecommunications and social infrastructure, often benefiting from long-term concessions, regulatory frameworks or usage-based revenues. These dynamics create structural stability and consistent demand, even amid market uncertainty. These sectors are typically governed by long-term concessions or licenses, with revenues tied to demand, usage or volume. To mitigate demand risk, economic infrastructure projects generally employ lower leverage than availability-based social infrastructure, maintaining larger equity cushions, conservative credit ratios, strong covenants and more substantial asset backing for lenders. This disciplined approach has remained central to SEQI's strategy throughout the year.

Since the 2008 global financial crisis, traditional bank lending has become more constrained, focusing primarily on well-established sectors at conservative leverage levels. In parallel, a structural shift began to unfold, as governments in developed markets turned increasingly to the private sector to help finance expanding social programmes, driven by demographic pressures and post-crisis fiscal challenges.

In response, governments increasingly turned to the private sector, not only to support traditional infrastructure, but to fund the emerging mega-sectors of energy transition and digitalisation. While renewables initially benefited from subsidies, both sectors evolved as commercially driven, globally distributed opportunities.

This marked a shift away from centralised, government-funded infrastructure models towards a more fragmented, mid-market landscape. Assets became more diverse in scale and geography, often financed outside the realm of traditional institutions. At the same time, the era of large-scale Public-Private Partnerships ("PPPs") in the UK and Europe began to wane, as public sentiment shifted and bank appetite retreated, even as those projects continued to attract higher loan-to-value financing.





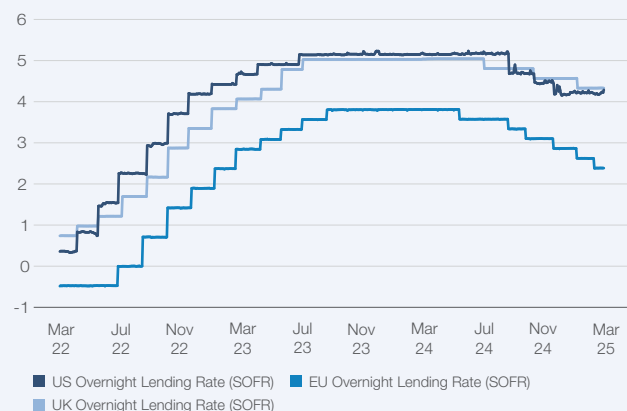
# Investment Adviser's report continued

## Market backdrop

### Consumer price index year-on-year (%)



### Overnight finance rates (%)



### ICE BofA BB US high yield index option-adjusted spread (%)



### What is happening?

Inflation across all the Fund's investment jurisdictions is abating to levels approaching the respective central banks' targets. However, renewed tariff activity may introduce upward inflationary pressures in the short to medium term through higher import costs. While the immediate effect of tariffs may be an uptick in consumer prices due to higher costs for imported goods, these pressures may be temporary. Supply chains are likely to adjust over time, with businesses seeking alternative sources or passing on only partial cost increases.

### Why this matters to the Fund

As inflation gradually abates over time, the likelihood of future interest rate cuts increases, making alternative investments such as infrastructure more attractive when compared to liquid debt. While the pace and size of interest rate cuts will vary across the Fund's different investment jurisdictions, the general consensus remains one of declining interest rates throughout the year. A lower inflation environment also helps ease cost pressures during the construction phase of projects, thereby reducing construction risk, all else being equal.

### What is happening?

Central banks in the US, UK and Europe are continuing to implement interest rate cuts to overnight interest rates, following a period of stabilisation.

### Why this matters to the Fund

The portfolio's floating rate investments are beginning to de-risk, with borrowing costs now past their peak and expected to decline further amid early interest rate cuts and continued disinflation. As the market transitions toward a lower-rate environment, fixed-rate loans and bonds stand to benefit from an accelerated pull-to-par. At the same time, a normalising yield curve, with a reduced or positive slope, may support risk appetite in the broader market, though it could temper borrower interest in locking in long-term debt.

### What is happening?

While BB credit spreads remain tight, potential risks such as geopolitical tensions, trade policies and shifts in monetary policy could influence future spread movements.

### Why this matters to the Fund

Wider credit spreads matter for the Fund by creating both risks and opportunities. On the one hand, they could lead to mark-to-market declines on existing holdings and signal rising credit risk or market stress, potentially impacting NAV and borrower fundamentals. On the other hand, wider spreads could allow the Fund to earn higher yields on new investments and potentially take advantage of dislocations or undervalued infrastructure debt. While short-term valuation pressures may emerge, a disciplined approach could turn spread widening into a long-term income and return opportunity.

# Investment Adviser’s report continued

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## Themes in the infrastructure debt market

Over the course of the financial year, the Investment Adviser has identified several key themes shaping the infrastructure debt market. These themes have influenced both the types of opportunities being pursued and the way capital is being allocated within the portfolio. What follows is a summary of the most prominent developments observed.

### The three “D”s – decarbonisation, digitalisation and deglobalisation

While the funding needs for building traditional infrastructure (such as transport assets and utilities) is immense – just the capital needed for the maintenance of existing stock runs to trillions of Dollars – there is currently an ever-larger funding requirement arising from the global “mega-trends” of:

- › Decarbonisation – including renewable energy, grid enhancement, energy storage, energy security and a host of ancillary services;
- › Digitalisation – including data centres, mobile phone towers, fixed line networks, data cables, satellites and broadband; and
- › Deglobalisation – including power, transport and logistics infrastructure being driven by onshoring of supply chains.

### Demand for private debt continues to grow

Infrastructure has emerged as one of the fastest-growing asset classes globally, with assets under management (“AUM”) increasing at an average annual rate of 19.7% since 2015 (Macquarie).

Looking ahead, this momentum is expected to continue, as Preqin forecasts that total private infrastructure AUM will grow from USD1.17 trillion in 2023 to USD1.88 trillion by the end of 2027 (Preqin). Within this expanding asset class, infrastructure credit is gaining traction among institutional investors drawn to its defensive characteristics, consistent cash flows and attractive risk-adjusted returns. While growing investor interest may lead to increased competition for high-quality private infrastructure debt opportunities, we believe SEQI is well positioned to navigate this dynamic, as the Company benefits from its established track record, deep origination networks and the specialist expertise of its Investment Adviser.

Moreover, although the supply of debt capital is growing, it is very likely that the demand for debt capital is growing at least at the same rate, cancelling out largely or entirely the effect of competition.

This overall trend is also driven by a persistent funding gap in global infrastructure, particularly in sectors like energy transition and digitalisation, where private debt plays a vital complementary role to equity. As bank retrenchment continues and capital demands increase, the favourable structural tailwinds for infrastructure credit are expected to endure, supporting long-term investor appetite.

### Tariffs

Recent tariff measures and trade policy shifts between the US and the rest of the world have renewed volatility in international financial markets. With these geopolitical frictions and protectionist strategies back in focus, the Investment Adviser believes prolonged tariffs could pose a drag on global economic momentum and fuel inflationary pressures across the US, UK and Eurozone in the short to medium term.

## Economic uncertainty

The recent sell-off in US equity markets reflects growing investor unease over elevated valuations, persistent inflationary pressures and the rising likelihood of a recession. Should economic conditions deteriorate further, sectors with high operating leverage or consumer dependency, such as transport and social infrastructure, may face increased credit risk. While the Fund remains well diversified, the Investment Adviser continues to closely monitor these exposures and has actively tilted the portfolio towards defensive sectors such as digitalisation, accommodation, utilities and renewables, which are typically more resilient in downturn scenarios.

As at 31 March 2025, 54.7% of the portfolio is invested in defensive sectors, increasing from 50.8% the previous year. The Fund’s investments in defensive sectors make it well positioned to withstand economic downturns and inflationary pressures.

### NAV performance

Over the last 12 months, the Company’s NAV per share decreased from 93.77p per share to 92.55p per share ex-dividend driven by the effects as per the analysis in the table below. The total return on the NAV<sup>1</sup> was equal to 6.1% over the period. This is below the Company’s long-term return expectations of 7-8% p.a.; however, we outperformed the total return of the FTSE 250 Index by 5.0%. In comparison to credit markets, SEQI delivered returns 1.4% lower than high yield bonds, but beat 10-year gilts by 1.6% (in each case measuring the total return)<sup>2</sup>.

	NAV effect
Interest income on the Company’s investments	8.17p
Portfolio valuation movements, net of foreign exchange and hedge movements	(1.45)p
IFRS adjustment from mid-price at acquisition to bid price	(0.17)p
Operating costs	(1.59)p
Gains from buying back shares at a discount to NAV	0.70p
<b>Gross increase in NAV</b>	<b>5.66p</b>
Less: Dividends paid	(6.88)p
<b>Net decrease in NAV after payment of dividends</b>	<b>(1.22)p</b>

The NAV decline during the year was primarily due to reductions in carrying value of the Fund’s non-performing loans (as discussed below under ‘Credit performance’) and the impact of higher discount rates, offset in part by pull-to-par gains over the year.

1. See Appendix for Alternative Performance Measures (“APMs”)
2. Source: Bloomberg

# Investment Adviser's report continued

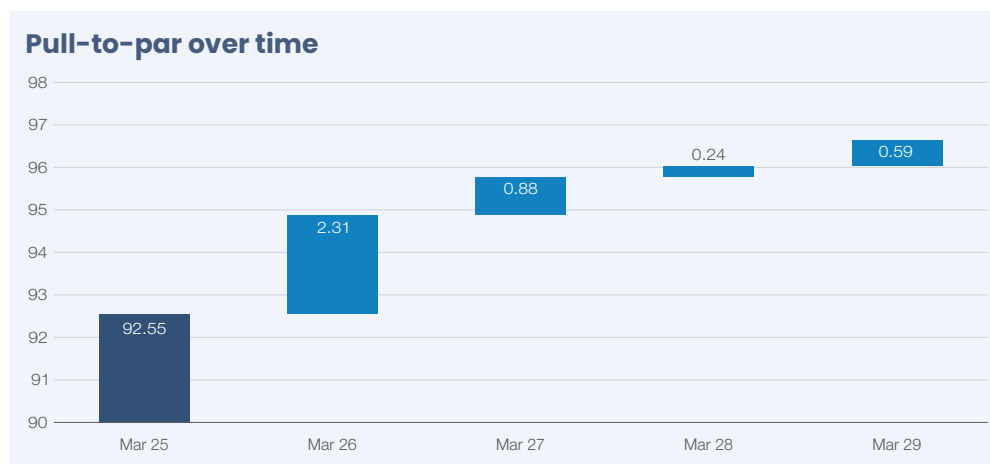
## Pull-to-par

The portfolio pull-to-par, which is a measure of future NAV gains that will arise solely through the passage of time, is 4.0p per share as at 31 March 2025, decreasing marginally from 4.1p per share as at 31 March 2024.

The "pull-to-par" effect refers to the principle that a debt instrument's market value progressively approaches its notional value as it nears maturity, assuming stable credit quality and no risk of default. This occurs because the issuer is contractually obligated to repay the notional amount at redemption. As a result, the investment's market price increasingly aligns with its redemption value over time, regardless of prevailing market conditions.

For example, a loan to Infinis, a UK renewables company investing in landfill gas projects, was priced at 93.0 at year end, even though the credit is performing in line with expectations. The loan matures in 2032 and is expected to pull to par over time. As a fixed-rate and long-dated investment, its current price reflects the interest rate environment rather than any credit concerns. Over the coming years, assuming no deterioration in credit quality, its price will naturally converge toward par, contributing positively to the portfolio's NAV through the pull-to-par effect.

The resulting uplift to NAV per share is illustrated in the chart below.



1. See Appendix for Alternative Performance Measures ("APMs")

## Share performance

As at 31 March 2025, the Company had 1,555,061,936 Ordinary Shares in issue (31 March 2024: 1,625,484,274). The closing share price on that day was 78.3p per Ordinary Share (31 March 2024: 81.1p per Ordinary Share), implying a market capitalisation for the Company of approximately £1.2 billion, a decrease of approximately £100.7 million compared to 12 months ago; approximately 45% of this decline is due to the Company's share buyback programme, with the balance due to the decline in the share price. After taking account of quarterly dividends amounting to 6.875p per Ordinary Share, the share price total return<sup>1</sup> over the period was 5.3%, outperforming the FTSE 250 Index by 4.2% during the same period.

A key driver of SEQI's share price discount to NAV is broader listed market sentiment towards alternative assets, such as renewable energy, private equity and private debt. Discounts across the sector have increased over the year – for example, the average discount for UK-listed renewable energy funds has increased from 29.7% to 35.1%, and for infrastructure listed funds from 17.7% to 25.0%.

This sentiment reflects the lingering effects of inflation, subdued economic growth and ongoing scepticism around valuation methodologies across parts of the alternatives sector, compounded by structural market dynamics such as index rebalancing and multi-asset allocation shifts. The Investment Adviser remains focused on levers within SEQI's control and reassures investors that its valuations are subject to independent monthly review and robust processes. Unlike many private equity, infrastructure equity or real estate investment vehicles, SEQI publishes its NAV monthly, offering greater transparency and frequency of reporting.

The sector-wide discount to NAV has been further pressured by capital outflows, as investors reallocated from listed alternatives into other investment types such as government bonds. This shift created pockets of forced selling, contributing to downward pressure on share prices. However, market conditions have stabilised during the financial year, as policy rates in key markets are past their peak and are anticipated to further decrease in light of the recent interest rate cuts. Also, due to the ongoing sell-off in the financial markets, analysts expect central banks to ease monetary policy by reducing interest rates more than previously expected, with bond futures pricing in the likelihood of at least two or three more rate cuts by the Federal Reserve before the end of the calendar year.

The Company is well positioned to capitalise on this environment, supported by the portfolio's short weighted average maturity (3.6 years as at 31 March 2025) which has enabled the reinvestment of capital at higher prevailing rates. To enhance this strategy, the Investment Adviser amended the investment policy to allow up to 60% of assets to be held in fixed-rate instruments. One additional interest rate swap has been executed, enabling SEQI to receive fixed-rate payments while paying a floating rate – further locking in favourable yields. Both the Investment Adviser and the Board believe the current share price discount to NAV is unwarranted given the strength and resilience of the portfolio.

We collectively believe that it does not accurately reflect the potential of the investment portfolio to deliver attractive risk-adjusted returns during periods of economic uncertainty; its shorter investment duration; and its robust NAV approach.



# Investment Adviser's report continued

## Share performance continued

With this backdrop, SEQI continues to buy back its Ordinary Shares, which it considers to be undervalued, thereby providing NAV accretion for existing Shareholders. In the past 12 months alone, the Company has repurchased 70,422,338 Ordinary Shares. The share buyback programme was first announced in July 2022, and since then, the Company has bought back a total of 213,177,062 Ordinary Shares, approximately 13% of its total outstanding Ordinary Shares as at 31 March 2025. This has resulted in an increase in NAV per Ordinary Share of 1.8p since the implementation of the buyback programme

## Dividend cash cover

SEQI has paid 6.875p in dividends during the last 12 months in accordance with its target. The Company's dividend cash cover was 1.00x for the financial year. This is lower than in the previous year, for the following reasons:

- › a timing effect where the receipt in cash of capitalised PIK interest did not fall during the financial year;
- › some cash drag during the year; over the period, the Fund had an average cash balance of £59.8 million, due to a combination of de-leveraging the Company and receiving prepayments (where borrowers repay their loans earlier than scheduled). While this had been fully invested by the end of the year, the cash held over the year reduced the Fund's level of investment income. For example, had it been invested in infrastructure loans yielding 9%, the dividend cover would have been 1.02x; and

- › the share buyback, whilst accretive to NAV, is dilutive for dividend cash cover since, although the Company avoids paying dividends on the shares bought back, it misses out on the upfront fees normally earned by lenders. In other words, while buying back shares is accretive to the NAV, it generates less cash income than making new loans. Conversely, if the NAV gain on buying back shares at a discount were to be treated like a realised NAV gain arising from investment activities, the dividend cover would have been approximately 1.10x.

Looking forward, the Investment Adviser is of the view that the dividend is sustainable and dividend cover should improve over time, reflecting the strong pipeline of investment opportunities and the yields available on private infrastructure debt.

## Portfolio overview

Throughout the fiscal year, the Fund maintained a disciplined focus on building and managing a diversified portfolio of private debt investments across core infrastructure sectors in jurisdictions with low political and regulatory risk. The strategy remained centred on delivering target returns while maintaining the credit quality of the portfolio. This was achieved through a cautious approach, favouring senior secured debt, maintaining exposure to resilient sectors and steadily enhancing overall portfolio credit quality.

The current highlights of the Fund's portfolio, which reflect the results of these efforts, include:

## Diversification

The Fund's portfolio is well diversified across loan types, geographies, sectors and sub-sectors, supported by defined investment limits that preserve this balance.

▶ £65m

Invested

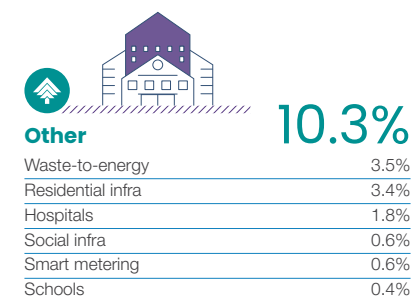
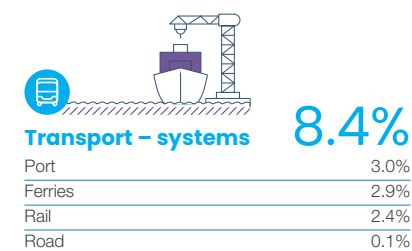
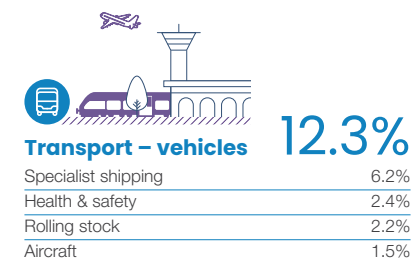
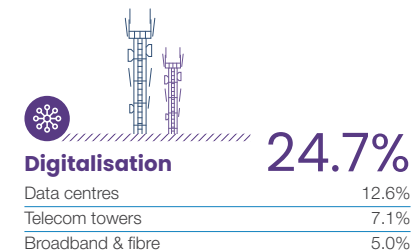
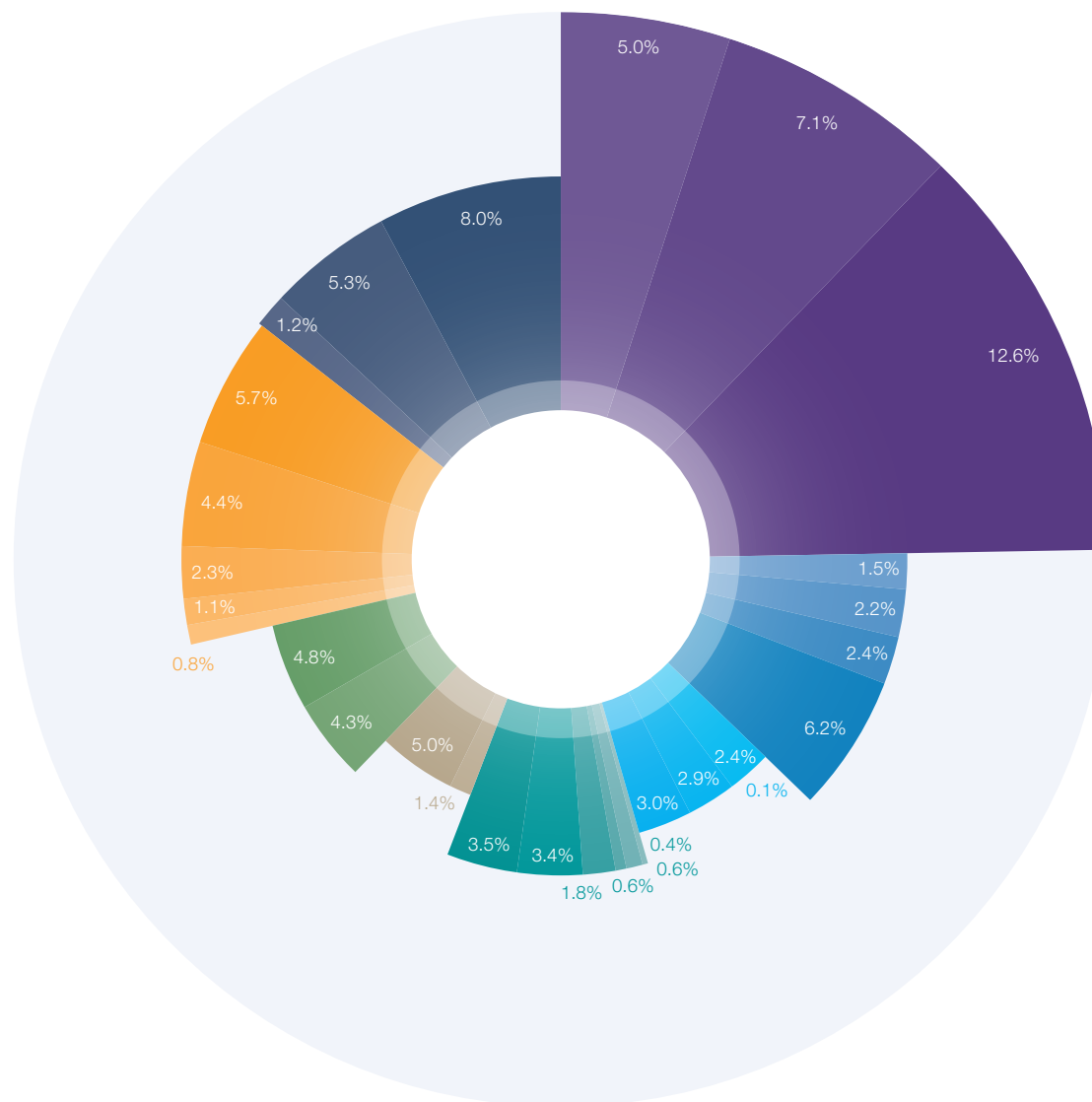
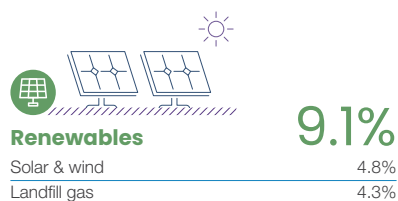
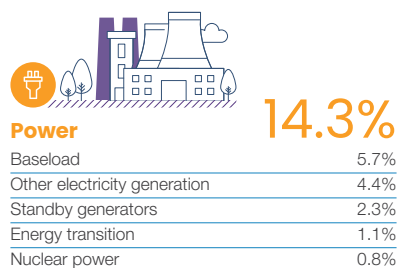
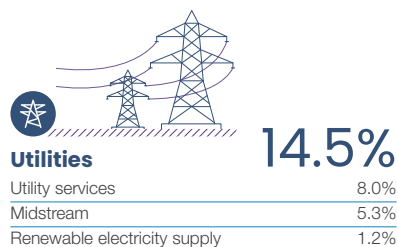
## ▶ Infinis Energy

In 2021, SEQI invested £65 million of senior secured debt to Infinis, the UK's leading generator of electricity from landfill gas, other residual waste sources and other renewable sources. The company plays a key role in methane capture and low-carbon generation.



# Investment Adviser's report continued

The chart below illustrates the sector and sub-sector allocation as at 31 March 2025:



# Investment Adviser's report continued

## Portfolio overview continued

### Credit quality

- 59.9% of the portfolio is in senior secured loans and 40.1% in subordinated debt, a marginal increase from the previous fiscal year when 58.6% of the portfolio was in senior secured loans and 41.4% in subordinated debt.
- Continued preference for "defensive" types of infrastructure, i.e. loans to projects that provide essential services, often operating within a regulated or contractual framework or have high barriers to entry.
- Our policy not to invest in distressed, stressed or "CCC profile" loans remains in place.
- Our proportion of NPLs has fallen from 5.4% to 1.0%, the lowest level since 2020.

### Construction risk

The Fund maintains a cautious approach to greenfield construction projects. While it has the flexibility to allocate up to 20% of NAV to assets under construction, actual exposure stood at 12.5% of the portfolio as at 31 March 2025 (2024: 7.4%). This remains below the Fund's historical average, reflecting a deliberately conservative stance in response to a subdued growth outlook and ongoing supply chain challenges.

The Fund applies a selective and disciplined approach to project origination, investing only where it believes the return appropriately compensates for the construction-related risk involved. It avoids projects carrying both construction and demand or ramp-up risk, maintaining a strong focus on credit quality and underlying borrower fundamentals.

### A focus on private debt

The percentage of private debt has declined by 6.1% during the year to 90.8% of the portfolio as at 31 March 2025. This was partly due to the refinancing of an OCU Group private loan to a public Term Loan B, with the Fund's participation for £45 million settling during November 2024. OCU Group is a leading UK infrastructure engineering services provider. The Fund also invested an additional c.£41 million in the secondary market on bonds with Navigator Holdings Ltd (US specialist shipping), Techem GmbH (German smart metering) and TSM II LuxCo 21 SARL (Dutch utility services) to improve sector diversification and to add a further source of liquidity, whilst facilitating the efficient deployment of capital into seasoned assets with established performance histories.

The strategy still remains anchored in private debt. This focus is underpinned by the ability to capture an illiquidity premium (the additional yield private debt typically offers over comparable liquid bonds). Given the Fund's long-term, buy-and-hold approach, accessing this premium is a deliberate and effective strategy. Research conducted by the Investment Adviser suggests that infrastructure private debt can yield 1–2% more than publicly rated equivalents.

### Consistent NAV returns during volatility

Over the past decade, SEQI has delivered an annualised total NAV return<sup>1</sup> of 7.3%, significantly outperforming both the FTSE 250 Index and GBP-hedged high yield bonds over the same period, which returned 4.1% and 3.3% respectively. This strong long-term track record underscores the consistency of SEQI's investment approach, even as the year unfolded against a backdrop of macro-economic uncertainty and elevated volatility in listed alternatives – and reflects the strength of SEQI's strategy in capturing risk-adjusted returns amid a transitioning interest rate environment.

With a weighted average yield-to-maturity<sup>1</sup> of 9.9% and a portfolio pull-to-par of 4.0p per share, SEQI is structurally positioned to benefit from both sustained income and capital appreciation as assets mature. Portfolio quality remained resilient, with NPLs declining to their lowest level since 2020. A deliberate tilt toward senior secured and fixed-rate debt further enhanced downside protection.

The Investment Adviser's active deployment of capital, including targeted secondary market investments and strategic utilisation of the RCF, supported both diversification and liquidity. Together, these measures underscore a disciplined and forward-looking investment approach that continues to deliver robust income and preserve long-term Shareholder value. We acknowledge that SEQI's share price performance has been less strong, which we attribute to various sector headwinds which we have faced over the last three years, alongside many of our peers. This is deeply frustrating to us and we are committed to working with the Board to remedy this.

### Portfolio characteristics

As shown in the table on page 23, the Fund increased its number of investments from 55 to 59 over the 12-month period. The Investment Adviser has actively redeployed capital from maturing assets into an attractive pipeline of opportunities, while also drawing £56.9 million from the £300 million RCF with J.P. Morgan Chase Bank, N.A., London Branch as at 31 March 2025, to sustain capital deployment momentum. This growth in investment activity has been carefully managed to preserve the Fund's diversification, with continued exposure across eight sectors and a broad range of sub-sectors, from 30 in March 2024 to 29 in March 2025.

In addition, SEQI continues to redeploy capital towards share buybacks, taking advantage of the persistent discount to NAV.

The Fund's investment portfolio grew by approximately £42 million over the financial year, driven by renewed utilisation of the revolving credit facility. This follows the full repayment of the revolving credit facility in the previous financial year, during which SEQI had been de-leveraged.

Over the past 12 months, the proportion of the Fund's investment in senior secured debt has increased marginally, from 58.6% in March 2024 to 59.9% in March 2025, ensuring defensive positioning.

Additionally, following a strategy to lock in currently high long-term rates, the Fund has continued its shift towards a higher percentage of fixed-rate assets, with 59.4% of the portfolio invested in fixed-rate assets as at year end, an increase from 57.9% as at the prior year end.

### Fund performance

		31 March 2025	31 March 2024	31 March 2023
Net asset value <sup>1</sup>	per Ordinary Share	<b>92.55p</b>	93.77p	93.26p
	£ million	<b>1,493.2</b>	1,524.3	1,617.9
Cash held (including in the Subsidiaries)	£ million	<b>35.1</b>	99.4	68.7
Balance of RCF	£ million	<b>56.9</b>	0.0	181.8
Invested portfolio	percentage of NAV	<b>100.8%</b>	90.6%	106.5%
Total portfolio	including investments in settlement	<b>109.8%</b>	94.2%	109.6%

1. See Appendix for Alternative Performance Measures ("APMs")



# Investment Adviser's report continued

## Portfolio characteristics<sup>2</sup>

		31 March 2025	31 March 2024	31 March 2023
Number of investments		59	55	68
Valuation of investments	£ million	1,422.7	1,380.7	1,723.5
ESG score		64.70 <sup>Δ</sup>	62.77	62.29
Largest exposure	£ million	70.3	60.6	61.0
	percentage of NAV	4.9%	4.0%	3.8%
Single largest investment	£ million	61.7	60.6	61.0
	percentage of NAV	4.3%	4.0%	3.8%
Average investment size	£ million	23.7	22.6	25.3
	by number of invested assets			
Sectors		8	8	8
Sub-sectors		29	30	26
Jurisdictions		10	10	12
	percentage of invested assets			
Private debt		90.8%	96.9%	98.1%
Senior debt		59.9%	58.6%	57.2%
Floating rate		40.6%	42.1%	58.4%
Construction risk <sup>1</sup>		12.5%	7.4%	14.2%
Weighted average maturity	years	3.6	4.4	4.1
Weighted average life	years	3.4	3.9	3.5
Yield-to-maturity <sup>1</sup>		9.9%	10.0%	11.9%
Modified duration <sup>1</sup>		1.9	2.2	1.5

1. See Appendix for Alternative Performance Measures ("APMs")

2. Relates to the portfolio of investments held in the Subsidiaries

Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2025 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/)

## Credit performance

Over the past financial year, the credit performance of the entire portfolio has remained resilient. Given that the portfolio is made up of high-yield debt instruments, it is to be expected that a small fraction of investments might face some credit issues over their lifetime. The Fund's annual loss rate is 0.58%, a marginal increase from the previous year's 0.53%, due to additional write-downs of non-performing loans. This compares well to broader credit (non-financial corporate debt) with a similar credit rating, where the historical annual loss rates are typically a multiple of this level.

Lenders are, in general, obligated to maintain confidentiality towards the companies they lend to. Therefore, the Company's policy is not to publicly discuss underperforming loans, except when the borrower has entered a public insolvency process (such as administration in the UK or Chapter 11 in the US).

Publicly discussing an underperforming business could potentially worsen its problems, for instance, by making it more difficult to retain employees or secure new contracts.

The Fund continues to work towards maximising recovery from the NPLs in the portfolio (equal to 1.0% of NAV, down from 5.4% at the end of the prior financial year). Updates are as follows:

### US educational facility

A loan that is collateralised by a landmark US educational building was adversely impacted by government cuts which reduced the likelihood of finding new tenants. In March 2025, the Department of Government Efficiency ("DOGE"), under the leadership of Elon Musk within the Trump administration, announced plans to reduce the U.S. Department of Education's workforce by approximately 50%, affecting around 2,200 employees and significantly reducing funding to the provision of education in Washington DC (which is federally funded since it is not in any state).

This development has had a material adverse impact on leasing negotiations with prospective tenants, which are predominantly educational entities, resulting in a delay to the anticipated lease-up timeline, and as a result, the mark of the loan has been reduced. The carrying value of the loan currently equals 0.4% of NAV.

### Non-disclosed loan

SEQL has also commenced legal proceedings on an asset equal to 0.6% of NAV which is now being classed as non-performing. The loan is backed by a recently revalued asset and is marked in line with a conservative estimate of a recovery backed by that asset. The Company is unable to disclose the loan's identity for commercial reasons.

### Resolution of previous NPLs

During the year, the Fund received £17 million on its loan to Bulb Energy; we no longer include it in our NPLs since we expect to make a full recovery on it, including capitalised interest.

The Fund sold in full its loan backed by a property in Glasgow. The Fund retains some "earn out" potential on the loan based upon its future value and various performance metrics.

The Fund also received the final residual payment on the Salt Lake loan that was sold in the previous financial year. This is now fully exited.

# Investment Adviser's report continued

## Balance sheet management

In line with its objectives, the Fund has reduced its cash balance from £99.4 million (including £91.9 million held in the Subsidiaries) as at 31 March 2024 to £34.9 million (including £27.3 million held in the Subsidiaries) as at 31 March 2025, while also drawing £56.9 million on its previously undrawn £300 million RCF. While maintaining liquidity provides flexibility, it also carries a high opportunity cost. As such, the Investment Adviser continues to actively originate new transactions, supported by a dynamic pipeline exceeding £200 million in potential opportunities.

Given the current portfolio composition, the Fund is focused on generating new investments in sectors where increased exposure is desirable, notably renewables, power and digitalisation, as part of its ongoing strategy to enhance diversification.

Alongside this selective deployment into new infrastructure loans, the Company remains committed to its active share buyback programme. The strong cash-generative nature of infrastructure debt supports this dual-track approach, enabling SEQL to pursue buybacks while continuing to deliver on its long-term investment objectives.

## Origination activities

SEQL's investment strategy targets opportunities across both the primary and secondary debt markets, each offering distinct advantages. Primary market investments allow the Fund to earn upfront lending fees and structure transactions to meet specific risk and return criteria. In contrast, secondary market acquisitions facilitate the efficient deployment of capital into seasoned assets with established performance histories.

### Primary market origination

The Fund maintains a strong focus on the primary loan market, which continues to offer compelling investment opportunities. The Investment Adviser actively originates bilateral transactions and participates in "club" deals involving a small group of aligned lenders. The Fund has also taken part in selectively syndicated infrastructure loans where appropriate.

Primary market investments remain attractive due to their favourable economics, providing access to upfront lending fees and greater flexibility in structuring terms. As the Fund has grown, its primary market activity has expanded accordingly and now accounts for the majority of the portfolio, representing 82.4% as at 31 March 2025.

## Secondary market origination

While the primary market remains the Fund's core focus, selected investments are also sourced from banks and other lenders through the secondary market. This approach enables the rapid deployment of capital, providing an efficient complement to the often more expensive and longer execution timelines associated with primary infrastructure transactions.

Secondary market acquisitions also contribute to portfolio liquidity, enhancing flexibility when greater liquidity is required. In many cases, these assets benefit from improved credit profiles over time, as infrastructure loans tend to exhibit credit quality enhancement post-origination — making them an attractive addition to the Fund's portfolio.

## Sequoia Investment Management Company Limited Investment Adviser

24 June 2025

► £58m  
Invested

### ► Project Spinnaker

In 2021, SEQL lent Spinnaker £58 million of senior secured debt, which is one of our investments in the digitalisation sector. Spinnaker is an "alt-net" provider, delivering high-speed, affordable internet connectivity across the South of England. The loan was fully repaid in 2023.





Investment Adviser's report continued

## Energy security and resilience

SEQI's goals and activities relate to the following SDGs:



SEQI recognises that while the shift to a lower-carbon future is essential, recent geopolitical events have reinforced the need for secure and reliable power. As renewable sources like wind and solar are intermittent, there is a vital need for dispatchable generation and infrastructure to ensure grid stability and resilience.

The Fund has long supported energy security assets that complement renewables – such as nuclear, gas-fired power, floating liquefied natural gas (“FLNG”) facilities, and interconnectors. These play a key role in meeting demand when renewables fall short. This year's case study highlights investments across SEQI's current portfolio and the past decade, showcasing a commitment to infrastructure that balances environmental and societal needs.

Nuclear power is a key part of this energy mix, offering a stable, low-carbon source of baseload electricity. SEQI's investment in Westinghouse Electric Company supports innovation in nuclear technology, while its long-standing involvement in Exeltium, a French power purchase agreement, helps scale nuclear generation. In line with the EU's reclassification of certain nuclear activities as sustainable, SEQI has upgraded its E score, a component of ESG analysis, for the sub-sector.

Natural gas is also critical during the energy transition, especially as older coal and nuclear plants are phased out. SEQI provided a €45 million HoldCo loan to Project Camden – a portfolio of efficient Combined Cycle Gas Turbine (“CCGT”) plants in the Netherlands, which successfully repaid a couple of years ago. Similarly, a USD40 million commitment to Project Mesquite in Texas supported the recapitalisation of two CCGT plants totalling 849MW capacity. These plants operate in the ERCOT market, which lacks a formal capacity mechanism, and play a vital role in balancing supply amid growing industrial demand and renewable penetration. Strong lender protections and hedging programmes help mitigate risk while maintaining environmental compliance.

Peaker plants, which provide rapid power during demand spikes, also form part of the Company's energy security strategy. A USD40 million loan to Generation Bridge supported a mix of baseload and peaking assets in New York and New England, helping ensure regional grid stability.

Beyond land-based assets, SEQI has invested in FLNG infrastructure. A recent example is a USD20 million participation in a USD250 million HoldCo facility backing a specialist FLNG provider. These vessels, secured as collateral, offer advantages such as faster deployment, lower costs, and mobility. Operating under long-term tolling contracts, they generate stable revenue and can be redeployed to different gas fields over their 20-30 year lifespan.

While not entirely emissions-free, many of these types of assets are cleaner and more efficient than legacy alternatives. Crucially, they support a just transition by ensuring consistent, equitable access to power – an essential foundation for both environmental progress and societal resilience.

17 projects

in the portfolio support energy security

&gt;12,500MW

total capacity of power that can be generated by portfolio assets

10%

of new capital deployed this year went into power generation



# Sustainability

## Key highlights from the year

- ▶ First time reporting emissions metrics covering the whole portfolio and climate scenario analysis
- ▶ Increase in the portfolio's weighted average ESG score from 59.61 in 2020 to 64.70<sup>Δ</sup> in 2025
- ▶ Fifth year of independent limited assurance, which now covers SEQI's three sustainability goals
- ▶ Joint-record 93% responses from portfolio companies to our annual borrower sustainability questionnaire
- ▶ Eight projects in the portfolio now have sustainability-related covenants in the loan documents
- ▶ SEQI hosted an inaugural ESG Investor Breakfast event for investors to engage and learn from each other about key ESG areas
- ▶ Published a comprehensive, stand-alone Governance Policy covering the Company and our assessment of good governance at borrowers
- ▶ The Company and its Investment Adviser offset their operational greenhouse gas ("GHG") emissions
- ▶ The Investment Adviser's Sustainability Manager won the 2024 award for ESG Rising Star by IJ Global and was 'Highly Commended' in the Sustainable & ESG Investment Woman of the Year, small and medium firms category by Investment Week
- ▶ The Investment Adviser became a member of the UK Sustainable Investment and Finance Association ("UKSIF") and joined the PRI's Initiative Climat International ("iCI")

The Company's Sustainability Policy and other publications, including the Company's full 2025 Sustainability Report, are available here: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/).

These documents offer further detail on the Company's sustainability principles, screening and scoring, integration into the investment process, regulatory reporting and the various engagement strategies we deploy.

Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2025 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/)



# Sustainability continued

In a year of macro and geopolitical changes altering the global backdrop, major regulatory developments and uncertainties and some backlash against the ESG agenda, it's important for SEQI to restate its position on ESG considerations. SEQI is a company that considers sustainability factors and integrates these considerations into its investment process because this analysis is a key part of fully and properly assessing risk and long-term credit performance. Climate risk, resource efficiency, labour practices, governance and other sustainability issues directly impact an asset's performance. Our approach is pragmatic and grounded in principles of being responsible investors and stewards of assets. While not an impact fund, we recognise that infrastructure can be a critical enabler in the global transition to a more sustainable future. SEQI seeks to deliver its investment mandate in a way which is consistent with the goal of building future-proofed economies. Many of the projects we finance – whether in renewable energy, transport, digital infrastructure or essential services – feature on the roadmap to achieving net zero and broader sustainability goals. Under our investment mandate, although our assets are generally held for less than five years, we do take a longer-term view on the role each infrastructure asset plays in this changing world, and we consider the contribution we can make through engagement with borrowers.

We are pleased to report below on updates from the year. We have benefited from the advice of SIMCo, the Company's Investment Adviser ("IA"), and our Independent Consultant, Andrea Finegan, with oversight by the Board's ESG and Stakeholder Engagement Committee.

The Company considers the sustainability of its own operations and at investment level. This year, in response to market feedback and in pursuit of continued improvement and enhanced reporting, the Company developed a stand-alone Governance Policy providing a detailed and transparent account of our governance structures, policies and practices. This policy also describes how we assess good governance at the Company's borrowers. Rigorous assessment of sustainability factors at portfolio companies represents the most meaningful way that the Company can apply its sustainability principles. Central to this process is the IA's proprietary ESG scoring methodology, which undergoes continual review. During the period, the definitions of the sub-sectors were refined to ensure precision and clarity in their application. This year marks the fifth consecutive year that the ESG scores for the portfolio have been externally verified through independent assurance, underscoring the Company's commitment to credibility and reliable reporting.

We now have eight projects in the portfolio that have sustainability-related covenants in their loan terms, marking another year-on-year increase. This year, again, 93% of portfolio companies responded to the questionnaire on an almost entirely voluntary basis. The responses help us to better monitor, assess and progress our engagement with our borrowers. This market-leading response rate is a testament to the strong relationship our IA has built up with the management teams at the companies we help finance.

On a related note, we are incredibly proud of our Investment Adviser's dedicated Sustainability Manager, Leah Dean, who this year won the award for ESG Rising Star by JGGlobal. She was also recognised with the Highly Commended accolade in the Sustainable & ESG Investment Woman of the Year category for small and medium firms by Investment Week.

Notably, Leah has had a real impact through innovative engagement strategies and outreach work with our portfolio companies. This contributed significantly to the increase in the average ESG score for the portfolio this year.

SEQI reports as an Article 8 fund under SFDR.

During the forthcoming year, we will continue to closely follow the implementation of the ISSB's IFRS Sustainability Disclosure Standards, which our progress in emissions data and scenario analysis serves as helpful preparation for, as more jurisdictions formally adopt and implement the standards. Similarly, we will continue monitoring the FCA's Sustainable Disclosure Regime ("SDR") as consultations continue regarding its application to overseas funds like SEQI. And lastly, cognisant of investor sentiment and industry attention increasingly turning focus to nature and biodiversity, we are keen to explore how SEQI can best start to assess and report how it and its investments impact and depend on natural assets and a biodiverse environment.

More detail on the Company's sustainability policy and reporting can be found here: [www.seqi.fund/sustainability/](http://www.seqi.fund/sustainability/).

► £56m

Invested

► 1.6m

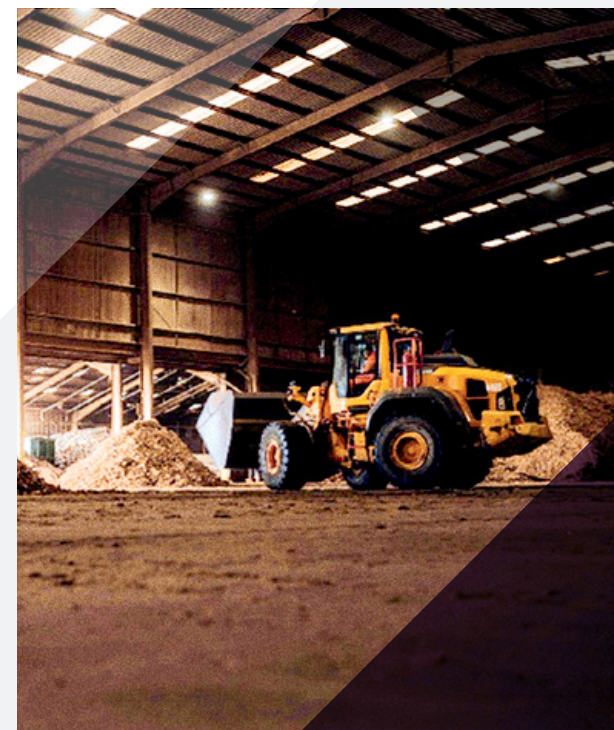
Tonnes of biomass annually

## ► Project Sienna

In 2023, SEQI provided £56 million of senior secured debt to Project Sienna, the UK's largest biomass fuel supplier, delivering over 1.6 million tonnes annually. The financing supported logistics and processing infrastructure essential to renewable baseload power generation. The loan continues to perform as expected, with long-term contracts underpinning stable cash flows.

## Climate mission

This year is a milestone in our climate reporting, having successfully progressed our data collection and borrower engagement over the last few years. Having now onboarded the Altitude by AXA Climate platform to help reduce data challenges and gaps, we are very pleased to be able to, for the first time, report emissions metrics covering the whole portfolio made up of reported and estimated emissions, as well as climate scenario analysis for the portfolio. The details, including the explanation of the apparent year-on-year increase, can be found in the Company's TCFD Report.



# Sustainability continued

## Emissions<sup>1</sup>

Company emissions							tCO <sub>2</sub> e Year ended 31 March 2025
Scope 1							nil
Scope 2							nil
Scope 3 (operational)							44
Year ended 31 March 2024			Year ended 31 March 2025				
Portfolio emissions	Total absolute tCO <sub>2</sub> e	Reported coverage	Total absolute tCO <sub>2</sub> e (reported)	Reported coverage	Total absolute tCO <sub>2</sub> e (estimated)	Estimated data	Total absolute tCO <sub>2</sub> e (estimated & reported)
Scope 1	5,930,417	66%	7,441,400	67%	858,141	33%	8,299,541
Scope 2	364,102	58%	309,177	61%	52,316	39%	361,493
Scope 3	437,562	39%	727,409	43%	2,349,946	57%	3,077,355
SEQI Year ended 31 March 2025					Financed emissions (tCO <sub>2</sub> e)	Carbon to investment (tCO <sub>2</sub> e/£m)	Weighted Average Carbon Intensity ("WACI") (tCO <sub>2</sub> e/£m revenue)
Total					1,377,745	882	2,505 (94% coverage)

1. The emissions figures have been collated from the data provided by the portfolio companies with limited independent verification. The reported coverage rate is the percentage of the portfolio that has provided emissions information and is measured by outstanding amount as at 31 March 2025. Where the information has not been provided, the estimated data rates have been calculated with the assistance of the Altitude by AXA Climate tool.



# Sustainability continued

## Progress report

### Our sustainability goals

The Fund has three sustainability goals:

1. comply with negative screening criteria;
2. progress thematic investing (positive screening); and
3. over time, increase portfolio weighted average ESG score.

### 1. Comply with negative screening criteria



The negative screening criteria exclude the following sub-sectors or asset types:

- upstream infrastructure related to the exploration and production of oil and gas, such as oil rigs and platforms, fracking facilities<sup>Δ</sup> and facilities involved in tar sands;
- thermal coal mining and directly related infrastructure, for example a dedicated thermal coal transportation asset such as a railroad or wagons;
- power generation from coal and any asset using thermal coal, but not coking coal; and
- permanent military infrastructure for active operational forces or for military production.

**During the year, 100%<sup>Δ</sup> of projects were compliant with the Fund's negative screening criteria.**

**KPMG have issued an independent limited assurance report over this metric.**

During the year, the Fund did not finance any "transition projects" that, whilst initially may not meet the negative screening criteria, have a plan in place to move to a more sustainable and compliant business model. There are also no projects of this nature currently held in the portfolio.

In addition to these negative screens, the Fund's investment criteria restrict investment to certain types of infrastructure. This means many harmful or controversial asset types are already excluded de facto as they are not forms of infrastructure and therefore were also not invested in during the year, for example: alcohol production; tobacco production; gambling operations; pornography production and adult entertainment activities; and controversial and conventional weapons manufacturing.

As at 31 March 2025, the three KPIs relating to the Fund's sustainability goals have been independently assured by KPMG. The reporting criteria and KPMG's limited assurance opinion are available in the sustainability publications section of our website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/). The Investment Adviser's full approach to negative screening, thematic investing and their proprietary scoring methodology is also published online in detail there.

### 2. Progress thematic investing (positive screening)



The Fund has identified three investment themes that it believes play an important role for the environment and society:

- renewable energy, such as solar, wind and geothermal generation, and directly related businesses including companies that supply renewable energy;
- enabling the transition to a lower-carbon world, such as grid stabilisation, electric vehicles, traffic congestion reduction and the substitution of coal by gas; and
- infrastructure with social benefits, which provides for basic human needs (such as clean water and food security) or brings a positive change by addressing social challenges and inequalities (such as healthcare, education and affordable housing) or advancing society as a whole (such as progressing telecommunications).

Positive screening is employed to view these types of assets more favourably in the investment process and, where possible, increase the Fund's exposure to these themes, subject to existing concentration limits.

**As at 31 March 2025, thematic investing covers 71%<sup>Δ</sup> of the Fund's investment portfolio.**

**KPMG have issued an independent limited assurance report over this metric.**

<sup>Δ</sup> KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2025 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/)

# Sustainability continued

## Progress report continued

### 2. Progress thematic investing (positive screening) continued

Below is the breakdown across each theme as well as some current investment examples:

#### Renewable energy

10%

- › US residential roof solar panel businesses
- › Spanish solar PV power portfolios
- › Power generation from methane captured from existing UK landfill sites with a growing solar business

#### Infrastructure with social benefits

31%

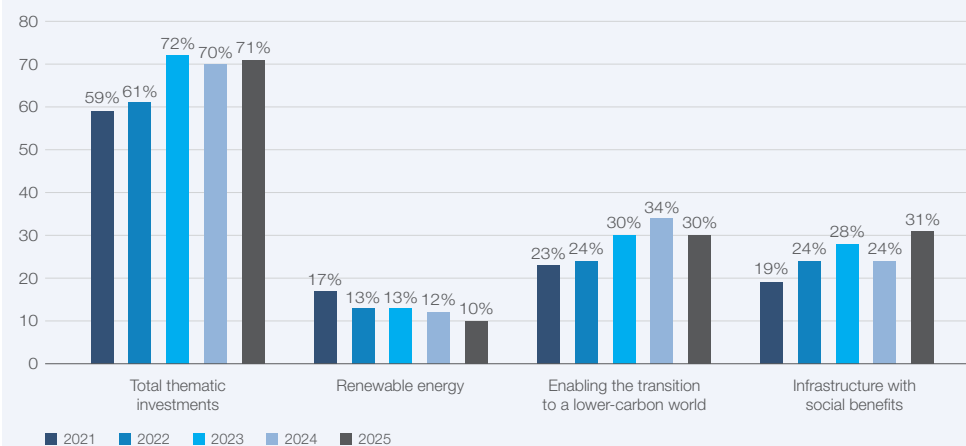
- › Specialist UK healthcare provider
- › Emergency medical vehicles and healthcare transportation in Spain
- › Provider of diagnostic imaging and radiotherapy services in Germany
- › Student housing in jurisdictions across the Netherlands
- › Essential and emergency water handling solutions
- › Telecom towers and broadband services connecting up residents and businesses from rural areas

#### Enabling the transition to a lower-carbon world

30%

- › Supply of biomass fuel from waste wood and by-products
- › US flexible generation peaker plants and baseload gas plants that enable grids to transition to renewables
- › Utility and energy efficiency solution providers, such as sub-metering in Germany and building upgrades in the Netherlands
- › Long-term power contracts in France to enable nuclear capacity
- › Grid enhancement assets that reduce waste energy
- › Specialist shipping of floating liquid natural gas
- › Efficient transportation projects in road and rail that reduce congestion

#### Thematic investments (% of SEQI's investment portfolio)



This year, the Fund invested in four different infrastructure projects that have social benefits, which constituted 66% of capital deployed during the year. Also during the year, new loans were made to four companies that enable the transition to a lower-carbon world, which made up 19% of the capital deployed to new acquisitions.

# Sustainability continued

## Progress report continued

### 3. Over time, increase portfolio weighted average ESG score

Each investment in the portfolio is assessed and assigned an ESG score, which is largely determined by the environmental impacts associated with the sub-sector in which the asset sits. The score can then be positively or negatively modified based on the project's current environmental, social and governance performance, taking into consideration the direction of travel where relevant. The ESG score ranges from 0 to 100 where, say, a renewable energy project with best-in-class social and governance practices would receive a score of 100, and a power plant that burns thermal coal with insufficient social or governance policies would receive a score of 0 (although it should be noted that a coal-fired power plant would be excluded under the Fund's negative screening criteria).

The ESG score integrates a single methodology which is applied across all sectors and sub-sectors, project stages (notably with no differentiation between construction and operational projects) and investment stages. This is to allow for comparison between assets of the portfolio over different time periods. This approach however does mean that certain relevant factors will not be reflected in the scoring results, such as the variation in materiality and applicability of modifiers across different sectors or material differences in environmental impact and

trajectory that a project may have when it is being constructed compared to a full operational project.

It is also therefore important to recognise that while the high-level goal is and has been to increase the average portfolio ESG score, this will necessarily be balanced against the Company's investment mandate to ensure sufficient diversification across a range of sectors and sub-sectors as well as project and investment stage. Diversification is key to the Company's strategy in achieving surplus returns for its investors, which remains a priority objective for the Company.

The framework is kept under continual review. Given that the methodology does not serve as an exhaustive list for every possible sub-sector within infrastructure, this year new sub-sectors were added as the Fund looked at opportunities and extended loans to new areas that it had not considered previously. The existing sub-sector definitions were also more clearly delineated, with a view to ensuring high levels of consistency and standardisation across credit analysts and functions across all of the different teams that are involved in working on the Fund's investments. It should be noted that as part of this exercise, the reclassification of the sub-sector of one project had a consequential impact on its ESG score.

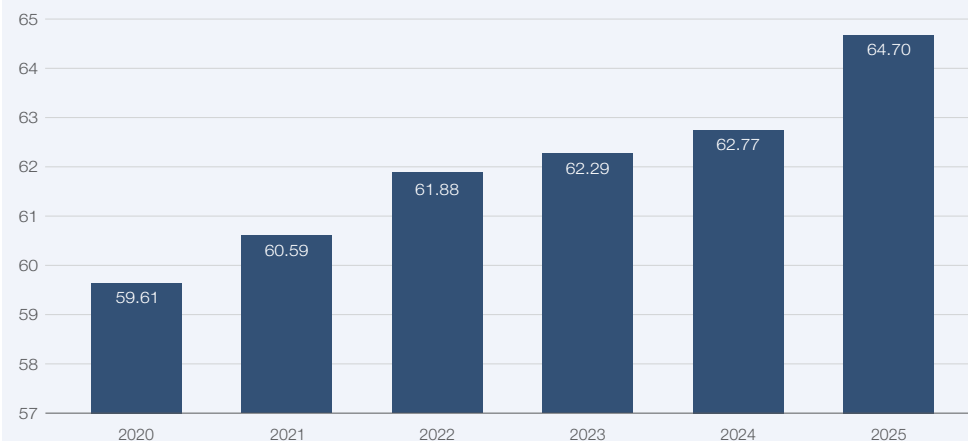
△ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2025 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/)



The portfolio's weighted average ESG score increased to 64.70<sup>A</sup> as at 31 March 2025.

KPMG have issued an independent limited assurance report over this metric.

#### Portfolio ESG score



Note, as part of a review of the methodology during the course of the prior year, the sub-sector score for nuclear increased and the modifier for water and waste management plans was split out into two. To ensure complete comparability, the overall portfolio ESG score for 2025 would have been 64.35 if reversing out these methodological changes.

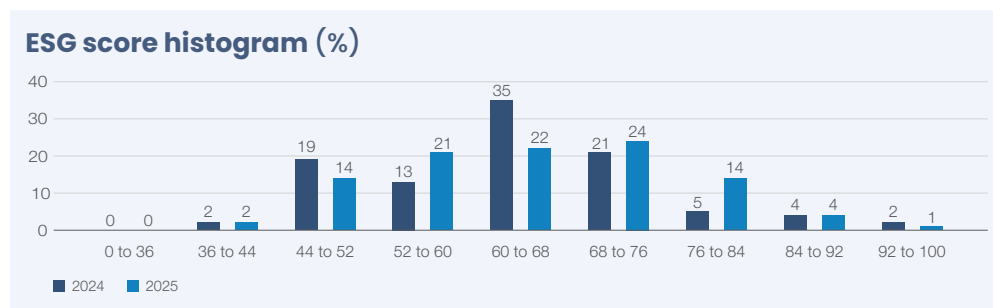


# Sustainability continued

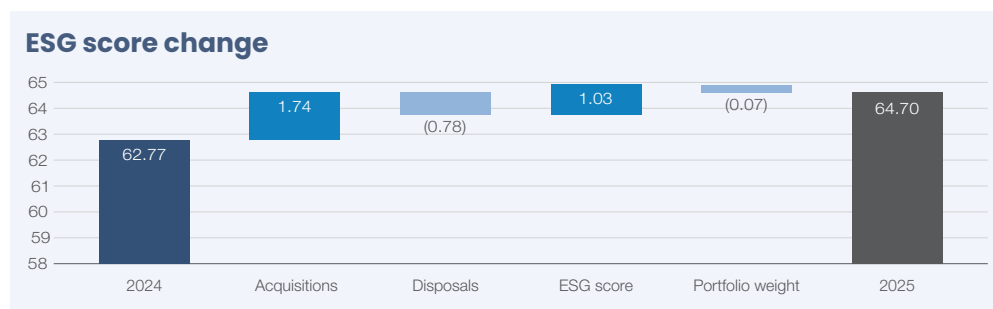
## Progress report continued

### 3. Over time, increase portfolio weighted average ESG score continued

The chart below represents a comparison of the portfolio's sustainability profile between 31 March 2024 and 31 March 2025:



The different factors driving the change in the weighted average score from 62.77 the previous year to this year's score of 64.70 are summarised in the waterfall chart below:



#### Acquisitions: The effect of new investments

During the year, the Fund acquired over £300 million worth of new investments in a number of different projects. The weighted average ESG score of these new acquisitions was 69.90, signalling positive progress in this respect and meaning it was the biggest contributor to the increase in the average ESG score over the year. The Fund also refinanced loans to two of its high ESG-scoring borrowers with strong environmental credentials: Project Octopus, a leading UK multi-utility services company, and Brightline, a sustainable high-speed passenger train in the US that is expanding its rail route.

#### Disposals: The effect of removing the maturing and sold positions from the portfolio

Since March 2024, assets totalling £210 million repaid or were removed from the portfolio. These had a weighted average ESG score of 66.91. Most disposals had an ESG score that sat at around the portfolio average, so their overall contribution did not have a noticeable effect on the portfolio average. The successful repayments of an energy efficiency project scoring 73.125 and the refinancing of Project Octopus and Brightline resulted in a 0.78 decrease in the weighted average ESG score of the portfolio for the year.

#### ESG score: The effect of changes in ESG score

Changes in the ESG scores of borrowers contributed 1.03 points to the average score for the year. The net positive effect on ESG scores came from improvements in borrower behaviour and the provision of additional evidence that allowed the application of credit through the modifiers, which ties into our ongoing engagement work with borrowers. Uplifts to the ESG score were realised across 14 borrowers.

#### Portfolio weight: The effect of changes in the weights of the loans on the portfolio

There was a resultant 0.07 negative impact that came from the increased weighting of low-ESG-scoring loans and reduced weight of high-ESG-scoring loans. These decisions are not made solely by reference to specific ESG factors but are assessed in the context of our ongoing overall portfolio management which balances many factors, such as geographic exposure, sectoral diversification and liquidity requirements. Further, fluctuations in portfolio weights come from repayment schedules and timing, which cannot always be controlled and is an inherent part of the business.

# Sustainability continued

## Engagement with borrowers

### Sustainability-related covenants

The Fund now has eight projects in the portfolio that have sustainability-related covenants in their loan terms, marking another year-on-year increase. The new addition this year was Project Crystal, a medical diagnostics business based in Germany. The borrower has also committed to completing the IA's annual sustainability questionnaire. In collaboration with other lenders on the deal pre-signing, there was agreement to adopt the SEQI questionnaire as the standard sustainability due diligence questionnaire ("DDQ") that would be completed by the borrower and distributed to all lenders. This speaks to the comprehensive and considered nature of the questionnaire that our Investment Adviser has designed and continues to enhance.

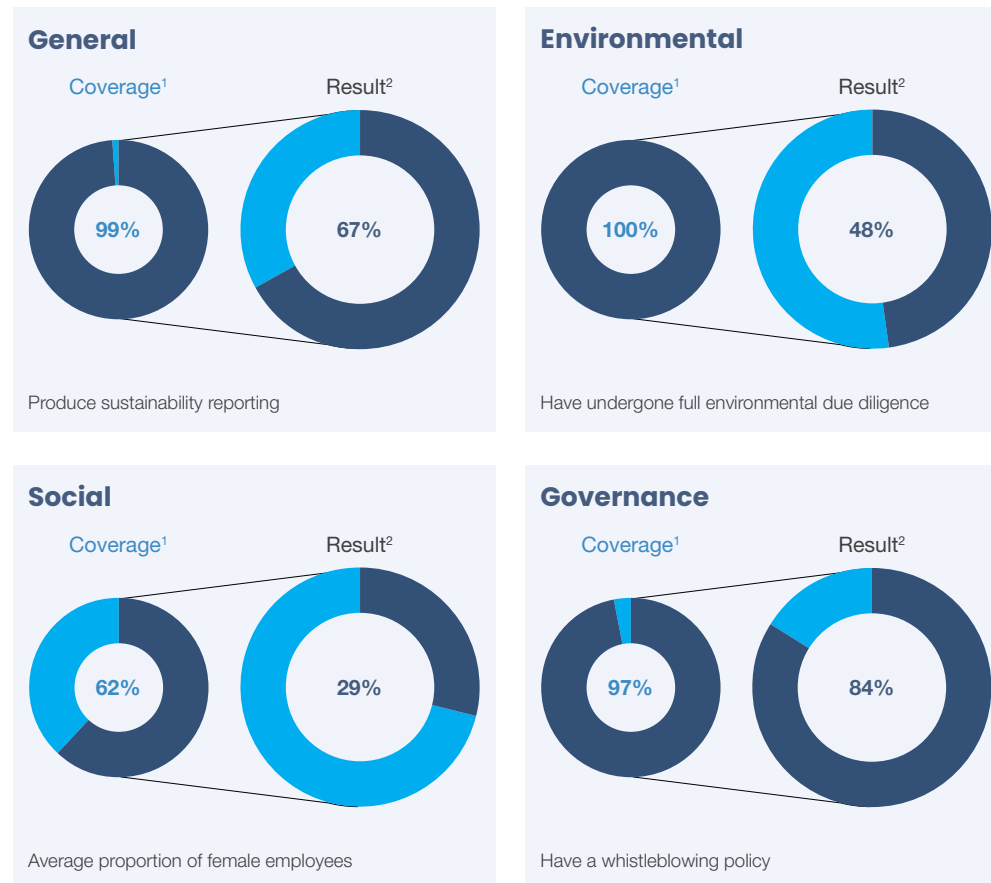
Year (as at year ended 31 March):	2020	2021	2022	2023	2024	2025
Number of projects with sustainability-related covenants in loan agreement:	2	3	3	6	7	8

The number of projects in the portfolio with sustainability-related covenants included within their loan agreements has been increasing over the years, and to the extent possible, this is a trend we seek to continue to pursue going forward.

### Annual borrower sustainability questionnaire

The Investment Adviser distributes a comprehensive sustainability questionnaire to all borrowers annually to facilitate with an assessment of their sustainability progress and to measure quantitative metrics. The borrowers' responses to the sustainability questionnaire better enable us to assess each asset according to our ESG scoring methodology. The framework requires a high bar of evidence before adjustments can be made to the ESG score in either direction. Details of how points are awarded or deducted are provided in the reporting criteria at [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/). This year a handful of targeted, carefully designed questions were added (such as the impact of the EU's Carbon Border Adjustment Mechanism ("CBAM")) to ensure the questionnaire remains relevant but also as streamlined as possible to appropriately balance the reporting burden on borrowers. Here we highlight a few of the sustainability KPIs we use to monitor the portfolio's performance:

### Sample metrics from the borrower questionnaire



1. Coverage = the percentage of the portfolio that has provided information on the relevant metric and is measured by NAV as at the year end
2. Results = out of the companies for which we have information, the percentage that has the relevant metric in place (e.g. a whistleblowing policy). Again, this is measured by NAV as at year end. For example, we have information on 99% of the SEQI portfolio on whether the companies do or do not produce sustainability reporting. Out of these companies, 67% do currently produce sustainability reports. This data was collected and reported by the IA, SIMCo

# Sustainability continued

## Engagement with borrowers continued

### Sustainability-related covenants continued

#### Annual borrower sustainability questionnaire continued

This year, we again achieved a 93% response rate, indicative of the strong relationship the Investment Adviser has built up with our borrowers, especially given the form is completed on an almost entirely voluntary basis. The responses vary in completeness due to the inapplicability of some questions to certain sectors and the unavailability of select datapoints, such as SFDR PAI metrics, for some smaller companies. We continue to work in partnership with our borrowers to expand the comprehensiveness of responses. Further, the questionnaire is not distributed to certain non-performing loans due to their distressed nature, which was relevant for two borrowers this year.

Year (as at year ended 31 March):	2021	2022	2023	2024	2025
Borrower response rate to sustainability questionnaire:	51%	43%	92%	93%	93%

### Direct engagement with management

We initiate and maintain a dialogue with the management teams of our portfolio companies to discuss relevant sustainability issues and areas featured in the portfolio companies’ action plan, led by the Investment Adviser’s Sustainability Manager, Leah Dean. An example is the case of a European port infrastructure company that enables the transportation of essential goods around the world. As well as completing the IA’s sustainability questionnaire, the borrower shared with us a third-party sustainability due diligence report, which provided thorough insight into the quality, health and safety and environmental practices at the company. The borrower also provided numerous examples of waste management plans they have in place for their projects, terminals and company-level procedures. The business produces best-in-class reporting in their extensive annual sustainability reports, including disclosing Scope 1, 2 and 3 emissions, with peers publishing little to no public sustainability information. The freight-forwarding company has successfully been implementing initiatives that have helped to reduce their emissions and make their operations more sustainable. For instance, this year they switched to using renewable energy and alternative fuels, which was a great contributor to the progress made towards their commitment to a 40% reduction in carbon emissions by 2030, which they are on track to achieve.

▶
 USD27m
 Invested

▶
 Atlas Air
 Between 2023 and 2024, SEQI invested USD27 million in senior secured debt to Atlas Air, a leading global provider of outsourced air cargo services. The company operates a large fleet of wide-body aircraft and is a key enabler of global supply chains. Notably, Atlas Air is the world’s largest operator of Boeing 747 freighters.





# Stakeholders

## Stakeholders, business relationships and socially responsible investment

Whilst directly applicable to companies incorporated in the UK, the Board recognises the intention of the Association of Investment Companies ("AIC") Code that matters set out in section 172 of the Companies Act 2006 are reported. The Board strives to understand the views of the Company's key stakeholders and to take these into consideration as part of its discussions and decision-making process. As an investment company, the Company does not have any employees and conducts its core activities through third-party service providers. Each provider has an established track record and is required to have in place suitable policies and procedures to ensure it maintains high standards of business conduct, treats customers fairly and employs corporate governance best practice.

Whilst the primary duty of the Directors is owed to the Company as a whole, all Board discussions involve careful consideration of the longer-term consequences of any decisions and their implications for all key stakeholders. Particular consideration is given to the continued alignment of interests between the activities of the Company and those that contribute to delivering the Board's strategy, which include the Investment Manager, the Investment Adviser, the Administrator, recipients of the Company's capital and providers of long-term debt finance. In addition, the Board has an ESG and Stakeholder Engagement Committee, which reviews the effectiveness of the Company's mechanisms for stakeholder engagement.

The Board's commitment to maintaining high standards of corporate governance; its policy for active Shareholder engagement, combined with the Directors' duties enshrined in Company law; the constitutional documents; the Disclosure Guidance and Transparency Rules; and the Market Abuse Regulation, ensure that Shareholders are provided with frequent and comprehensive information concerning the Company and its activities.

Sustainability factors are considered when assessing recipients of the Fund's capital. For instance, the Fund has previously requested information on suppliers' sustainability policies and offsetting initiatives. The interests of borrowers, sponsors and relevant intermediaries involved in the credit process are also discussed during scheduled Board meetings and in detail during the Board's portfolio review sessions.

The relationship with the providers of the Company's RCF is managed by the Company's service providers. Regular updates are provided on developments concerning the Fund, including any public announcements, in addition to monthly reporting of compliance with portfolio covenants.

The Board respects and welcomes the views of all stakeholders. Any queries or areas of concern regarding the Fund's operations can be raised with the Administrator.

### Section 172 statement

Although the Company is not domiciled in the UK, through adopting and reporting against the best practice principles set out in the AIC Code, the Company is voluntarily meeting obligations under the UK Corporate Governance Code, including section 172 of the Companies Act 2006.

The Directors recognise their individual and collective duty to act in good faith and in a way that is most likely to promote the success of the Company for the benefit of its members as a whole, whilst also having regard, amongst other matters, to the Company's key stakeholders and the likely consequences of any decisions taken during the year, as set out below:

### Long-term decisions

The Board takes into consideration the likely long-term consequences to all stakeholders as part of its routine decision-making process. The Board, supported by the Company's key service providers routinely engaging with the Company's key stakeholders, monitors the outcome of decisions, and feedback is considered as part of the Board's standing meeting schedule, as part of the annual strategy day, or as otherwise necessary.

### The interests of the Company's employees

The Company has no direct employees and maintains close working relationships with the employees of the Investment Adviser, Investment Manager and the Administrator who undertake the Company's main functions. Refer to the report of the Management Engagement Committee on page 50 for further information.

### The impact of the Company's operations on the community and the environment

The Company recognises that the biggest impact it has on the community and the environment is through its investing activities. As such, sustainability considerations are integrated into its investing, monitoring and management processes, including assessments of a credit's contribution to climate change and engagement with local communities. Refer to the sustainability report on pages 26 to 34 for further information.

### The need to foster the Company's business relationships with suppliers and others

The Board maintains close working relationships with all key suppliers and those responsible for delivering the Company's strategy. The contractual relationship with each supplier and their performance is formally reviewed each year. Refer to the report of the Management Engagement Committee on page 50 for further information.

In addition, even though the Company has no premises or employees, it has estimated the quantum of carbon emissions caused by its Directors, consultants and personnel employed by its Investment Adviser and smaller service providers in the fulfilment of their respective roles relating to management, direction and governance of the Company. It strives to offset its emissions from operations through its purchase of appropriate offsetting measures. For further details please refer to the Sustainability Report published on our website.

### The desirability of the Company maintaining a reputation for high standards of business conduct

The Chair is responsible for setting expectations concerning the Company's culture and the Board ensures that its core values of integrity and accountability are demonstrated in all areas of the Company's operation.

For further information on Board values and culture, please refer to page 47 of the corporate governance statement.

### The need to act fairly between Shareholders of the Company

The Board, in conjunction with the Investment Adviser and Brokers, engages actively with Shareholders to understand their views and to ensure their interests are taken into consideration when determining the Company's strategic direction.

# Stakeholders continued

## Shareholders

### Why engage?

As the principal source of capital, Shareholder capital is deployed by the Company in pursuit of its investment objective which, in turn, generates income for the Company which is used primarily to benefit Shareholders through the payment of dividends.

The Board recognises the importance of active Shareholder engagement to ensure there exists a continued alignment of interests with the objectives of the Company and those of Shareholders, and to inform the Board's future decision making.

### How the Company engages

The Board, alongside the Investment Adviser and the Brokers, maintains an ongoing programme of investor engagement which includes investor and analyst presentations, regular announcements on material developments affecting the Company, and offers to meet with key institutional Shareholders. Feedback from these and other relevant channels of communication forms part of the Board's decision-making process when determining the future strategy of the Company and taking decisions which may impact Shareholders.

Shareholders are invited to attend and vote at all general meetings where significant decisions affecting the Company are taken; in particular the AGM, where Shareholders may discuss the activities of the Company, its governance and strategy, and raise any issues or concerns directly with the Board. Routine updates are also provided to Shareholders through the provision of monthly investment update factsheets and net asset value reports, annual and half-yearly financial statements and regulatory news announcements.

All of which, in addition to other relevant information concerning the Company, are made available on the Company's website.

The Chair, the Senior Independent Director ("SID") and individual Directors are willing to meet Shareholders to discuss any particular items of concern or to understand their views on governance and the performance of the Company. General queries can also be submitted to the Board via the Administrator at the Company's registered office.

### Capital markets day

During the year, the Company held an online capital markets seminar, featuring two guest speakers and the Investment Adviser's wider team, with Q&A sessions following each discussion. The aim of the event was to provide investors with an insight into international infrastructure and credit investment themes and an update on the positioning of the Fund against the market backdrop.

### ESG roundtable

Along with its ongoing communication with investors and other stakeholders, the Company hosted an inaugural ESG Investor Breakfast event in September 2024. At this roundtable, ESG and Stakeholder Engagement Committee members, members of the IA and Shareholders in the Fund gathered to discuss key components of sustainability grouped into three areas.

Steve Cook, Head of Portfolio Management at the IA, gave an overview of the history and direction of SEQI's approach to integrating sustainability within the investment process, before opening up the floor to discussion of ESG trade-offs as well as views on an exclusions-based approach and the nuances around certain sectors. Leah Dean, the IA's Sustainability Manager, then led a discussion on responding to the fast-moving regulatory and reporting landscape. Andrea Finegan, the Board's Independent Consultant on sustainability, posed questions on the future direction of ESG. Margaret Stephens, as then Chair of the ESG and Stakeholder Engagement Committee, was also in attendance and found it of great value to engage directly with many of our sustainability-minded investors and other stakeholders.

### Share buyback programme

Since July 2022, and in response to the macro-economic headwinds faced by alternative income investment funds from rising interest rates, acting under appropriate advice the Board has exercised the authority granted annually by Shareholders for the Company to acquire its own shares in the market. Whilst the programme operates as a mechanism for addressing any imbalance in the demand and supply of Ordinary Shares in the market, it also underlines the Board's confidence in the net asset value of the Company and provides an element of value accretion to existing Shareholders.

During the year, the Board has resolved to continue the buyback programme in light of the continuing share price discount, as it believes this has been a key contributor to the Company's discount being consistently one of the narrowest in the sector over the preceding 18 months. For further details of the buyback programme please refer to the 'Share performance' section of the Investment Adviser's report and the share buybacks section of the Directors' report.

### Dividend reinvestment scheme

With effect from the Company's Q3 2023 dividend paid in November 2023, the Board introduced the option for Shareholders to invest their dividend in a dividend reinvestment plan ("DRIP"). Participation in the DRIP is optional and does not affect Shareholders' cash dividends unless they elect to participate; however, as purchases under the DRIP are not subject to stamp duty reserve tax, the DRIP provides Shareholders with a cost-effective means of increasing their shareholding in the Company over time whilst also benefiting from compounding returns.

# Stakeholders continued

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## Borrowers

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### Why engage?

Engagement with borrowers and gaining an understanding of their needs is fundamental to ensuring an appropriate lending structure is put in place that accurately reflects the risks associated with the borrower's operations. Through ongoing monitoring, the Investment Adviser provides updates to the Board on any changes in their circumstances and this also informs decision making on matters of portfolio risk.

### How the Company engages

The Investment Adviser monitors the performance of borrowers on an ongoing basis and routine reporting to the Risk Committee measures borrower performance against a combination of generic and borrower-specific key performance indicators. This regular interaction with borrowers is supported by all ongoing credit monitoring and updates and Investment Committee reviews being provided to the AIFM.

All borrowers are screened and their eligibility is assessed against the Fund's sustainability framework which is designed to encourage sustainability and mitigate or limit negative impacts from corporate activity on the environment and the communities in which they operate. Borrowers are sent annual sustainability questionnaires to facilitate with an assessment of their sustainability progress and measure quantitative metrics.

A detailed monitoring review report is prepared for every asset at least every six months and more frequently if required depending on risk characteristics or material developments. The Board and all key advisers annually undertake a detailed review of all positions in the portfolio, with a separate session dedicated to certain focus or underperforming loans based on their risk profile.

## Suppliers

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### Why engage?

The Company's suppliers include third-party service providers engaged to provide the core investment advisory, management and administrative tasks. Each of these providers is essential in ensuring the ongoing operational performance of the Company. The Company relies on the performance of third party service providers to undertake all of its main activities.

### How the Company engages

The Board maintains close working relationships with all of its key suppliers and regularly engages on matters relevant to the Company's activities.

Acting through the Management Engagement Committee, the Board oversees and monitors the performance and contractual relationships with each supplier. A detailed annual assessment is undertaken of each supplier to ensure they continue to perform their duties to a high standard and that their terms of engagement remain appropriate. This process informs the Board's decision making with regard to the continuing appointment of key suppliers.

The Management Engagement Committee met twice during the year, in December 2024 and March 2025, and reviewed the performance and continued engagement of all key suppliers. A further qualitative assessment was undertaken in respect of the Investment Adviser and with reference to various assessment criteria recommended by the AIC. Refer to the report of the Management Engagement Committee on page 50 for further information.

## Lenders

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### Why engage?

The Company's lender, J.P. Morgan ("JPM"), provides a revolving credit facility ("RCF") which is used for efficient deployment into credit opportunities and to mitigate the impact on performance of cash drag.

### How the Company engages

The Company's relationship with JPM is managed by the Investment Adviser and is overseen by the Investment Manager. The Investment Adviser is responsible for notifying JPM of relevant business developments and for preparing compliance certificates on a monthly basis which confirm the Company's adherence to debt covenants.

The Company's funding requirements are reviewed at least quarterly, which includes consideration of amounts drawn on the RCF and the Investment Adviser's business development pipeline. These factors form part of the Board's decision-making process concerning the operation of the RCF and the Company's capital management strategy.

## Society

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### Why engage?

The Fund's investing activities contribute to the societies in which its borrowers operate through providing funding for crucial services and facilities, for example healthcare providers. The Fund applies its sustainability approach during the due diligence stage prior to any new investment as well as part of its monitoring process. This encapsulates considerations around the borrower's impact on the local society, which can play a role in ensuring the Fund's own long-term success.

### How the Company engages

Economic infrastructure is infrastructure that promotes economic activity, including transport, transportation equipment, utilities, power, renewable energy, accommodation and telecommunications infrastructure.

The Fund has a long history of investing in infrastructure with social benefits and views these type of assets favourably in the investment process; these include assets that provide for basic human needs (such as clean water and food security) or bring a positive change by addressing social challenges and inequalities (such as healthcare, education and affordable housing) or advancing society as a whole (such as progressing telecommunications). The Investment Adviser may also engage more broadly with borrowers and those responsible for managing the project on their relationship with local populations.



# 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. Further details of the Risk Committee, its duties and activities undertaken during the year can be found in the report of the Risk Committee on page 57.

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 ("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 Articles 22 and 23 of the AIFMD for the year ended 31 March 2025.

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 (until her retirement on 4 March 2025) 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 has been 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 probability of 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-mitigation. The resulting list of principal risks is highlighted below along with major mitigants. Also included are 'direction of travel' arrows and text indicating why risk levels are believed to have changed over the past 12 months.

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 risks

### Geopolitical risk

#### Jurisdictional risk

Unexpected and significant political, economic or social events that can impact the performance of the Fund's portfolio.

#### Mitigation

- › Investment is restricted to countries in Western Europe, USA, Canada, Australia and New Zealand, limiting the possibility of surprising and unfavourable changes arising that could adversely affect asset quality.
- › Portfolio diversification requirements limit potential exposure to individual jurisdictions.

#### Evolution

- › Mitigation actions did not contemplate the US being a significant potential source of geopolitical risk.
- › The surprising nature of the current US administration's new economic policies and its approach to implementation has damaged confidence in the predictability of US decision making and significantly increased perceived levels of risk across all markets.
- › The simultaneous imposition by the US of tariffs on all countries worldwide has limited the benefits derived from geographic diversification.

### 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.

#### Mitigation

- › The Investment Adviser has extensive experience and a strong track record in sourcing infrastructure loans and bonds.
- › The Fund'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.

#### Evolution

- › The sharp rise in political and macro-economic uncertainty may limit the supply of infrastructure-backed debt by reducing investors' willingness to commit equity to new projects or suppressing M&A activity.
- › The Trump administration's focus on traditional carbon-based energy could reduce the number of new US-based opportunities in the alternative energy sector.
- › On the positive side, if sustained, credit spread widening linked to recent US economic policy changes should make it easier to source investments that meet risk/return targets.

# Principal and emerging risks and uncertainties continued

## Principal risks continued

### Macro strategy risk

#### Competing investments

A significant increase in returns available from other investment options (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 relatively unattractive.

#### Mitigation

- › The Company's attractiveness is monitored relative to its peers and other investment opportunities on an ongoing basis.
- › In higher interest rate environments, the Company's interest income is likely to increase, which may allow the Company to either increase its dividend or enjoy NAV growth. In falling rate environments, a proactive duration management programme can use duration management tools to help preserve income levels.
- › A history of strong performance, active investor engagement and support for Shareholders, in the form for example of buyback programmes, can help position the Company positively relative to other investment companies.

#### Evolution

- › Heightened uncertainty brought on by unexpected US economic policies may trigger a rotation out of investment companies into investment classes viewed as safer and more liquid. Infrastructure debt's historical outperformance would help to mitigate this trend.
- › Another year of discounts to NAV for investment companies backed by alternative assets has not helped to improve the market's perception of the sector.
- › SEQI, however, continued to outperform alternatives-backed investment company peers on a discount to NAV basis.

### 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.

#### Mitigation

- › 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. reduced diversification).

#### Evolution

- › New trade policies and increased macro-economic volatility will widen the range of operating performances across different sectors, heightening the importance of asset allocation decisions.
- › The widening of the share discount to NAV over the past 12 months has increased the significance of the buyback vs investment decision.

### Investment strategy execution risk

#### Loan underwriting process

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.

#### Mitigation

- › 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 borrowers' 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 a final decision.

#### Evolution

- › The risk remains unchanged as the Investment Adviser will incorporate current economic realities including greater uncertainty and volatility into the existing robust underwriting and structuring processes.

### 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.

#### Mitigation

- › The dividend target set by the Company is only a target; however, extensive modelling is undertaken to understand the quantum and volatility of cash flow available in future periods so that it can be set at a level the Board believes can be met under normal circumstances.
- › 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.

#### Evolution

- › Cash coverage decreased over the course of the year due to cash drag from uninvested funds and slower-than-expected receipt of PIK interest (1.00x in 2025 vs 1.06x in 2024).
- › The decision taken later in the year to use part of the RCF to ensure full investment is expected to increase cash income available going forward.
- › If interest rates fall, cash income from floating rate assets will drop, however interest rate swaps used to manage the portfolio's duration will help to mitigate the impact.
- › Increased macro-economic and trade-related uncertainty may hurt some borrowers' operating performance and make meeting scheduled interest payments more challenging.

# Principal and emerging risks and uncertainties continued

## Principal risks continued

### Capital markets risk

#### Inability to raise new capital

Not being able to access capital to grow the Company diminishes its market relevance and reduces its ability to generate incremental returns linked to making new loans. Performance can be further impacted if share buybacks lead to lower portfolio diversification and higher cost ratios.

#### Mitigation

- › 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 largely protects the Company from portfolio shrinkage. However, service provider performance is monitored closely as reduced absolute fees may lead to operational challenges.

#### Evolution

- › Investment companies, including SEQL, continue to be locked out of the capital markets as discounts remained in place throughout the year.

### Capital markets risk

#### Non-credit related NAV volatility

Assets in the portfolio are valued monthly, as debt products, movements in interest rates, foreign exchange ("FX") and credit spreads can lead to a significant change in NAV unrelated to the actual credit performance of the underlying assets.

#### Mitigation

- › Portfolio duration is kept low to avoid significant swings in NAV due to interest rate movements. The Fund targets a minimum 40% holding of floating rate assets (including interest rate swaps), and the maturities of fixed-rate loans and bonds are kept relatively short.
- › NAV volatility due to movements in benchmark credit spreads is mitigated by limiting the portfolio's spread duration.
- › Volatility due to FX rates is minimal due to the Company's extensive hedging programme.
- › Note: Changes in value due to interest rate and generic credit spread movements are reversed as the assets approach maturity (pull-to-par).

#### Evolution

- › Volatility in rates, FX and benchmark credit spreads increased significantly at year end in response to the surprising nature of the new US administration's economic policies.
- › Any loss of confidence in the stability of the US Dollar or the Treasury market may further increase the risk of significant movements in rates and FX going forward.

### 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.

#### Mitigation

- › The Company is highly focused on its share price discount to NAV and actively seeks out views on the issue from Shareholders and other market participants.
- › The Company has taken steps to broaden distribution by hiring Kepler to increase demand from retail and smaller wealth management accounts, and J.P. Morgan Cazenove as joint Broker to complement the services offered by Jefferies and help execute marketing and investor engagement strategy.
- › 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, help absorb excess supply in the market and, depending on the size of the discount, provide investors with attractive returns.

#### Evolution

- › Share discounts on investment companies backed by alternative asset classes have continued to grow over the past year and recent general market turmoil has not helped the situation.
- › Activist Shareholders are starting to focus on investment companies and have acted in specific cases.
- › On a relative basis, SEQL continues to outperform its peers on a share discount to NAV basis.

### Macro-economic risk

#### Macro-economic factors

Movements in macro-economic factors including interest rates, FX, commodity prices and inflation can impact the pricing and credit quality of individual infrastructure investments as well as the Company's other assets and liabilities including hedges, swaps and borrowings.

#### Mitigation

- › 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.
- › Counterparty credit exposure to macro-economic factors is mitigated at the portfolio level by diversification constraints and concentration limits.
- › The cap on leverage and relatively short duration of the portfolio limits NAV movements due to interest rate changes.
- › FX hedges protect the Company from pricing movements linked to assets denominated in non-Sterling currencies.
- › Derivative contracts are structured to minimise the potential impact of margin calls linked to interest rate and FX movements as witnessed in the recent sell-off in the US Dollar.

#### Evolution

- › The volatility of all macro-economic factors increased significantly at year end due to the unexpected and disruptive nature of the current US administration's new economic policies and a tentative challenge to the independence of the Federal Reserve.



# Principal and emerging risks and uncertainties continued

## Principal risks continued

### 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.

#### Mitigation

- › The Investment Adviser has extensive experience underwriting and managing infrastructure debt.
- › A detailed credit review and underwriting process requiring multiple levels of approval is in place with additional input provided from the Board on higher-risk loans.
- › All assets are monitored semi-annually by the Investment Adviser, AIFM and Board. Loans having credit issues or of particular interest are placed under an enhanced level of surveillance.
- › While tariffs are still a moving target, the portfolio has been reviewed to identify credits that are the most likely to be negatively impacted by recent events.

#### Evolution

- › Depending on final details, several borrowers in the portfolio could be negatively affected by the US administration's new tariff policy.
- › Supply chain issues linked directly to tariffs and big moves in macro-economic factors may create operating challenges for some borrowers.
- › Second order tariff-related consequences such as drops in demand driven by consumer boycotts and falls in cross border travel may negatively impact others.
- › At a minimum, higher costs will need to be paid by all borrowers and other market participants to manage increased market uncertainty.

### 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.

#### Mitigation

- › Key-man and succession risk at the Investment Adviser is discussed regularly in annual meetings and reviews with the Chairman, Management Engagement Committee and Audit Committee.
- › The Investment Adviser continues to develop its human resources and has a talent pool capable of assuming, 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") and an equity retention plan.

#### Evolution

- › Another year of experience for key team members below the partner level has helped to reduce the risk of disruption caused by senior level departures.
- › An up-tick in origination activity and a new senior employee equity retention plan have helped to keep the team focused and motivated.

### 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.

#### Mitigation

- › 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 minimum percentage of liquid assets are maintained to supplement balance sheet cash.
- › The relatively short-dated debt portfolio is highly cash generative as most of the assets pay cash interest and typically a certain number are repaid within any given three-month period.

#### Evolution

- › The ability to predict sources of cash income has decreased somewhat due to the more volatile and potentially challenging period that we have entered into for some borrowers.
- › The increased use of the RCF has reduced one of the Company's sources of liquidity. By design, headroom will be maintained under the facility and other sources of funds, such as cash deposits and liquid assets, remain in place.

## 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.

# Principal and emerging risks and uncertainties continued

## Key risks continued

### 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, Brokers, 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 reviews the structure on an ongoing basis and regularly engages a third-party adviser to formally confirm the continued suitability of the organisational structure put in place by the Company to carry out its business. This year, following a Board-led review of our tax structure, the governance of our Luxembourg Subsidiary was improved by the engagement of a new Luxembourg-based independent director with a strong background in accounting and risk management.

### 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. A specialist provider supports the IT environment for the Board and ensures that the environment is managed and monitored, and threats are mitigated. 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: Sustainability risk

Shareholders, regulators and the market in general are increasingly focused on sustainability-related issues. Failing to meet and maintain the standards and objectives set by the Board on sustainability-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 Company established the ESG and Stakeholder Engagement Committee to promote the Company's stated sustainability objectives, monitor progress and verify that reporting and disclosure requirements are being met. At the portfolio level, sustainability 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 sustainability performance over time. As there is increased scrutiny on climate risk, this year additional work has been undertaken on climate scenarios, which is being reported on in the Sustainability Report for the first time this year.

### Key risk: Board governance

Failure to promote the sustainable success of the Company, ensure that necessary resources and controls are in place, and maintain an effective engagement with Shareholders and service providers, while ensuring that the Company's own policies, practices and behaviours are aligned with its purpose, values and strategy can impact the performance of the Company. In response to market feedback and in pursuit of continued improvement and enhanced reporting, the Company has developed a stand-alone governance policy providing a detailed and transparent outline of governance structures and policies.

Over the course of the year, one Board member departed for personal reasons. For each Board vacancy a formal and rigorous search is undertaken, with careful consideration given to the appropriate balance of skills, knowledge, experience, independence, time availability and diversity. This enables the Directors to discharge their respective duties and responsibilities to a high standard and to contribute positively to overall Board effectiveness. Board performance continues to be evaluated by an independent third party on a regular basis. The last review occurred in 2023. Going forward, to meet the increasing demands on time, due to mounting risk and regulatory control responsibilities, a decision has been taken to increase the Board from five to six Directors.

## Emerging risks

The Company is constantly alert to the possibility of emerging risks. Once the Company identifies a new risk, it will assess the likelihood and impact of that risk and will discuss and agree appropriate strategies to mitigate and/or manage it. 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. Earlier in the year, the rumoured new US tariff policy was added to the risk register as an emerging risk. Now that some of the specifics of the policy are known, the risk has been moved to the register under the geopolitical risk section and portfolio screening and monitoring actions have been undertaken by the Investment Adviser.

Recently, the independence of the Federal Reserve and the Big Beautiful Bill are items that have been added to our emerging risks list, along with multiple geopolitical situations including the conflicts in Russia/Ukraine, India/Pakistan and Israel/Palestine, US/Iran nuclear talks and US territorial interest in Greenland and Panama.

In general, the current isolationist America First policy is being monitored closely to identify any new risks emerging from a potential reordering of global political and economic alliances and the loss of US soft power.

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, proposals on ongoing costs disclosure rules, sustainability-related disclosures and UK ISA eligibility criteria are areas of focus.

A detailed review of the main financial risks faced by the Company, and how they are managed or mitigated, is set out in note 5 to the Financial Statements.

# Governance



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# Board of Directors

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

## Key

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



### James Stewart

Chair

**E R M N**

Over 30 years of leadership experience in infrastructure across public and private sectors.

Chair of KPMG Global Infrastructure; non-executive member of KPMG LLP Board.

Chief Executive of Infrastructure UK and Partnerships UK.

16 years in investment banking focused on infrastructure lending, equity and advisory.

Currently Chair of Agilia Infrastructure Partners; trustee of the Shaw Trust; chair and trustee of Power for the People.



### Tim Drayson

Non-executive Director

**R A M N**

Over 30 years of experience in US and European debt capital markets.

Global Head of Corporate Sales and Deputy Head of European Corporate Loan and DCM Platform at BNP Paribas.

Global Head of Securitization at BNP Paribas, managing all origination and infrastructure structuring teams.

Senior roles at Morgan Stanley as Head of Securitized Products Syndication and at Paine Webber trading mortgage products.

Member of BNP Paribas Fixed Income Transaction Approval Committee.



### Margaret Stephens

Non-executive Director

**A E M N**

Over 30 years of experience in M&A, tax advisory and infrastructure investment.

Tax partner in financial services asset management at KPMG; leadership roles in Global Infrastructure and Investments Practice.

Founder and chair of KPMG's Global Sovereign Wealth, Pensions and Infrastructure Funds Group.

Audit chair of the UK Government Nuclear Liability Fund; trustee and director until January 2024.

Board roles at VH Global Sustainable Energy Opportunities and AVI Japan Opportunity Trust.

Member of the Institute of Chartered Accountants of Scotland.



### Paul Le Page

Non-executive Director

**M N A R**

Over 20 years of board-level experience in investment funds.

Executive director and senior portfolio manager at FRM Investment Management (Man Group).

Non-executive director of TwentyFour Income Fund; interim chair of NextEnergy Solar Fund.

Audit chair of RTW Biotech Opportunities.

Former audit chair of Bluefield Solar, UK Mortgages and other listed funds.

Chartered engineer with MBA from Heriot Watt University.



### Selina Sagayam

Non-executive Director

**E A**

Over 30 years of corporate finance legal experience in M&A, capital markets and governance.

Senior Counsel and Chair of ESG Practice at Gibson, Dunn & Crutcher.

Secretary to the UK Panel on Takeovers and Mergers.

Expert in public M&A, corporate governance and ESG.

Non-executive director of The Renewables Infrastructure Group; chair of ESG Committee.

Former non-executive director of Hastings Group and risk committee chair of Hastings Insurance; vice chair of Refuge.

# 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

Over 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, digitalisation and social infrastructure.

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

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



**Andrea Finegan**

Over 20 years in infrastructure fund management.

Non-executive director and chair of Sustainability Committee at Pantheon Infrastructure.

Independent chair of Schroders Greencoat Valuation Committee.

Former COO at Greencoat; led establishment of listed and unlisted infrastructure funds.

Previous senior roles at Climate Change Capital and ING Infrastructure Funds.

Holds MBA in Strategic Carbon Management.

## Independent Consultant

# Corporate governance

## Compliance

The Board places a high degree of importance on ensuring that high standards of corporate governance are maintained and has considered and adopted the principles and provisions of the 2019 AIC Code of Corporate Governance (the "AIC Code"), which can be found at <https://www.theaic.co.uk>. The Company has not early adopted the 2024 edition of the AIC Code, which is effective for accounting periods commencing on or after 1 January 2025. The AIC Code addresses all the principles set out in the UK Code of Corporate Governance (the "UK Code") in addition to setting out additional principles and provisions on issues relevant to listed investment funds. The Board considers that reporting against the principles and provisions of the AIC Code will provide the most appropriate information to Shareholders, and during the year the Board has reviewed its policies and procedures against the AIC Code.

The Board has also taken note of the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Services Commission (the "Guernsey Code"). The Guernsey Code provides a governance framework for Guernsey Financial Services Commission ("GFSC") licensed entities, authorised and registered collective investment schemes. Companies reporting against the UK Code or the AIC Code are deemed to satisfy the provisions of the Guernsey Code.

For the year ended 31 March 2025, the Company has complied with the provisions of the AIC Code and the relevant provisions of the UK Code. Issues that are not reported on in detail here are excluded because they have been assessed as not being applicable or relevant to the Company, being an externally managed investment company.

In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties, and as a result, the Company has no executive directors, employees or internal operations and therefore has not reported in respect of provisions concerning the role of the chief executive, the remuneration of executive directors, or the internal audit function due to the controls frameworks and assurance processes in place at each of the Company's key service providers.

## Composition of the Board and Independence of Directors

As at 31 March 2025, the Board of Directors comprised five (2024: five) non-executive and independent Directors as set out below. The Company has no executive Directors or any employees. The Chair and all Directors are considered independent of the Investment Adviser, the Investment Manager and the Administrator. The Directors consider that there are no factors, as set out in the AIC Code, which compromise the Directors' independence and that they all contribute positively to Board effectiveness. The Board reviews the independence of all Directors annually. The Directors' biographies are disclosed on page 44.

James Stewart is the Chair of the Board and served as Chair of the ESG and Stakeholder Engagement Committee until 7 June 2024.

Tim Drayson is the Chair of the Risk Committee.

Margaret Stephens served as Chair of the ESG and Stakeholder Engagement Committee with effect from 7 June 2024 until 1 April 2025. She was appointed Chair of the Audit Committee with effect from 1 April 2025.

Paul Le Page was appointed to the Board on 7 June 2024, and on that date was also appointed as Chair of the Management Engagement Committee and of the Remuneration and Nomination Committee. With effect from 9 December 2024, he was appointed Senior Independent Director ("SID").

Selina Sagayam was appointed to the Board on 1 April 2025, and on that date was also appointed as Chair of the ESG and Stakeholder Engagement Committee.

An external executive search consultancy firm, Sapphire Partners, was engaged in relation to the appointment of Selina Sagayam. Sapphire Partners has no other connection to the Company.

Sandra Platts served as the SID and Chair of the Management Engagement Committee and the Remuneration and Nomination Committee until her retirement from the Board on 7 June 2024.

Fiona Le Poidevin served as Chair of the Audit Committee until her retirement on 31 March 2025.

No Director has a service contract with the Company. The terms of appointment for each non-executive Director are set out in writing between each individual and the Company. Copies of the appointment letters are available for review by Shareholders at the Company's registered office.

As Chair, James Stewart is responsible for leading the Board of Directors and for ensuring its effectiveness in all aspects of its role. The specific duties of the Chair include setting the Board's agenda, expectations concerning the Company's culture, ensuring the Board has in place effective decision-making processes which are supported by accurate and high-quality information, and demonstrating ethical leadership and promoting the highest standards of integrity, probity and corporate governance throughout the Company. The Board's annual performance evaluation is led by the Chair, with the support from the SID, and it will take action as appropriate based on the results of that evaluation.

The responsibilities of the SID include being available to Shareholders as an additional point of contact or to communicate any concerns to the Board, and working closely with the Remuneration and Nomination Committee to develop the Board's succession planning.

In accordance with the AIC Code, all Directors are subject to re-election annually by Shareholders. The Board has adopted a policy on tenure that it considers appropriate for an investment company. The Board does not consider length of service by itself to be a factor impairing Director independence.

However, the Board's tenure and succession policy, applied to all non-executive Directors, seeks to ensure that the Board remains well balanced and that the skills, knowledge and experience of the Board are refreshed at appropriate intervals. Four years ago, the Board recognised that the original four Directors were coming towards the end of their terms and so implemented a transition plan. The retirement of Sandra Platts on 7 June 2024 marked the end of this transition plan.

The Board believes that all of the Directors have adequate time and resources to fulfil their duties to the Company and are not over-committed in accordance with the published Glass-Lewis policy on overboarding.

## Board diversity

The Board supports the recommendations of the Davies Report and notes the recommendations of the Parker review into ethnic diversity and the Hampton-Alexander review on gender balance in FTSE leadership. The Board supports the widening of its diversity, whilst ensuring the capabilities, experience and background of each member remain appropriate to the Company and continue to contribute to overall Board effectiveness.

As at 31 March 2025, the Board was 60% male and 40% female. Following the retirement of Fiona Le Poidevin, and the subsequent appointment on 1 April 2025 of Selina Sagayam, the Board remains 60% male and 40% female.



# Corporate governance continued

**Board diversity** continued

In compliance with Listing Rule 9.8.6 (“LR 9.8.6”), the Company provides information, set out in the tables below, on its progress against the following targets on Board diversity:

- › at least 40% of the Board is female;
- › at least one senior position on the Board is held by a woman; and
- › at least one individual on the Board is from a minority ethnic background.

Gender identity	Number of Board members	% of the Board	Number of senior positions on the Board
Male	3	60	3
Female	2	40	2

Ethnic background	Number of Board members	% of the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	5	100	5
Black/African/Caribbean/Black British	—	—	—
Other ethnic group	—	—	—

As at 31 March 2025, none of the Board was from a minority ethnic background; however, with effect from the appointment of Selina Sagayam on 1 April 2025, this target was met.

The data shown in the above tables reflect the gender and ethnic background of the Board, and were collected on the basis of self-reporting by the individuals concerned. The questions asked were “Which ethnicity category best describes your background?” and “What is the gender in which you wish to be categorised?”.

The Listing Rules specify the positions of CEO, CFO, Chair and SID as being senior positions. The Board notes that, as an externally-managed investment company, with a Board comprised entirely of non-executive Directors, it does not have the roles of a chief executive officer or chief finance officer as envisaged in LR 9.8.6, and therefore for the purpose of the above targets, it considers the senior positions on the Board to include the roles of Chair, SID and Chair of any permanent Committee of the Board.

The Board has satisfied the requirements of LR 9.8.6 in respect of gender; however, following the retirement of Sarika Patel from the Board on 2 August 2023, and until the recruitment of Selina Sagayam with effect from 1 April 2025, the Board did not have at least one individual from a minority ethnic background. In all its recruitments, the Board ensures that it is presented with a diverse set of candidates, from which it appoints the candidate best suited to the role.

**Directors’ performance evaluation**

The Board has established a system for the evaluation of its own performance and that of the Company’s individual Directors, which is led by the Chair and, as regards the Chair’s performance evaluation, by the SID. It considers this to be appropriate having regard to the non-executive role of the Directors and the significant outsourcing of services by the Fund to external providers.

The Directors undertake, on an annual basis, an assessment of the effectiveness of the Board, particularly in relation to its oversight and monitoring of the performance of the Investment Manager, Investment Adviser and other key service providers. The evaluations consider the balance of skills, experience, independence and knowledge of the Company. The Board also evaluates the effectiveness of each of the Directors.

An externally facilitated Board effectiveness review is undertaken every three years, in line with the recommendations of the AIC Code and in substitution to the Board’s internal evaluation process. The last externally facilitated review was undertaken during the 2023 financial year and the findings were formally considered by the Board in June 2023. The findings from the independent performance evaluation concluded that the Company maintained high standards of corporate governance practice and, in the context of the Company, the main principles of the AIC Code continued to be applied effectively.

The Board remains cognisant of the need to anticipate and respond to evolving challenges, and therefore the governance framework in place by the Company is subject to regular review to ensure it remains appropriate in the context of the Company. The next externally facilitated Board effectiveness review will be carried out in relation to the financial year ending 31 March 2026.

Following the changes during the year to the composition of the Board and the various roles of the Directors, a review will be undertaken within the next year.

**Board values and culture**

The Chair is responsible for setting the standards and values expected of the Board, and the Board operates with the Company’s core values of integrity, transparency and accountability with an aim of maintaining a reputation for high standards in all areas of the Company’s activities.

The Board recognises the value and importance to all stakeholders of organisations incorporating effective environmental, social and governance policies as part of its day-to-day operations; refer to pages 35 to 37 for additional information. In the furtherance of the Company’s sustainability aspirations and the increased importance to stakeholders of these matters, the Board operates a dedicated committee with the delegated responsibility for addressing relevant matters of stakeholder engagement and guiding the Company’s sustainability strategy. The report of the ESG and Stakeholder Engagement Committee can be found on pages 55 and 56.

Through designing an effective sustainability policy which reflects the Board’s core values and the alignment of this with the Fund’s business operations, the Board seeks to promote a culture of openness and constructive challenge amongst those responsible for taking key decisions. The findings from the most recent internal and external performance evaluation endorsed the quality of boardroom debate and high levels of collaboration between all parties as key contributors to a highly effective decision-making process. This is underpinned by a robust corporate governance framework which seeks to align the Company’s purpose, values and strategy with the culture set by the Board through active engagement with the Company’s key service providers.

**Directors’ remuneration**

It is the responsibility of the Remuneration and Nomination Committee to debate and make recommendations to the Board in relation to the Directors’ remuneration, having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company’s affairs. No Director who is a member of the Committee takes part in decisions relating to their own remuneration.

# Corporate governance continued

## Directors' remuneration continued

The Directors periodically benchmark the remuneration policy of the Company against comparable information on listed investment companies, particularly those operating in similar or adjacent market sectors, in addition to giving due regard to the individual circumstances of the Company which may warrant a departure from industry norms. The last externally facilitated remuneration review was commissioned by the Remuneration and Nomination Committee in 2020, subsequent to which internal remuneration reviews have been conducted annually.

No Director has a service contract with the Company and details of the Directors' remuneration, and changes thereto reflecting the increased time commitment required of the Board, can be found in the Directors' remuneration report on pages 58 and 59.

## Directors' and officers' liability insurance

The Company maintains insurance in respect of directors' and officers' liability in relation to the Directors' actions on behalf of the Company.

## Relations with Shareholders

The Board believes that the maintenance of good relations and understanding the views of Shareholders is important to the long-term sustainable success of the Company, and since launch the Board has adopted a policy of actively engaging with major Shareholders through a variety of means. Further information on how the Company engages with Shareholders can be found in the stakeholders section on pages 35 to 37.

## Directors' meetings and attendance

The table below shows the Directors' attendance at Board and Committee meetings during the 2024/25 annual Board cycle.

Committee	Number of meetings held	James Stewart	Tim Drayson	Margaret Stephens	Paul Le Page	Fiona Le Poidevin	Sandra Platts
Board – scheduled	4	4 (4)	4 (4)	4 (4)	4 (4)	3 (4)	– (–)
Board – ad hoc	7	7 (7)	7 (7)	7 (7)	7 (7)	5 (7)	1 (1)
Audit	4	N/A	4 (4)	4 (4)	4 (4)	3 (4)	– (–)
Risk	4	4 (4)	4 (4)	N/A	4 (4)	N/A	N/A
Remuneration and Nomination	2	2 (2)	2 (2)	2 (2)	2 (2)	1 (2)	– (–)
Management Engagement	2	2 (2)	2 (2)	2 (2)	2 (2)	1 (2)	– (–)
ESG and Stakeholder Engagement	3	3 (3)	N/A	3 (3)	N/A	2 (3)	– (–)

The numbers in brackets indicate the number of meetings held during the tenure of the Director or their membership of the specified committee. Paul Le Page joined the Board with effect from 7 June 2024, Sandra Platts retired with effect from 7 June 2024 and Fiona Le Poidevin retired with effect from 31 March 2025.

During the year Kate Thurman (until her retirement on 4 March 2025) and Andrea Finegan, the Company's Independent Consultants, attended a number of Risk Committee, Board and other meetings with the Directors during the year.

## Board responsibilities

The Board meets formally on a quarterly basis to review the overall business activities of the Company and any matters specifically reserved for its consideration. Standing agenda items considered at all quarterly Board meetings cover portfolio performance, capital allocation and deployment, sustainability matters, NAV and share price performance, Shareholder return metrics, reviewing changes to the risk environment including the assessment of emerging risks, marketing and investor relations, peer group information and industry issues. Consideration is also given to administration and corporate governance matters, legislative developments and, where applicable, reports are received from the Board's formally constituted committees.

The Directors also review the Fund's activities every quarter to ensure that the Fund adheres to its investment policy. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Administrator, who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with. The Board has adopted a schedule of matters specifically reserved for its decision making and distinguishing these from matters it has delegated to the Company's key service providers.

The Board actively monitors the level of the share price premium or discount to determine what action, if any, is required. The Board continues to closely monitor the rating of the Company's shares.

The Board also meets at least once a year outside formal Board meetings to discuss and review the Company's strategy. These meetings are also normally attended by some of the Company's advisers.

Although no formal training is given to Directors by the Company unless specifically requested, the Directors are kept up to date on various matters such as corporate governance issues through bulletins and training materials provided from time to time by the Administrator, the AIC and professional firms. The Directors are asked to comment on training as part of the Board's self-evaluation process and are responsible for their own training, in respect of which they are asked to provide logs of their continuing professional development ("CPD") to the Company annually.

## Board Committees

Each of the Board's formally constituted committees operates within clearly defined terms of reference which are considered and are then referred to the Board for approval. A copy of each terms of reference is available on the Company's website or upon request from the Administrator.

### Audit Committee

The Audit Committee is responsible for ensuring the accuracy of the Company's financial reporting, maintaining a relationship with the Auditor and facilitating an assessment of their independence and the effectiveness of the audit, and, in conjunction with the Risk Committee, keeping under review the adequacy of the effectiveness of the Company's internal financial controls and internal control and risk management systems. Further details are set out in the report of the Audit Committee on pages 51 to 53.

### Risk Committee

The responsibility of the Risk Committee is to identify, assess, monitor and, where possible, oversee the management of risks to which the Fund's investments are exposed, principally to enable the Company to achieve its target investment objective of regular, sustained, long-term distributions over the planned life of the Company, with regular reporting to the Board. Further details are set out in the principal and emerging risks and uncertainties section on pages 38 to 42.

# Corporate governance continued

## Board Committees continued

### Management Engagement Committee

The Management Engagement Committee is responsible for the regular review of the terms of the Investment Advisory and Investment Management Agreements, along with the performance of the Administrator, Investment Adviser and the Investment Manager and the Fund's other key service providers to ensure a continued alignment of interest, and that their engagement remains in the best interest of the Company. Further details are set out in the report of the Management Engagement Committee on page 50.

### Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for reviewing the structure, size and composition of the Board; maintaining the Board's succession plan; reviewing the leadership needs of the organisation and identifying candidates for appointment to the Board, including the need to continually review the diversity of the Board; considering the remuneration of the Directors; and determining the Company's remuneration policy. Further details are set out in the report of the Remuneration and Nomination Committee on page 54, and in the Directors' remuneration report on pages 58 and 59.

### ESG and Stakeholder Engagement Committee

The ESG and Stakeholder Engagement Committee is responsible for supporting the Board in monitoring the effectiveness of the Company's engagement with key stakeholders and to set the Company's environmental, social and governance objectives and to review the performance of the Company against those objectives. Further details are set out in the report of the ESG and Stakeholder Engagement Committee on pages 55 and 56.

## Management arrangements

### Investment Manager and Investment Adviser

The Directors are responsible for the determination of the Fund's investment policy and have overall responsibility for the Company's activities. The Company has entered into an Investment Management Agreement with the Investment Manager with effect from 28 January 2015. On the same date, the Investment Manager, with the consent of the Company, entered into an Investment Advisory Agreement with the Investment Adviser to manage the assets of the Fund in accordance with the Fund's investment policy. The Investment Adviser is responsible for the day-to-day management of the Fund's portfolio and the provision of various other management services to the Fund.

The Directors consider that the interests of Shareholders, as a whole, are best served by the continued appointment of the Investment Manager and the Investment Adviser to achieve the Fund's investment objectives.

### Custody arrangements

The Fund's assets are held in custody by The Bank of New York Mellon (the "Custodian") pursuant to a Custody Agreement dated 27 February 2015.

The Fund's assets are registered in the name of the Custodian within a separate account designation and may not be appropriated by the Custodian for its own account.

The Board conducts an annual review of the custody arrangements as part of its general internal control review and is pleased to confirm that the Fund's custody arrangements continue to operate satisfactorily. The Board also monitors the credit rating of the Custodian, to ensure the financial stability of the Custodian is being maintained to acceptable levels. As at 31 March 2025, the long-term credit rating of the Custodian as reported by Standard and Poor's is AA- (2024: AA-), which is deemed to be an acceptable level.

Ongoing monthly calls are maintained between the Custodian and the Administrator to discuss any performance issues that may arise.

### Administrator

Administration and Company Secretarial services are provided to the Company by Apex Fund and Corporate Services (Guernsey) Limited<sup>1</sup> (the "Administrator"). The Administrator also assists the Company with AIFMD, CRS and FATCA reporting.

A summary of the terms of appointment of the Investment Manager, Investment Adviser, Custodian and Administrator, including details of applicable fees and notice of termination periods, is set out in note 10 to the Financial Statements.

### Internal control review and risk management system

The Board of Directors is responsible for putting in place a system of internal controls relevant to the Company and for reviewing the effectiveness of those systems. The review of internal controls is an ongoing process for identifying and evaluating the risks faced by the Company, and which are designed to manage risks rather than eliminate the risk of failure to achieve the Company's objectives.

It is the responsibility of the Board to undertake risk assessment and review of the internal controls in the context of the Company's objectives that cover business strategy, operational, compliance and financial risks facing the Company. These internal controls are implemented by the Company's four main service providers: the Investment Adviser, the Investment Manager, the Administrator and the Custodian. The Board receives periodic updates from these main service providers at the quarterly Board meetings of the Company. The Board is satisfied that each service provider has effective systems in place to control the risks associated with the services that they are contracted to provide to the Company and are therefore satisfied with the internal controls of the Company.

The Board of Directors considers the arrangements for the provision of Investment Advisory, Investment Management, Administration and Custody services to the Company on an ongoing basis, and a formal review is conducted annually. As part of this review, the Board considered the quality of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Board has noted the changes introduced by the FRC to Provision 29 of their 2024 edition of the UK Code, applicable to accounting periods beginning on or after 1 January 2026, relating to the effectiveness of material internal controls. It has taken steps during the period towards enhancing its existing processes for assessing internal controls in order to comply with the revised Provision 29 no later than the effective date and to provide the required declaration of effectiveness of internal controls in the relevant annual report. The Directors will keep this under review in conjunction with the corresponding changes to provision 34 of the AIC Code introduced by the AIC in August 2024, which are effective for accounting periods commencing on or after 1 January 2026.

1. Effective 31 January 2025, Sanne Fund Services (Guernsey) Limited completed an amalgamation of corporate bodies pursuant to Part VI of the Companies (Guernsey) Law, 2008 with Apex Fund and Corporate Services (Guernsey) Limited (the "Amalgamation"). As a result of the Amalgamation, the name of the Administrator changed to Apex Fund and Corporate Services (Guernsey) Limited. There are no further material changes arising from the Amalgamation and all pre-existing contractual arrangements in place between the Company and the Administrator remain in force.



# Report of the Management Engagement Committee



**Paul Le Page**  
Management Engagement  
Committee Chair



Terms of reference of the Management Engagement Committee can be found here

## Chair and membership

The Management Engagement Committee was chaired by Sandra Platts until her retirement from the Board on 7 June 2024, and thereafter by Paul Le Page, with James Stewart, Fiona Le Poidevin (until her retirement with effect from 31 March 2025), Margaret Stephens (with effect from 7 June 2024) and Tim Drayson (with effect from 7 June 2024) as Committee members. The Committee meets at least once annually.

The Committee is responsible for the regular review of the terms of the Investment Advisory and Investment Management Agreements, along with the performance of the Administrator, Investment Adviser and the Investment Manager and the Fund's other key service providers. The membership of the Committee and its terms of reference are kept under review.

## Duties

Through the Committee, the Directors continually monitor the performance and the continued appointment of all key service providers and a formal, detailed assessment of the performance and the terms of engagement of the Company's key service providers is undertaken on at least an annual basis to ensure each remains fair and reasonable and that their continued engagement remains in the best interests of the Company. This annual review process includes two-way feedback, which provides the Board with an opportunity to understand the views, experiences and any significant issues encountered by service providers during the year. In addition, the Management Engagement Committee is actively involved in reviewing the contractual relationship with the Investment Adviser, scrutinising their performance and ensuring the contractual terms remain aligned with the objectives of the Company and the interests of Shareholders.

This includes reviewing the overall basis of remuneration for the Investment Adviser, particularly to ensure it does not encourage excessive risk taking, but rewards demonstrable superior performance and continues to motivate and incentivise the level of performance expected of the Investment Adviser.

The Directors recognise the importance of maintaining strong and effective business relationships with the Company's operational counterparties and that high-quality interaction with these stakeholders is an important success factor for delivering the Board's strategy. The annual performance assessment conducted by the Management Engagement Committee seeks to ensure that:

- › the terms of engagement remain fair and reasonable and reflective of the services performed in the context of the nature, scale and complexity of the Company;
- › strong congruence exists between the objectives of the counterparty and those of the Company;
- › they have not been the subject of any adverse event which may present additional risk to the Company;
- › they remain appropriately incentivised to perform their duties to a high standard; and
- › their continued engagement remains in the best interests of the Company as a whole.

## Main activities during the year

During the year, the Committee undertook a thorough and robust review of all service providers, which included receiving formal presentations from the Investment Adviser, the Investment Manager and the Administrator at the Committee's meeting in March 2025. The Committee has also considered the level of the Investment Adviser's fee, benchmarked against the peer group and arranged a performance review visit to the Subsidiary Administrator in Luxembourg, which was undertaken in May 2025.

The Committee also worked with the Investment Adviser to oversee a tender process for the appointment of a second broker, with the intention of expanding the international distribution of the Company's shares. The process led to the appointment of J.P. Morgan Cazenove as a joint corporate broker on 26 February 2025.

## Investment Adviser

Overall, the Committee remains pleased with the overall level of performance of the Investment Adviser and the steps taken to remain resilient to the market volatility and the macro-economic headwinds faced by alternative income fund managers in recent years. The Committee remains confident in the strength of the investment pipeline, and that the interests of the Investment Adviser remain aligned with the Directors' objective of creating sustainable value for existing investors, evidenced by the Investment Adviser's commitment to the share buyback programme. Currently, the Board does not consider it necessary to obtain an independent appraisal of the Investment Adviser's services, and the continued retention of the Investment Adviser's services is considered to be in Shareholders' best interests.

## Service provider performance assessment

The results of the performance evaluations were discussed and evaluated by the Committee. It was determined that the overall performance of the Company's service providers had been of an acceptable standard during the year, with no material concerns or issues arising. The standard of services provided by each of the suppliers had either met or exceeded expectations, and the Committee did not believe it necessary to recommend any changes to the contractual terms of engagement of any provider.

**Paul Le Page**  
Management Engagement Committee Chair  
24 June 2025

# Report of the Audit Committee



**Margaret Stephens**  
Audit Committee Chair



Terms of reference of the Audit Committee can be found here

## Chair and membership

The Audit Committee comprises Tim Drayson, Margaret Stephens, Paul Le Page (from his appointment as a Director on 7 June 2024) and Selina Sagayam (from her appointment as a Director on 1 April 2025). The Committee was chaired by Fiona Le Poidevin until her retirement as a Director on 31 March 2025, whereupon Margaret Stephens was appointed as Chair. The Committee met four times during the year. The Board considers that the Audit Committee members have sufficient relevant sector experience to enable the Committee to discharge its duties effectively, and, in accordance with the provisions of the AIC Code, at least one member of the Committee has recent and relevant financial experience.

All members of the Committee are independent Directors; have no present links with Grant Thornton Limited, the Company's Independent Auditor (the "Auditor" or "Grant Thornton"); and are independent of the Investment Manager and Investment Adviser. The membership of the Audit Committee and its terms of reference are kept under review. The relevant qualifications and experience of each member of the Audit Committee are detailed on page 44 of these Financial Statements. The Audit Committee's intention is to meet at least three times a year and to meet with the Auditor as appropriate.

## Duties

The Audit Committee's main role and responsibility is to provide advice to the Board on whether the Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

The Audit Committee gives full consideration and recommendation to the Board for the approval of the contents of the Interim and Annual Financial Statements of the Company, which includes reviewing the Auditor's report.

The other principal duties of the Committee are to consider the appointment of the Auditor; to discuss and agree with the Auditor the nature and scope of the audit; to keep under review the scope, results and effectiveness of the audit and the independence and objectivity of the Auditor; and to review the Auditor's letter of engagement, planning report for the financial period and management letter, as applicable.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the Company's internal control and risk management systems. The Audit Committee also focuses particularly on compliance with legal requirements, accounting standards and the relevant Listing Rules and ensuring that an effective system of internal financial control is maintained.

The Audit Committee also considers reports from the independent valuation agent, PwC.

## Financial reporting and audit

The Audit Committee has an active involvement and oversight in the preparation of both the Interim and Annual Financial Statements and in doing so is responsible for the identification and monitoring of the principal risks associated with the preparation of the Financial Statements and other risks and uncertainties identified by the Board. The principal risk identified in the preparation of these Financial Statements is the valuation of the Company's investments in Sequoia IDF Asset Holdings S.A., Yotta BidCo Limited and Gadwall Holding Limited, its subsidiary companies (the "Subsidiaries"), which hold all of the underlying investments.

The Company's investment in the Subsidiaries had a fair value of £1,479,215,419 as at 31 March 2025 (2024: £1,493,171,675), representing a substantial proportion of the gross assets of the Company, and as such is the biggest factor in relation to the accuracy of the Financial Statements. PwC was engaged to carry out an independent fair market valuation review of the Subsidiaries' investments on a monthly basis. Draft pricing for the Subsidiaries' investments is provided by the Investment Adviser to PwC, who in turn produces a final valuation report for review by the Investment Manager. The responsibility for establishing the valuation of the Subsidiaries' investments rests with the Investment Manager, subject to final approval by the Board. This report is then submitted to TMF Luxembourg S.A. (the "Sub-Administrator") for inclusion in the Subsidiaries' NAV.

The Audit Committee actively engages with the Investment Adviser and Investment Manager on the methodologies and processes used for valuing investments. It also meets with the independent valuation agent, PwC, to discuss its work on the valuations and broader considerations impacting these. The Audit Committee has also considered the Auditor's approach to their audit of the valuation of the Subsidiaries' investments and discussed with the Auditor their approach to testing the appropriateness and robustness of the valuation methodologies applied. The Auditor has not reported any material differences between the valuations used and the results of the work performed during their testing process.

Based on the review and analysis described above, the Audit Committee is satisfied that, as at 31 March 2025, as stated in the Financial Statements, the fair values of the Company's investments in the Subsidiaries are reasonable.

# Report of the Audit Committee continued

## Financial reporting and audit continued

The Committee considered the Company's financial requirements for the next 12 months and concluded that it had sufficient resources to meet its commitments as they fall due. Consequently, the Financial Statements have been prepared on a going concern basis. The Committee also considered the longer-term viability statement within the Annual Report, covering a four-year period, and the underlying factors and assumptions which contributed to the Committee deciding that four years was an appropriate length of time to consider the Company's long-term viability.

The Committee received the 2024 ESG Assurance Report from KPMG LLP.

The Audit Committee reviewed the Company's accounting policies applied in the preparation of the Annual Financial Statements, together with the relevant critical judgements, estimates and assumptions made by the Board and, having discussed matters with the Auditor, determined that these were in compliance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and were reasonable. The Audit Committee reviewed the materiality levels applied by the Auditor to the Financial Statements as a whole and was satisfied that these materiality levels were appropriate. The Auditor reports to the Audit Committee all material corrected and uncorrected differences. The Auditor explained the results of their audit and that on the basis of their audit work, there were no adjustments proposed that were material in the context of the Financial Statements as a whole.

1. The FRC's review is based on the Company's Annual Report and Accounts and does not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. It is, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework

The correspondence between the FRC and the Company provides no assurance that the Company's Annual Report and Accounts are correct in all material respects; the FRC's role is not to verify the information provided to it but to consider compliance with reporting requirements. The FRC's letters are written on the basis that the FRC (which includes its officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and Shareholders

The Audit Committee also reviews the Company's financial reports as a whole to ensure that such reports appropriately describe the Company's activities and that all statements contained in such reports are consistent with the Company's financial results and projections. Accordingly, the Audit Committee was able to advise the Board that the Annual Report and Audited Financial Statements are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model, financial position and strategy.

## Financial Reporting Council ("FRC") review of the Company's 2024 Financial Statements

During the year, the FRC's Corporate Reporting Review team undertook a review<sup>1</sup> of the Company's Financial Statements for the year ended 31 March 2024.

Following the completion of this review, the FRC wrote to the Company in February 2025 to raise a query in relation to the determination of the net gains on non-derivative financial assets at fair value through profit or loss recognised in the Company's statement of comprehensive income. Following the Company's response in April 2025, the FRC was able to close its enquiries. The FRC intends to publish the Company's name, together with the fact that it has undertaken a review, on its website on 27 June 2025.

## External Auditor

The Audit Committee has responsibility for making a recommendation on the appointment, reappointment or removal of the Auditor. The Company intends to conduct a tender process at least every 10 years as required under the UK Code and to rotate auditor at least every 20 years, as recommended by the UK Statutory Auditors and Third Country Auditors Regulations 2016. Grant Thornton was appointed as Auditor in December 2021 and the current audit partner has served throughout the period from appointment to date.

During the year, the Audit Committee received and reviewed the audit plan and report from Grant Thornton.

To assess the effectiveness of the Auditor, the Audit Committee reviewed:

- › the Auditor's fulfilment of the agreed audit plan and variations from it, if any;
- › the Auditor's assessment of its objectivity and independence as auditor of the Company;
- › the Auditor's report to the Audit Committee highlighting their significant areas of focus in the conduct of their audit and findings thereon that arose during the course of the audit; and
- › feedback from the Investment Manager, Investment Adviser and Administrator evaluating the performance of the audit team.

For the year ended 31 March 2025, the Audit Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process as good.

Where non-audit services are to be provided to the Company by the Auditor, full consideration of the financial and other implications on the independence of the Auditor arising from any such engagement will be considered before proceeding. All non-audit services are pre-approved by the Audit Committee if it is satisfied that relevant safeguards are in place to protect the Auditor's objectivity and independence. To fulfil its responsibility regarding the independence of the Auditor, the Audit Committee considered:

- › a report from the Auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- › the extent of non-audit services provided by the Auditor.

During the year ended 31 March 2025, non-audit services were provided by Grant Thornton in the form of the interim review.

The following table summarises the remuneration paid to Grant Thornton for audit and non-audit services.

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Annual audit of the Company	197,950	182,480
Annual audit of the Luxembourg Subsidiary	80,300	84,575
Interim review of the Company	37,800	37,800
	<b>316,050</b>	<b>304,855</b>



# Report of the Audit Committee continued

## External Auditor continued

The Committee receives an annual assurance from the Auditor that its independence is not compromised by the provision of such non-audit services. The Committee is satisfied that the Auditor's objectivity and independence is not impaired by the performance of the interim review, which it is generally expected would be carried out by the incumbent auditor, and that the Auditor has fulfilled its obligations to the Company and its Shareholders.

## Internal controls

As the Company's investment objective is to invest all of its assets into the Subsidiaries, the Audit Committee, after consultation with the Investment Manager, Investment Adviser and Auditor, considers the key risk of misstatement in its Financial Statements to be the valuation of its non-derivative financial assets at fair value through profit or loss, i.e. its investments in the Subsidiaries, but is also mindful of the risk of the override of controls by its service providers, the Investment Manager, the Investment Adviser, the Administrator and the Sub-Administrator.

The Investment Manager, Investment Adviser and Administrator together maintain a system of internal control on which they report to the Board. The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Investment Manager, Investment Adviser and Administrator provide sufficient assurance that a sound system of risk management and internal control, which safeguards Shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The Audit Committee is responsible for reviewing and monitoring the effectiveness of the internal financial control systems and risk management systems on which the Company is reliant.

These systems are designed to ensure proper accounting records are maintained, that the financial information on which business decisions are made and which is used in publications is reliable, and that the assets of the Company are safeguarded. Such a system of internal financial controls can only provide reasonable and not absolute assurance against misstatement or loss.

In accordance with the "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" published by the Financial Reporting Council (the "FRC") in September 2014, which integrated the earlier guidance of the Turnbull Report, the Audit Committee has reviewed the Company's internal control procedures. These internal controls are implemented by the Company's four main service providers: the Investment Manager, the Investment Adviser, the Administrator and the Custodian. The Board's service provider review, undertaken by the Management Engagement Committee, includes an assessment of internal controls. From this, the Audit Committee has reviewed the internal financial control systems and risk management systems in place by service providers during the year and is satisfied with the internal financial control systems of the Company.

The Committee and the Board have noted the changes introduced by the FRC to Provision 29 of their 2024 edition of the UK Code, applicable to accounting periods beginning on or after 1 January 2026, relating to the effectiveness of material internal controls. It has taken steps during the period towards enhancing its existing processes for assessing internal controls in order to comply with the revised Provision 29 no later than the effective date, and to provide the required declaration of effectiveness of internal controls in the relevant annual report.

The Committee and the Board will keep this under review in conjunction with the corresponding changes to provision 34 of the AIC Code introduced by the AIC in August 2024, which are effective for accounting periods commencing on or after 1 January 2026.

## Reappointment of the Auditor

Following consideration of the performance of the Auditor, the services provided in the year and a review of its independence and objectivity, the Committee has recommended to the Board the reappointment of Grant Thornton as the Auditor to the Company. The Auditor has indicated its willingness to continue in office. Accordingly, resolutions to reappoint Grant Thornton as Auditor to the Company and authorising the Audit Committee to determine its remuneration will be proposed at the Annual General Meeting.

## Fair, balanced and understandable

The Audit Committee has concluded that the Annual Report for the year ended 31 March 2025, taken as a whole, is fair, balanced and understandable and provides the information necessary for the Shareholders to assess the Company's position and performance, business model and strategy.

It reaches this conclusion through a process of review of the Annual Report and enquiries to the various parties involved in the production of the Annual Report. The Audit Committee reported its conclusions to the Board.

**Margaret Stephens**  
Audit Committee Chair

24 June 2025

► €50m

Mezzanine debt invested

## ► Euroports

In 2024, SEQI provided €50 million of mezzanine debt to Euroports, a pan-European port logistics operator. Euroports is one of Europe's leading port infrastructure operators, offering comprehensive maritime supply chain solutions.



# Report of the Remuneration and Nomination Committee



**Paul Le Page**

Remuneration and Nomination  
Committee Chair



Terms of reference of the  
Remuneration and Nomination  
Committee can be found here

## Chair and membership

The Remuneration and Nomination Committee was chaired during the year, and until her retirement from the Board on 7 June 2024, by Sandra Platts, with James Stewart, Fiona Le Poidevin (until her retirement as a Director with effect from 31 March 2025) and Margaret Stephens as Committee members. Paul Le Page was appointed as Chair of the Committee and Tim Drayson as a member of the Committee on 7 June 2024. The Committee meets at least once annually.

## Duties

The main roles and responsibilities of the Remuneration and Nomination Committee are to:

- › consider the remuneration of the Directors and determine the Company's remuneration policy;
- › regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes;
- › give full consideration to succession planning for Directors, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future; and
- › lead the process for appointments and be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The Remuneration and Nomination Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities and on how it has discharged its responsibilities. All members of the Board have the right to attend Committee meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

The Remuneration and Nomination Committee met formally twice during the financial year and held several ad hoc discussions to finalise recruitment specifications and to review candidate CVs. The principal matters considered included, but were not limited to:

- › the remuneration of the Directors and the Company's remuneration policy;
- › consideration of potential candidates for Board succession and recommendation to the Board;
- › the Company's policy on diversity, ensuring this remained aligned with the Company's strategy and objectives;
- › Director succession planning, with reference to the Board's skills matrix and giving full consideration to the expected future leadership needs of the Company;
- › consideration of the optimal size of the Board;
- › the time requirements and independence of Directors; and
- › consideration and agreement of the terms of reference of the Committee for approval by the Board.

The retirement of Sandra Platts on 7 June 2024 marked the end of a transition plan, in which the terms of the original four Directors ended and replacement Board members were appointed.

Following the retirement of Sandra, the Committee noted a substantial increase in the time commitments and responsibilities of the Chairs of the Board's ESG, Risk and Audit Committees due to increased regulation, economic uncertainty and market volatility.

To help manage the additional regulatory workload associated with the adoption of IFRS Sustainability Standards, the Committee led an extensive independent search for a high-calibre director with strong sustainability and governance knowledge.

The search was implemented by Sapphire Partners. The Committee was delighted to announce at the end of the year the appointment of Selina Sagayam as a non-executive Director and Chair of the ESG and Stakeholder Engagement Committee with effect from 1 April 2025. Selina led the ESG practice at Gibson, Dunn & Crutcher, is currently the chair of the ESG Committee for the Renewables Infrastructure Group, a FTSE 250 company, and has extensive corporate finance experience.

The Committee was pleased to be able to support the Guernsey Training Agency's non-executive director ("NED") Development Programme for the first time this year. This programme provides unremunerated board placements for aspiring NEDs from diverse ethnic, social and career backgrounds. Programme participants sign non-disclosure agreements and participate in a non-voting capacity in board meetings, discussions and events. The programme is designed to improve governance by expanding the pool of available NEDs in Guernsey and giving boards fresh perspectives. The Board was delighted to welcome Kin Tang, who has a background in family office management, to join our Board meetings with effect from December 2024.

Following a review of the Board's commitments and responsibilities, and third-party evidence for 2024, the Committee determined during the year that Directors' fees should be increased with effect from 1 January 2025, following a freeze on remuneration in the prior year. For details, please refer to the Directors' remuneration report on pages 58 and 59.

## Paul Le Page

Remuneration and Nomination  
Committee Chair

24 June 2025

# Report of the ESG and Stakeholder Engagement Committee



**Selina Sagayam**

ESG and Stakeholder Engagement Committee Chair



Terms of reference of the ESG and Stakeholder Engagement Committee can be found here

## Chair and membership

During the year, the ESG and Stakeholder Engagement Committee comprised James Stewart, Fiona Le Poidevin (until her retirement as a Director with effect from 31 March 2025) and Margaret Stephens. The Committee was chaired by James Stewart until 7 June 2024, when Margaret Stephens took over as Chair until 1 April 2025. On 1 April 2025, Selina Sagayam was appointed as Chair of the Committee upon her appointment as a Director. Sandra Platts served as a member of the Committee until her retirement from the Board on 7 June 2024. The Committee meets at least twice annually.

The Committee's key responsibilities are to support the Board in monitoring the effectiveness of the Company's engagement with key stakeholders, setting the Company's environmental, social and governance objectives and reviewing the performance of the Company against those objectives. The membership of the Committee and its terms of reference are kept under review.

## Duties

The duties of the Committee, include, but are not limited to, those summarised below.

**In relation to sustainability matters:** to guide, supervise and support the Investment Adviser in the development of the sustainability policies and the screening criteria applied to the Fund's investment portfolio, and to oversee the overall sustainability strategy, objectives and KPIs of the Company and the policies aimed at mitigating the environmental impact of the Company's own activities. The Committee also assesses sustainability risks and opportunities for the Company and, with input from the Risk Committee and Investment Adviser, their impact on the investment portfolio and the deployment pipeline.

The ESG and Stakeholder Engagement Committee also monitors reporting against sustainability objectives and KPIs and, working with the Audit Committee, oversees the reporting of these objectives and the preparation of the Company's ESG and sustainability reports and disclosures.

## In relation to stakeholder engagement matters:

to identify each of the Company's key stakeholders and the Company's engagement mechanisms and to report in the Annual Report on engagement activity and key strategic decisions taken by the Board impacting the relevant stakeholder group. The ESG and Stakeholder Engagement Committee is also responsible for keeping under review the effectiveness of the Company's mechanisms for stakeholder outreach, monitoring trends in stakeholder sentiment, and receiving feedback from the Directors and advisers on investor relations activity, Shareholder sentiment and their views on governance and performance against the Fund's investment objective and investment policy.

## Main activities during the year

The ESG and Stakeholder Engagement Committee met three times during the financial year. The principal matters considered included, but were not limited to:

- › KPMG's 2024 ESG Assurance Report and feedback report for continuous improvement;
- › updating and reviewing the 2024 Sustainability Report for the Company;
- › updating and reviewing the overall Sustainability Policy, including scoring methodologies, to ensure they remain fit for purpose in the context of the Company, emerging sustainability themes and the environment;
- › reviewing the Company's carbon offsetting programme;

- › enhancing the stakeholder engagement plan to bolster forward planning of the Company's engagement activities;
- › the impact of upcoming regulatory developments including SDR, the Taskforce on Nature-related Financial Disclosures ("TNFD") and ISSB standards;
- › reviewing SEQI's position and disclosures as an "Article 8" fund under the EU Sustainable Finance Disclosure Regulation ("SFDR"); and
- › agreement of the terms of reference of the Committee for approval by the Board.

Notably, during the year the Committee also onboarded AXA Climate's Altitude platform to assist with sourcing emissions estimates and analysis of assets under different climate scenarios. This has allowed the Company to further enhance its climate reporting and marks a key milestone for the Company. The Committee members also received sustainability training in October 2024, covering reporting best practices, the regulatory landscape and emerging sustainability trends to keep under review.

During the year, the Committee played a key role in the development of the Company's comprehensive, stand-alone Governance Policy, which details both governance at the Company level and its assessment of good governance at the businesses it lends to. This new policy is available on our website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/).



# Report of the ESG and Stakeholder Engagement Committee continued

## Main activities during the year continued

Alongside ongoing communications with investors and other stakeholders in relation to ESG and sustainability matters, the Company hosted an inaugural ESG Investor Breakfast roundtable event in September 2024. At the roundtable, Committee members, members of the Investment Adviser and Shareholders discussed SEQI's evolving sustainability framework, the fast-moving regulatory environment and future sustainability themes, risks and opportunities that are coming into increasing focus. This was a prime opportunity to exchange insights and gain feedback on these issues that the Committee continues to consider moving forward.

The Committee has been monitoring the rollout of the FCA's Sustainable Disclosure Requirements ("SDR"). As the product is based overseas, SEQI is not subject to UK sustainable investment labelling and disclosure requirements. Nonetheless, we expect the regulation will be extended to overseas funds in due course. The Committee spent time this year considering the practical implications of the SDR if it were to apply to SEQI and SEQI's strategy around this. It should also be noted the Company acknowledges and is complying with the FCA's Anti-Greenwashing Rule under this regulation.

Further details of the ESG and sustainability activities of the Company are set out in the Sustainability Report, which is published separately on the Company's website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/), with a summary of this set out on pages 26 to 34.

As incoming Chair of the Committee, I have been briefed by members of the Committee on its activities during the year.

**Selina Sagayam**  
ESG and Stakeholder Engagement  
Committee Chair

24 June 2025

► £40m  
Invested

## ► OCU Term Loan B

In 2024, SEQI invested £40 million of senior secured debt in OCU Group, a UK-based utility infrastructure services provider supporting the rollout of fibre, energy and water networks. The company plays a pivotal role in enabling the UK's transition to a low-carbon and digitally connected economy



# Report of the Risk Committee



**Tim Drayson**  
Risk Committee Chair



Terms of reference of the Risk Committee can be found here

## Chair and membership

The Risk Committee comprises Tim Drayson, James Stewart, Fiona Le Poidevin (until her retirement with effect from 31 March 2025) and Paul Le Page (with effect from 7 June 2024) and is chaired by Tim Drayson. The Committee meets at least quarterly and has been supported during the year by Kate Thurman (until her retirement on 4 March 2025) and Andrea Finegan as Independent Consultants.

The Risk Committee works closely with the Investment Manager and, as required, the Independent Consultants, and provides oversight of the Company's risk management function. The Committee has direct contact with Anurag Gupta, Chief Risk Officer ("CRO") to the Investment Adviser, and engages routinely with Mr Gupta on the Investment Adviser's risk management framework, the due diligence process employed by the Investment Adviser and on broader portfolio risk matters.

## Duties

The main roles and responsibilities of the Risk Committee are to:

- › advise the Board on the risk strategy of the Company, including the risk appetite, tolerance and principal and emerging risks the Company is willing to take in order to achieve its objectives;
- › oversee the current risk exposures of the Company and future risk strategy;
- › keep under review the Company's overall risk assessment processes that inform the Board's decision making and the parameters and methodology used in the process;
- › review the Company's capability to identify and manage new risk types;
- › provide oversight of the AIFM on matters of portfolio risk, monitoring material developments with high-risk credits and receiving periodic reports from the AIFM on their activities;

- › provide the AIFM with views on potential new originations considered high risk to help inform the AIFM in its final approval process;
- › consider the remit of the risk management function, ensuring it has adequate resources and access to information to enable it to perform its function effectively, and that it operates with independence;
- › work with the ESG and Stakeholder Engagement Committee on their assessment of sustainability risks and opportunities, including the assessment of climate change risks; and
- › work with the Audit Committee in keeping under review the adequacy and effectiveness of the Company's risk management systems and the procedures to mitigate the Company's principal risks and to evaluate the principal risks to be taken into account by the Board when assessing the Company's prospects and the associated stress testing.

The Risk Committee reports formally to the Board on its proceedings on all matters within its duties and responsibilities and on how it has discharged its responsibilities. All members of the Board have the right to attend Committee meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

The Risk Committee met four times during the financial year under review and a number of matters required extensive liaison between key advisers to assess emerging risks and to agree appropriate mitigating actions. This was particularly evident in the case of the Bulb Energy restructuring, where considerable resources of the Investment Adviser were committed in order to protect the Company's interests during negotiations and to implement the resulting holding structure.

The Committee further noted that two further NPLs had been exited during the year.

Other key matters considered by the Committee during the year included the following:

- › consideration of risk management and counterparty risk assessments carried out by the Investment Manager;
- › undertaking reviews of credit risk, liquidity targets, cash flow projection methods and swap duration management;
- › undertaking reviews of the Risk Matrix;
- › undertaking a review of key-man risk and succession planning of the Investment Adviser in conjunction with the Management and Engagement Committee;
- › undertaking a review of the tax position and valuation policies of the Company;
- › design and implementation of policies covering the management of derivative counterparty and duration management risk; and
- › consideration and agreement of the terms of reference of the Committee for approval by the Board.

**Tim Drayson**  
Risk Committee Chair

24 June 2025

# Directors' remuneration report



**Paul Le Page**

Remuneration and Nomination  
Committee Chair

The Company's policy in regard to Directors' remuneration is to ensure that the Company maintains a transparent and competitive fee structure in order to recruit, retain and motivate non-executive Directors of excellent quality in the overall interests of Shareholders and the long-term success of the Company. No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company.

The Remuneration and Nomination Committee completed a remuneration review in December 2024, as Directors' fees had been frozen whilst the Board refreshment programme was being completed. The Committee held discussions on the workload and responsibilities of the Board members and Committee Chairs. The Committee noted a substantial increase in the workload and responsibilities of the Board Chair and the Chairs of the ESG and Stakeholder Engagement, Risk and Audit Committees following changes to reporting standards and the need to maintain more active portfolio oversight and Shareholder engagement in an elevated market risk environment. This exercise led to an increase in the fees recommended for the Chair and three senior Committee Chair roles, which was partially funded by a reduction in the fees payable to the other Committee Chairs and the retirement of a paid external risk consultant.

An increase in the Director base fee was also recommended, to reflect the increased time commitment of all Board members in a challenging climate for investment, and investment companies in particular.

An independent benchmarking exercise was carried out, with the help of the Company's Broker and the Trust Associates survey, to ensure the fees that were proposed were fair compared to companies of similar scale and complexity. The Committee noted that a variety of fee structures were adopted within the infrastructure sector, with some entities paying additional fees for Committee membership in addition to Committee Chair fees and some entities paying no additional Committee Chair fees whatsoever. It was decided to operate a more transparent fee structure, with a base fee and Chair fees that reflected the average annual workload of the respective Committee Chairs. The resulting structure effectively recognises that the Audit, ESG and Stakeholder Engagement and Risk Chairs have a substantial recurring workload, whereas the workloads of the Remuneration and Nomination Chair and Management Engagement Chair tend to be more episodic.

The fees that were recommended by the Remuneration and Nomination Committee were then implemented on 1 January 2025.

The Remuneration and Nomination Committee reviewed the Directors' remuneration during the year and determined that, with effect from 1 January 2025, fees should be increased as follows:

- › Chair of the Board: £90,000 per annum (2024: £78,000 per annum);
- › Base Director's fee: £55,000 per annum (2024: £50,000 per annum);
- › Senior Independent Director: £5,000 per annum (2024: £4,000 per annum);
- › Chair of the Audit Committee: £13,000 per annum (2024: £10,000 per annum);
- › Chair of the Risk Committee: £7,500 per annum (2024: £6,300 per annum);
- › Chair of the ESG and Stakeholder Engagement Committee: £7,500 per annum (2024: £6,300 per annum);
- › Chair of the Management Engagement Committee: £3,750 per annum (2024: £5,000 per annum); and
- › Chair of the Remuneration and Nomination Committee: £3,750 per annum (2024: £5,000 per annum).

The Directors received the following remuneration in the form of Directors' fees during the year:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
James Stewart	81,000	61,725
Fiona Le Poidevin	62,000	56,667
Margaret Stephens	57,850	12,500
Tim Drayson	57,850	56,300
Paul Le Page	50,656	—
Sandra Platts	11,894	64,000
Robert Jennings	—	58,500
Sarika Patel	—	20,000
	<b>321,250</b>	<b>329,692</b>



# Directors’ remuneration report continued

James Stewart served as Chair of the Board throughout the year.

Fiona Le Poidevin served as Chair of the Audit Committee during the year until her retirement on 31 March 2025.

Margaret Stephens served as Chair of the ESG and Stakeholder Engagement Committee during the year until 31 March 2025, when she was appointed Chair of the Audit Committee with effect from 1 April 2025.

Tim Drayson served as Chair of the Risk Committee throughout the year.

Paul Le Page was appointed as a Director on 7 June 2024 and served as Chair of the Management Engagement Committee and of the Remuneration and Nomination Committee with effect from that date. He was appointed Senior Independent Director with effect from 1 January 2025.

Sandra Platts served as Chair of the Management Engagement Committee and of the Remuneration and Nomination Committee and as Senior Independent Director until her retirement on 7 June 2024.

Selina Sagayam was appointed as a Director and Chair of the ESG and Stakeholder Engagement Committee with effect from 1 April 2025.

During the year, all Directors have contributed 1% of their fees to support the Company’s carbon offsetting initiatives.

Directors’ and officers’ liability insurance cover is maintained by the Company on behalf of the Directors.

Tim Drayson and James Stewart were appointed as non-executive Directors with effect from 1 January 2022. Margaret Stephens was appointed as a non-executive Director with effect from 1 January 2024. Paul Le Page was appointed as a non-executive Director with effect from 7 June 2024. Selina Sagayam was appointed as a non-executive Director with effect from 1 April 2025.

Each Director’s appointment letter provides that, upon the termination of their appointment, they must resign in writing and all records remain the property of the Company. The Directors’ appointments can be terminated in accordance with the Company’s Articles of Incorporation (the “Articles”) and without compensation. The notice period for the removal of Directors is two months as specified in each Director’s appointment letter. The Articles provide that the office of director shall be terminated by, among other things: (a) written resignation; (b) unauthorised absences from Board meetings for twelve months or more; (c) unanimous written request of the other Directors; and (d) an ordinary resolution of the Company.

Under the terms of their appointment, each Director was subject to re-election at the first AGM and annually thereafter. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a Director of the Company becoming effective.

The amounts payable to Directors as at 31 March 2025 are shown in note 10 to the Financial Statements and related to services provided as non-executive Directors. No Director has a service contract with the Company, nor are any such contracts proposed.

**Paul Le Page**  
Remuneration and Nomination  
Committee Chair  
24 June 2025

► 60%  
Rolling stock

► **Madrid Metroline**  
The rolling stock comprises around 60% of what currently runs on the metro network. Metro de Madrid benefits from the option to purchase the rolling stock at the end of the leases. Flexrail is sponsored by a French private equity firm with extensive experience in leasing transactions.



# Directors' report

The Directors of Sequoia Economic Infrastructure Income Fund Limited (the "Company") are pleased to submit their Annual Report and the Audited Financial Statements (the "Financial Statements") for the year ended 31 March 2025.

## Results and dividends

The results for the year are shown in the statement of comprehensive income on page 73.

The Directors have declared and paid dividends of £109,035,152 during the year ended 31 March 2025 (2024: £115,825,192). Further details of dividends declared or paid are detailed in note 4 to the Financial Statements.

The Company's dividend policy, in the absence of any significant restricting factors, is to pay dividends totalling 6.875p per Ordinary Share per annum for the foreseeable future. The Company pays dividends on a quarterly basis.

## Independent Auditor

A resolution to reappoint Grant Thornton Limited as Auditor will be put to the forthcoming AGM.

## Directors and Directors' interests

The Directors who served during the year, all of whom are independent and non-executive, are listed on page 44.

The Directors' interests in the shares of the Company are disclosed in note 10.

## Going concern

The Company has been incorporated with an unlimited life. In accordance with the Company's Articles, 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 last Continuation Resolution was proposed in August 2024 and was passed by an overwhelming majority.

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 conflicts in Ukraine, the Middle East and India/Pakistan, and of the foreign and economic policies of the current US administration. The Directors have also considered the potential impact on the Company's liquidity arising from margin calls relating to the Company's forward foreign exchange positions.

In conducting this review, the Board has also considered the sustainability of the environmental and social impact of the Fund's activities. The Company has a strong balance sheet, with a very low level of gearing. The higher interest rate environment of recent years 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 continues to be sufficient to cover operating costs and to pay the Company's target dividend; and that the Company was able to refinance its RCF with a new lender on more favourable terms during the year.

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 continue in operational existence for at least 12 months from the date of approval of these Financial Statements and to meet its liabilities as they fall due.

## Viability statement

The Directors have carried out a robust assessment of the viability of the Company over a four-year period to March 2029, taking account of the Company's current position and the potential impact of the principal and emerging risks outlined in this statement.

In making this statement, the Directors have considered the resilience of the Company, taking into account its current position, the principal and emerging risks facing the Company in severe but reasonable scenarios and the effectiveness of any mitigating actions. This assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period.

The Directors have determined that the four-year period to March 2029 is an appropriate period over which to provide its viability statement as this extends past the average maturity of the Fund's portfolio of investments of 3.6 years and substantially all of the Company's hedging portfolio, and also past the date of the Company's next continuation resolution. In making their assessment, the Directors have taken into account the Company's NAV, net income, cash flows, dividend cover, regulatory compliance, the outlook for the economy and key financial ratios over the period. The Directors have also assumed that the Investment Adviser remains in place throughout the viability period.

The viability modelling incorporates sensitivity analysis flexing a number of main assumptions underlying the forecast. This analysis is carried out to evaluate the potential impact of the Company's principal risks actually occurring, including the following key stresses:

- › a 15% shock to the value of Sterling, which would increase mark-to-markets to be settled by the Company with its FX counterparties. This is broadly similar to the decline in Sterling immediately following the UK's exit from the European Union or the announcement in September 2022 of controversial fiscal policies by the UK. This led to high volatility in the foreign exchange market, and we therefore believe it is prudent to assume one might happen in the future;
- › a 10% haircut to the portfolio's income. This would simulate an increase in the level of defaulted or non-performing assets in the portfolio; and
- › a decrease in short-term interest rates. Since around 40% of the portfolio consists of floating rate loans, decreasing interest rates negatively affect the portfolio's income generation. It seems likely that interest rates will fall in the future in the key currencies of US Dollar, Euro and Sterling, and a 3% decrease in cash margins has been applied to these assets.

# Directors' report continued

## Viability statement continued

The viability model also includes projections for the continuing deployment of capital into new target investments. These projections amount to approximately £511 million in the downside scenarios, whilst still supporting the Company's target dividend and meeting its financial targets.

No specific stresses have been run around the Company's ability to refinance the RCF, which matures in July 2027. In the case that the Company is unable to refinance the RCF at maturity, it would be able to cover the repayment with cash and selectively selling some of the more liquid investments.

The key outputs of the viability testing include the following:

- › the Company has sufficient resources for full debt repayment at maturity;
- › the Company has positive intra-month liquidity throughout the viability period, indicating it has adequate resources to cover all of its liabilities, including hedge mark-to-market settlements, finance costs and operational expenses; and

## Substantial shareholdings

As at 31 March 2025, the Company had the following shareholdings in excess of 5% of the issued share capital:

Name	Number of Ordinary Shares	Percentage
Investec Wealth & Investment	131,729,616	8.47%
Evelyn Partners	94,647,305	6.09%

## Related parties

Details of transactions with related parties are disclosed in note 10 to the Financial Statements.

- › the Company's existing target dividend is covered without the sale of illiquid investments throughout the viability period due to the highly cash-generative nature and short average life of the portfolio and the Company's low cost base. In extremis, the dividend could be cut in order to preserve the Company's solvency, however this would also affect the ability to raise debt and equity capital, so would be avoided wherever possible.

The Directors have also considered the possibility that the Continuation Resolution, to be proposed at the 2027 AGM, may not be passed by Shareholders. Following discussions with the Company's Brokers, Investment Adviser and a number of significant Shareholders, and in light of the overwhelming majority votes in favour of previous Resolutions proposed in 2016, 2018, 2021 and 2024, the Board believes that the Continuation Resolution is likely to be passed.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to March 2029.

## Listing requirements

Since its listing on the Main Market of the London Stock Exchange and admission to the premium segment of the Official List of the UK Listing Authority, the Company has complied with the Listing Rules, the Prospectus Rules, the FCA Disclosure Guidance and Transparency Rules ("DTR"), ESMA guidance and the European Union's Market Abuse Regulation (as implemented in the UK through the Financial Services and Markets Act 2000 (Market Abuse) Regulations 2016). There are no matters that require disclosure under FCA Listing Rule 9.8.4R relating to arrangements made with a controlling Shareholder, waivers of Directors' fees or long-term incentive schemes in force.

## Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. On 13 December 2013, the States of Guernsey entered into an intergovernmental agreement ("IGA") with US Treasury in order to facilitate the requirements of FATCA. The Company registered with the Internal Revenue Service ("IRS") on 25 February 2015 as a Foreign Financial Institution ("FFI") and a Sponsoring Entity.

## Common Reporting Standard

The Common Reporting Standard ("CRS"), formerly the Standard for Automatic Exchange of Financial Account Information, became effective on 1 January 2016, and is an information standard for the automatic exchange of information developed by the Organisation for Economic Co-operation and Development ("OECD"). CRS is a measure to counter tax evasion, and it builds upon other information sharing legislation, such as FATCA and the European Union Savings Directive.

## Alternative Investment Fund Managers Directive

The Company is categorised as a non-EU Alternative Investment Fund ("AIF"). The AIFMD seeks to regulate managers of AIFs, such as the Company. It imposes obligations on AIFMs who manage AIFs in a member state of the European Economic Area ("EEA state"), or who market shares in AIFs to investors who are domiciled, or with a registered office, in an EEA state. Under the AIFMD, an AIFM must be appointed and must comply with various organisational, operational and transparency requirements.

On 28 January 2015, the Company appointed the Investment Manager to act as AIFM on behalf of the Company. The Investment Manager is responsible for fulfilling the role of the AIFM and ensuring the Company complies with the AIFMD requirements. Details of the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and the number of beneficiaries, are made available to Shareholders on request to the Investment Manager.

## Share buybacks

The Company is authorised to make market acquisitions of its own Ordinary Shares under a special resolution approved by Shareholders on 1 August 2024.

When appropriate, the Directors consider the acquisitions of Ordinary Shares as part of its discount control policy, in order to address possible imbalances in the demand and supply of Ordinary Shares in the market. This could include when the Company's Ordinary Shares have traded at a significant discount to NAV for a prolonged period of time. Conversely, shorter periods of market disruption may also create an imbalance in the demand and supply of Ordinary Shares in the market, and the Company may consider the use of share buybacks to signal the confidence it has in the value of its underlying assets.



# Directors' report continued

## Share buybacks continued

In advance of any share buybacks, the Board considers: (i) whether the Company is technically able to repurchase its own shares at that point in time (including closed period and regulatory considerations); (ii) the Company's available cash resources after supporting the dividend; (iii) the Board's view of the prevailing value of the Fund's net assets; and (iv) other relevant circumstances. Purchases are only made through the market for cash at prices below the estimated prevailing NAV per Ordinary Share where the Directors believe such purchases will result in an increase in the NAV per Ordinary Share.

During the year, the Company has bought back 70,422,338 of its Ordinary Shares at a cost of £55,858,674 (2024: 109,335,279 of its Ordinary Shares at a cost of £88,170,418), representing a discount to NAV that has been accretive to NAV per Ordinary Share for remaining Shareholders.

## Anti-bribery and corruption

The Board acknowledges that the Company's international operations may give rise to possible claims of bribery and corruption. In consideration of The Bribery Act 2010, enacted in the UK, at the date of this report the Board had conducted an assessment of the perceived risks to the Company arising from bribery and corruption to identify aspects of business which may be improved to mitigate such risks. The Board has adopted a zero-tolerance policy towards bribery and has reiterated its commitment to carry out business fairly, honestly and openly.

## Criminal Finances Act

The Board has a zero-tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion and will not work with any service provider who does not demonstrate the same commitment. The Board has satisfied itself in relation to its key service providers that they have reasonable provisions in place to prevent the criminal facilitation of tax evasion by their own staff or any associated persons.

## UK Modern Slavery Act

The Board acknowledges the requirement to provide information about human rights in accordance with the UK Modern Slavery Act. The Board conducts the business of the Company ethically and with integrity and has a zero-tolerance policy towards modern slavery in all its forms. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no further disclosures to be made in respect of employees and human rights.

## Market Abuse

The Board and relevant personnel of our Investment Adviser and our other advisers acknowledge and adhere to the UK Market Abuse Regulation.

By order of the Board

**James Stewart**  
Director

24 June 2025

## ► Scandlines

The ferry operator serves a strategic connection between Scandinavia and Germany, which in the absence of better land route alternatives represents a "floating highway". Scandlines has a strong track record of disciplined investment and traffic management through competitive pricing and targeted marketing programmes.



# Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. The Companies (Guernsey) Law, 2008 (the "Company law") requires the Directors to prepare financial statements for each financial year. The Directors are required to prepare the Financial Statements in accordance with IFRS Accounting Standards as issued by the IASB and applicable law.

Under the Company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and its profit or loss for that year.

In preparing these Financial Statements, the Directors are required to:

- › select suitable accounting policies and apply them consistently;
- › make judgements and estimates that are reasonable, relevant and reliable; and
- › state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Company law. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors who hold office at the date of approval of the Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware, and that each Director has taken all the steps they ought to have taken as a director to make themselves aware of any relevant audit information and for establishing that the Company's Auditor is aware of that information.

## Responsibility statement of the Directors in respect of the Annual Report

Each of the Directors who served during the year, who are listed on page 44, confirms to the best of their knowledge and belief that:

- › the Financial Statements, prepared in accordance with IFRS Accounting Standards as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Company, as required by DTR 4.1.12R; and
- › the management report (comprising the Chair's statement, the Investment Adviser's report, the sustainability report, the strategic report, the Directors' report and other Committee reports) includes a fair review of the development and performance of the business during the year, and the position of the Company at the end of the year, together with a description of the principal risks and uncertainties that the Company faces, as required by DTR 4.1.8R and DTR 4.1.9R.

The Directors consider that the Annual Report, comprising the Financial Statements and the management report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

**James Stewart**  
Director

24 June 2025





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# Independent Auditor's Report

to the members of Sequoia Economic Infrastructure Income Fund Limited '/////////

## Opinion

We have audited the financial statements of Sequoia Economic Infrastructure Income Fund Limited (the 'Company') for the year ended 31 March 2025, which comprise the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and IFRS Accounting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained the cash flow forecasts on top of discussions made with the Investment Adviser on their assessment of going concern. The going concern assessment included a three-scenario analysis, with a 'Base Case' and two 'Downside Cases', the 'Base Case' being considered by the Directors to be the most likely scenario;
- We ascertained that the going concern assessment covered a period up until 24 June 2026, 12 months from the date of approval of the Financial Statements;
- We reviewed the arithmetical accuracy of the 'Base Case' and 'Downside Cases' analysis and challenged the appropriateness of the inputs used by assessing historical forecasting accuracy, challenging management's consideration of downside sensitivity analysis by applying further sensitivities to understand the impact on the liquidity or a covenant breach;
- We considered the estimation uncertainty of the prior year's most likely scenario by comparing it to the Company's actual performance to date, discussed material movements with the Board and the Investment Adviser, and obtained the required supporting documentation;
- We held discussions with the Audit Committee and Investment Adviser to determine whether, in their opinion, there is any material uncertainty regarding the Company's ability to pay liabilities and dividends as they fall due. Through these discussions, we considered and challenged the options available to the Company if it were in a stressed scenario. These options included but were not limited to the use of credit facilities;
- We performed procedures over the Continuation Resolution, such as analysing movements in top shareholdings and reviewing forums and blogs for investors sentiment. These procedures were performed as top-up procedures as we acknowledge that the Continuation Resolution is approximately 2 years away from the audit report date and failure to pass the Continuation Resolution in 2 years' time will not necessarily result in the winding up of the Company. Given the above assessment, we assessed that the Continuation Resolution does not have a significant impact on the Company's ability to continue as a going concern; hence, this has not been reported as key audit matter in our current year's report.
- We considered whether the Directors' assessment of going concern as included in the Annual Report is appropriate and consistent with the disclosures made in the Viability Statement; and
- We evaluated the disclosures made in the Annual Report and Financial Statements regarding the going concern to ascertain that they are in accordance with IAS 1 'Presentation of Financial Statements' and have complied with, or explained reasons for non-compliance, with all the AIC Code of Corporate Governance provisions.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as the continuing conflicts in Ukraine and the Middle East and of the economic policies of the current US administration, together with the potential impact of margin calls relating to the Company's forward foreign exchange positions. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

# Independent Auditor's Report continued

to the members of Sequoia Economic Infrastructure Income Fund Limited '//////////

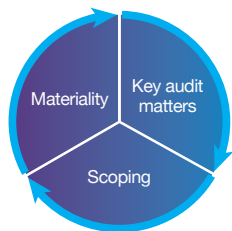
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Our approach to the audit



### Overview of our audit approach

The materiality that we used for the financial statement audit was £28.8 million, which was determined on the basis of approximately 2% of the Company's net assets at 31 March 2025.

Key audit matters were identified as:

- Valuation of non-derivative financial assets at fair value through profit or loss (same as previous year).

Our auditor's report for the year ended 31 March 2024 included a key audit matter in relation to the ability of the Company to continue as a going concern impacted by the continuation resolution, that has not been reported as key audit matter in our current year's report.

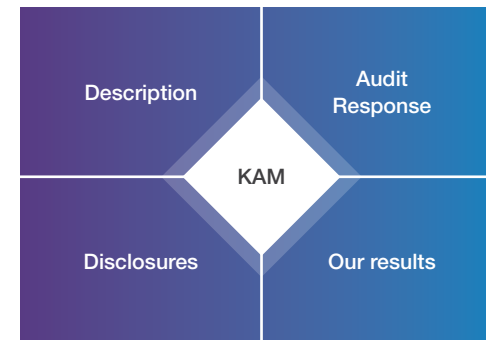
Based on the outcome at the Annual General Meeting held on 1 August 2024, the Continuation Resolution presented by the Directors was passed, with an overwhelming majority from the shareholders who voted in favour of it. The next continuation vote is only due in approximately two years from the audit report date. As a result, this area is not considered to be a key audit matter for the audit year ended 31 March 2025.

Our audit approach was a risk-based substantive audit focused on the Company's investment activities.

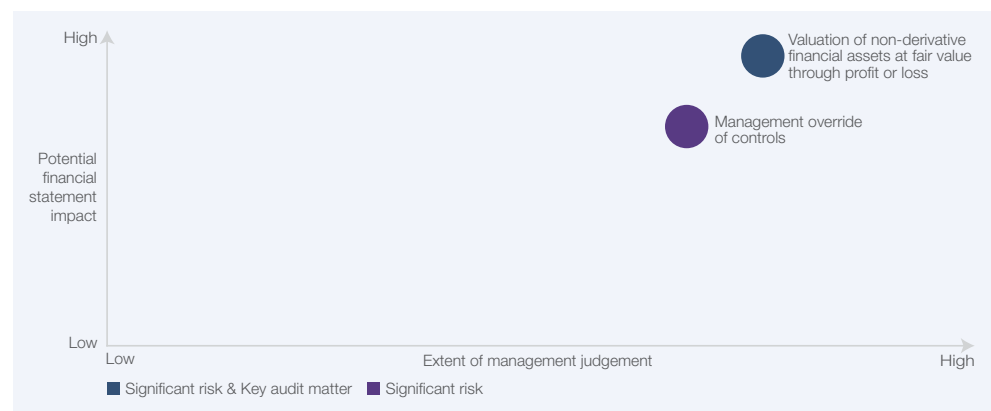
There has been no change in the audit scope from the prior year.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



# Independent Auditor's Report continued

to the members of Sequoia Economic Infrastructure Income Fund Limited '//////////'

## Key Audit Matter description

### Valuation of non-derivative financial assets at fair value through profit or loss £1,479 million (2024: £1,493 million)

We identified the valuation of non-derivative financial assets at fair value through profit or loss as one of the most significant assessed risks of material misstatement due to fraud and error.

The Company invests principally through its Luxembourg-domiciled subsidiary, Sequoia IDF Asset Holdings S.A. (the "Luxembourg Subsidiary"), and two established subsidiaries domiciled in the United Kingdom, Yotta Bidco Limited and Gadwall Holdings Limited (the "UK Subsidiaries") (together "the Subsidiaries"). These investments in the Subsidiaries (further referred to in this report as the "Investments") are classified and measured at fair value through profit or loss under the Financial Statement line item 'Non-derivative financial assets at fair value through profit or loss'. Through the Subsidiaries, the Company invests in a diversified portfolio of senior and subordinated economic infrastructure loans, bonds, and equity investments (further referred to in this report as the "Portfolio"), by principally issuing Variable Funding Notes ("further referred to in this report as "VFNs") to the Luxembourg Subsidiary.

The investment in the Luxembourg Subsidiary represents a significant proportion of the Company's net assets. The Luxembourg Subsidiary's net asset value (after the conversion from Luxembourg GAAP to IFRS) reflects its fair value, of which the most significant component is its underlying Portfolio.

VFN interest pertains to interest on VFNs issued by the Luxembourg Subsidiary which is paid to the Company on a quarterly basis. VFN interest is adjusted by an "Equalisation Adjustment" which pertains to the net remaining profit or loss in the Luxembourg Subsidiary after accounting for all revenue and expenses, including Luxembourg GAAP impairment adjustments.

Every six months, the Directors together with Sequoia Investment Management Company Limited ("Investment Adviser") review the portfolio's credit ratings to determine whether investments within the Portfolio are performing or nonperforming. Investments identified as non-performing will be valued on a modified basis (i.e., on the net present value of future estimated cash flows based on the median outcome and discount rate that reflects the market yield of distressed/defaulted loans or bonds).

The Portfolio is principally valued on a discounted cash flow basis. The Company engages a third-party valuation expert (the "Valuation Agent") to review the valuation calculations performed by the Portfolio's Investment Adviser. Certain portfolio are valued using broker quotes from pricing syndicate desks. Where such market information is not externally available, the valuations are based on yields derived from comparable loans and bonds, taking into consideration the instrument's project type and structural and credit characteristics.

## How our scope addressed the matter

In responding to the key audit matter, we performed the following audit procedures:

Valuation of the Portfolio

- › We obtained and inspected the valuation calculations, read the valuation report and held discussions with the Investment Adviser and Valuation Agent to understand the scope of their work, the performance of the Company and its Portfolio, as well as assess whether the data used in the valuation calculations was appropriate and relevant.
- › We assessed the independence, competence and objectivity of the Company's Valuation Agent.
- › We engaged our internal valuation experts to assist us in performing the testing of the valuations performed by the Investment Adviser (and reviewed by the Valuation Agent), which included the following:
  - › Assessed whether the valuation methodologies applied to estimate the fair values of the non-derivative financial assets at fair value through profit or loss were consistent with methods usually used by market participants by comparing them with similar types of instruments.
  - › Held discussions with both the Investment Adviser and the Valuation Agent to understand how the underlying assets were performing relative to the assumptions underpinning their valuation models and to identify credit and operational issues, if any, that could have impacted the valuation of the Portfolio.
  - › Used our internal valuation expert's knowledge of the market to assess, challenge, and corroborate management's valuation by reference to prices from pricing vendors. Where the pricing information was not available, derived an independent mark-to-market valuation based on inputs for comparable instruments with similar structural and credit characteristics.
- › For the performing Portfolio, we:
  - › Tested the mathematical accuracy of the discounted future cash flows provided by the Investment Adviser.
  - › Agreed the contractual terms, such as coupon and repayment terms, to supporting evidence (i.e. loan investment agreement and credit memos) obtained from the Investment Adviser.
  - › Compared our calculations based on the contractual terms to actual cash received and evaluated the Investment Adviser's credit memorandums to assess whether there have been specific credit events that could have impacted the Portfolio's fair value.
  - › Performed research on publicly available information to corroborate and assess for any contradictory evidence of specific credit events that would have impacted the Portfolio's fair value.
  - › Inquired with the Investment Adviser about whether there were any changes to relevant inputs used in the valuation models and corroborated this against supporting documentation (i.e., loan investment agreements, credit memos and the Valuation Agent's reports).
- › For the Non-Performing and Under-Performing Portfolio, we:
  - › Tested the mathematical accuracy of the net present value of future cash flows provided by the Investment Adviser.
  - › Tested the reasonableness of assumptions used (i.e. distressed rate, discount rate, probability of collection) by obtaining supporting documents for the basis of assumptions and comparing it to market data.
  - › Performed research on publicly available information to corroborate the facts and circumstances set out in the valuation report used by management as a basis for the valuation.
- › For level 2 non-derivative investments, we obtained prices from independent pricing vendors or, where this pricing information was not available, we derived an independent mark to model valuation (using an appropriate platform supported by our internal valuation experts) based on market inputs for comparable instruments with similar structural and credit characteristics.



Independent Auditor’s Report

continued

to the members of Sequoia Economic Infrastructure Income Fund Limited

Key Audit Matter description

Valuation of non-derivative financial assets at fair value through profit or loss £1,479 million (2024: £1,493 million)
continued

The valuation of the Portfolio involves complexity and subjective management judgements and estimates. The magnitude of the amounts involved means that there is the potential for material misstatement, which gives rise to a higher risk of misstatement and requires special audit consideration. Since the valuation of the Portfolio is the primary driver of the Company's net asset value, this is an area of focus for stakeholders and a significant audit risk area. Accordingly, the valuation of non-derivative financial assets at fair value through profit or loss required significant auditor attention and has been reported as a Key Audit Matter.

Relevant disclosures in the Annual Report and Audited Financial Statements

- Report of the Audit Committee on pages 51 to 53;
- Note 2 (Non-Derivative financial instruments – fair value and subsequent measurement);
- Note 3 (Use of Judgements and Estimates);
- Note 5 (Financial Risk Management); and
- Note 6 (Non-derivative financial assets at fair value through profit or loss).

How our scope addressed the matter

- We assessed whether the fair value disclosures in the financial statements are appropriate, complete and in accordance with the IFRS 13 Fair Value Measurement requirements.

Equalisation adjustment and VFN interest

- We issued audit instructions to the Grant Thornton Luxembourg audit team (“Subsidiary Auditor”) to assist us in performing procedures on significant balances in the Luxembourg Subsidiary financial statements factored into the determination of the Equalisation Adjustment.
- We reviewed in detail the work performed by the Subsidiary Auditor, in order to ascertain that the Equalisation Adjustment and VFN interest have been appropriately calculated. Our review included:
  - Ensuring that the VFN interest income and VFN interest receivable/payable were correctly calculated, using the inputs that are in line with the terms of the relevant agreement, and compared the recalculated amount to the amount recorded in their financial statements, whilst also ensuring that amount accrued was in line with the requirements of IFRS 9 Financial Instruments.
  - Ensuring that the impairment recognised by the Luxembourg Subsidiary was in accordance with the requirements of Luxembourg GAAP.
  - Ensuring that any material balances in the Luxembourg Subsidiary accounts which are factored into the determination of the Equalisation Adjustment, have been reviewed and are in line with IFRSs.
  - Comparing the Equalisation Adjustment recognised between the Luxembourg Subsidiary and the Company to ensure the accuracy of the recorded amount.

Our results

- Our testing did not identify material misstatements in relation to the valuation of non-derivative financial assets at fair value through profit or loss.

Independent Auditor’s Report

continued

to the members of Sequoia Economic Infrastructure Income Fund Limited

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor’s report.

Materiality was determined as follows:

Materiality measure

Materiality for financial statements as a whole

Materiality threshold

Significant judgements made by auditor in determining materiality

Performance materiality used to drive the extent of our testing

Performance materiality threshold

Significant judgements made by auditor in determining performance materiality

Specific materiality

Specific materiality

Communication of misstatements to the audit committee

Threshold for communication

Company

We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.

£28.8 million (2024: £30.5 million), which represents 2% of the Company’s net assets as at 31 March 2025.

In determining materiality, we considered Net Assets as the most appropriate benchmark as the Company’s primary performance measures for internal and external reporting are based on net assets.

Materiality for the current year is lower than the level that we determined for the year ended 31 March 2024 due to the reductions in carrying value of the Fund’s non-performing loans and the impact of higher discount rates, offset in part by pull-to-par gains over the year.

We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

£21.6 million (2024: £22.9 million), which is 75% (2024: 75%) of financial statement materiality.

In determining performance materiality, we made the following significant judgements:

Performance materiality was set at 75% of materiality based on the quality of internal control at the Company and Investment Adviser level, stability of the business, low level of corrected and uncorrected misstatements identified in the prior year and willingness of management to correct errors identified

We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We determined a lower level of specific materiality for related party transactions, including directors’ remuneration and related disclosures.

We determine a threshold for reporting unadjusted differences to the audit committee.

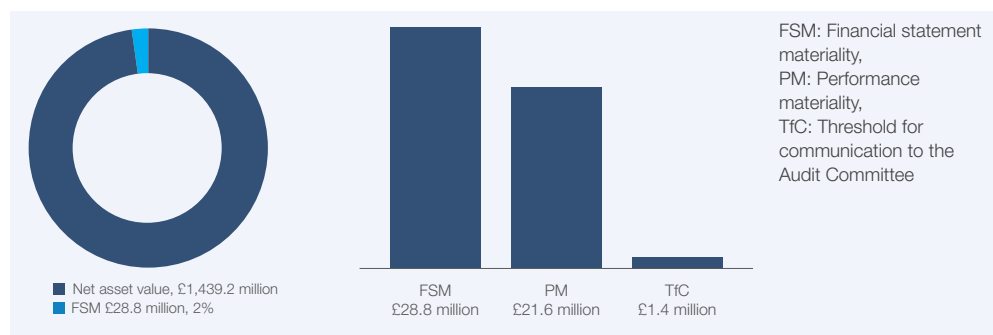
£1.4 million (2024: £1.5 million), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

# Independent Auditor's Report continued

to the members of Sequoia Economic Infrastructure Income Fund Limited '//////////

## Our application of materiality continued

The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the audit committee.



## An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Company's business and in particular matters related to:

### Understanding the Company, its environment, including controls

- The processing and recording of investment activities. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records are outsourced to third-party service providers. Accordingly, our audit work is focused on obtaining an understanding of and evaluating, internal controls at the Company and the third-party service providers, and inspecting records and documents held by these third-party service providers. In addition, the Company engages an investment manager, FundRock Management Company (Guernsey) Limited to manage the investment portfolio, which in turn engages Sequoia Investment Management Company Limited (Investment Adviser) to manage the investment portfolio. We interacted with the Investment Manager and the Investment Adviser in completing aspects of our audit work.

### Work to be performed on financial information of the Company (including how it addressed the key audit matters)

- We undertook substantive testing on material transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks;
- The majority of our substantive testing focused on the audit of the underlying investment portfolio held through the wholly owned subsidiary and associated disclosures as at the reporting date and the movement in investment holdings during the year;

- For subjective estimates made by management on valuing non-derivative financial assets at fair value through profit or loss, we engaged an internal expert to confirm the appropriateness of the valuation methodology used with consideration to valuation techniques routinely used by market participants to value similar instruments and to value non-derivative financial assets at fair value through profit or loss held at year-end;
- For judgements made by the Directors on assessing the appropriateness of preparing the financial statements on a going concern basis, we challenged management's cash flow forecasts by applying further sensitivities to the downside sensitivity analysis made by them.

### Changes in approach from previous period

There have been no changes in the scope of the current year's audit from the previous year.

### Other information

The other information comprises the information included in the annual report and audited financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and audited financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.



# Independent Auditor's Report continued

to the members of Sequoia Economic Infrastructure Income Fund Limited '//////////',

## Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit:

- › the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 60;
- › the Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 60 and 61;
- › the Directors' statement on whether they have a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 60;
- › the Directors' statement on fair, balanced and understandable set out on page 63];
- › the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 38;
- › the section of the annual report that describes the review of the effectiveness of risk management and internal control systems set out on page 49; and
- › the section describing the work of the audit committee set out on pages 51 to 53.

## Responsibilities of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 63, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- › We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We determined that the following laws and regulations were most significant: IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Companies (Guernsey) Law, 2008, as amended, the Registered Collective Investment Schemes Rules and Guidance 2021, the Association of Investment Companies (AIC) Code of Corporate Governance, Alternative Investment Fund Managers Directive ("AIFMD"), FCA Disclosure Guidance and Transparency Rules, European Securities and Markets Authority ("ESMA"), EU Market Abuse Regulations, Task Force on Climate-Related Financial Disclosures ("TCFD"), Sustainable Finance Disclosure Regulation ("SFDR"), and the relevant tax compliance regulations in the jurisdictions in which the Company operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, and bribery and corruption practices;
- › We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by, making inquiries to management, and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of Board minutes and papers provided to the Audit Committee.
- › Our work to identify non-compliance with the laws and regulations which were enumerated above included:
  - › reviewing the Company's compliance reports obtained from the compliance officer to identify non-compliance with laws and regulations; and
  - › completing the required checklists to ensure that all areas are considered when checking that the entity complied with the requirements of the related laws and regulations.

# Independent Auditor's Report continued

to the members of Sequoia Economic Infrastructure Income Fund Limited '//////////

## Auditor's responsibilities for the audit of the financial statements continued

- › We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team included:
  - › evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
  - › challenging assumptions and judgements made by management in its significant accounting estimates; and
  - › identifying and testing journal entries that exhibit certain risk characteristics determined by the engagement team and corroborating to supporting documents to understand management's rationale and economic substance.
- › These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- › The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - › understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - › knowledge of the industry in which the Company operates; and
  - › understanding of the legal and regulatory frameworks applicable to the Company.
- › We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- › In assessing the potential risks of material misstatement, we obtained an understanding of:
  - › the Company's operations, including the nature of its revenue sources, products and services and its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - › the applicable statutory provisions; and
  - › the Company's control environment, including:
    - › the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation rules and other regulations of the regulator;

- › the adequacy of procedures for authorisation of transactions, internal review procedures over the Company's compliance with regulatory requirements;
- › the authority of, and resources available to the compliance officer; and
- › procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Other matters which we are required to address

We were appointed by the Board on 8 December 2021 to audit the financial statements for the year ending 31 March 2022. Our total uninterrupted period of engagement is 4 years, covering the years ended 31 March 2022 to 31 March 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

## Use of our report

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor'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 members as a body, for our audit work, for this report, or for the opinions we have formed.

## Cyril Swale

for and on behalf of Grant Thornton Limited

Chartered Accountants  
St Peter Port  
Guernsey

Date: 24 June 2025

# Statement of comprehensive income

for the year ended 31 March 2025 //

	Note	Year ended 31 March 2025 £	Year ended 31 March 2024 £
<b>Revenue</b>			
Net (losses)/gains on non-derivative financial assets at fair value through profit or loss	6	(4,073,438)	70,975,563
Net gains on derivative financial assets at fair value through profit or loss	7	21,885,607	40,756,355
Investment income	9	78,766,311	20,023,606
Net foreign exchange gains		2,588,001	161,656
<b>Total revenue</b>		<b>99,166,481</b>	<b>131,917,180</b>
<b>Expenses</b>			
Investment Adviser's fees	10	9,837,744	9,937,332
Investment Manager's fees	10	427,098	401,973
Directors' fees and expenses		333,969	367,726
Administration fees	10	505,738	504,656
Auditor's fees		246,112	210,700
Legal and professional fees <sup>1</sup>		1,850,074	2,523,484
Valuation fees		725,500	733,100
Custodian fees		219,056	231,465
Listing, regulatory and statutory fees		167,894	142,101
Other expenses		720,827	512,949
<b>Total operating expenses</b>		<b>15,034,012</b>	<b>15,565,486</b>
Loan finance costs	15	4,332,589	5,926,840
<b>Total expenses</b>		<b>19,366,601</b>	<b>21,492,326</b>
<b>Profit and total comprehensive income for the year</b>		<b>79,799,880</b>	<b>110,424,854</b>
<b>Basic and diluted earnings per Ordinary Share</b>	13	<b>5.04p</b>	<b>6.58p</b>

1. Legal and professional fees include an amount of £1,025,463 (2024: £1,237,263) in respect of fees relating to the Fund's investment in Bulb Energy

All items in the above statement are from continuing operations.

The accompanying notes on pages 77 to 105 form an integral part of the Financial Statements.

# Statement of changes in Shareholders' equity

for the year ended 31 March 2025 //

Year ended 31 March 2025	Note	Share capital £	Retained losses £	Total £
<b>At 1 April 2024</b>		<b>1,720,452,093</b>	<b>(196,169,547)</b>	<b>1,524,282,546</b>
Ordinary Shares buybacks during the year	12	(55,858,674)	—	(55,858,674)
Total comprehensive income for the year		—	79,799,880	79,799,880
Dividends paid during the year	4	—	(109,035,152)	(109,035,152)
<b>At 31 March 2025</b>		<b>1,664,593,419</b>	<b>(225,404,819)</b>	<b>1,439,188,600</b>

Year ended 31 March 2024	Note	Share capital £	Retained losses £	Total £
<b>At 1 April 2023</b>		<b>1,808,622,511</b>	<b>(190,769,209)</b>	<b>1,617,853,302</b>
Ordinary Shares buybacks during the year	12	(88,170,418)	—	(88,170,418)
Total comprehensive income for the year		—	110,424,854	110,424,854
Dividends paid during the year	4	—	(115,825,192)	(115,825,192)
<b>At 31 March 2024</b>		<b>1,720,452,093</b>	<b>(196,169,547)</b>	<b>1,524,282,546</b>

The accompanying notes on pages 77 to 105 form an integral part of the Financial Statements.



# Statement of financial position

for the year ended 31 March 2025 //

	Note	Year ended 31 March 2025 £	Year ended 31 March 2024 £
<b>Non-current assets</b>			
Non-derivative financial assets at fair value through profit or loss	6	1,479,215,419	1,493,171,675
<b>Current assets</b>			
Cash and cash equivalents	8	7,523,136	7,507,495
Trade and other receivables	14	2,411,179	602,507
Derivative financial assets at fair value through profit or loss	7	17,669,291	28,098,804
<b>Total current assets</b>		27,603,606	36,208,806
<b>Total assets</b>		1,506,819,025	1,529,380,481
<b>Current liabilities</b>			
Trade and other payables	16	3,596,055	4,322,344
Derivative financial liabilities at fair value through profit or loss	7	7,181,087	775,591
<b>Total current liabilities</b>		10,777,142	5,097,935
<b>Non-current liabilities</b>			
Loan payable	15	56,853,283	—
<b>Total liabilities</b>		67,630,425	5,097,935
<b>Net assets</b>		1,439,188,600	1,524,282,546
<b>Equity</b>			
Share capital	12	1,664,593,419	1,720,452,093
Retained losses		(225,404,819)	(196,169,547)
<b>Total equity</b>		1,439,188,600	1,524,282,546
<b>Number of Ordinary Shares</b>	12	1,555,061,936	1,625,484,274
<b>Net asset value per Ordinary Share</b>		92.55p	93.77p

The Financial Statements on pages 73 to 105 were approved and authorised for issue by the Board of Directors on 24 June 2025 and signed on its behalf by:

**James Stewart**  
Chair

The accompanying notes on pages 77 to 105 form an integral part of the Financial Statements.

	Note	Year ended 31 March 2025 £	Year ended 31 March 2024 £
<b>Cash flows from financing activities</b>			
Proceeds from loan drawdowns	15	92,493,120	77,384,713
Loan repayments	15	(35,538,975)	(256,710,836)
Payment of loan finance costs	15	(5,030,210)	(4,810,404)
Ordinary Share buybacks		(57,033,497)	(87,992,882)
Dividends paid		(109,035,152)	(115,825,192)
<b>Net cash outflow from financing activities</b>		<b>(114,144,714)</b>	<b>(387,954,601)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,927,224)</b>	<b>2,450,624</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>7,507,495</b>	<b>7,363,120</b>
Effect of foreign exchange rate changes on cash and cash equivalents during the year		1,942,865	(2,306,249)
<b>Cash and cash equivalents at end of year</b>		<b>7,523,136</b>	<b>7,507,495</b>

The accompanying notes on pages 77 to 105 form an integral part of the Financial Statements.

# Notes to the Financial Statements

for the year ended 31 March 2025 //

## 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 year 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

### Statement of compliance

The Annual Financial Statements (the “Financial Statements”), which give a true and fair view, have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and are in compliance with the Companies (Guernsey) Law, 2008, the Listing Rules and the FCA Disclosure Guidance and Transparency Rules.

### Basis of preparation

The Company’s Financial Statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial instruments measured at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS as issued by the IASB requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and judgements are discussed in note 3. The principal material accounting policies adopted are set out below.

The Directors believe that the Annual Report and Financial Statements contain all of the information required to enable Shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Company for the year to which it relates and does not omit any matter or development of significance.

In accordance with the investment entities exemption contained in IFRS 10, “Consolidated Financial Statements”, the Board has determined that the Company satisfies the criteria to be regarded as an investment entity and that the Company provides investment-related services. As a result, the Company is required to only prepare separate Financial Statements under IFRS as issued by the IASB and measures its investment in its Subsidiaries at fair value. This determination involves a degree of judgement (see note 3 for further details).

### Going concern

The Company has been incorporated with an unlimited life. In accordance with the Company’s Articles, 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 last Continuation Resolution was proposed in August 2024 and was passed by an overwhelming majority.

# Notes to the Financial Statements continued

for the year ended 31 March 2025 '//////////////////////////

## 2. Material accounting policies continued

### Going concern continued

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 continuing conflicts in Ukraine and the Middle East and of the economic policies of the current US administration. The Directors have also considered the potential impact on the Company's liquidity arising from margin calls relating to the Company's forward foreign exchange positions.

In conducting this review, the Board has also considered the sustainability of the environmental and social impact of the Fund's activities. The Company has a strong balance sheet, with a very low level of gearing. The higher interest rate environment of recent years 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 continues to be sufficient to cover operating costs and to pay the Company's target dividend; and that the Company was able to refinance its revolving credit facility with a new lender on more favourable terms during the year.

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 continue in operational existence for at least 12 months from the date of approval of these Financial Statements and to meet its liabilities as they fall due.

### New and amended accounting standard effective and adopted

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

The adoption of this amended standard has had no material impact on the Financial Statements of the Company.

### New and amended accounting and sustainability 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.

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

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.

In addition, the 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.

These standards have not been formally endorsed by Guernsey, the UK or the EU and have therefore not yet been adopted by the Company. The Directors are currently assessing the impact that the adoption of these three new standards in future periods will have on the Financial Statements of the Company.

### Investment income

Investment income includes interest income from the Company's investment in VFNs issued by the Luxembourg Subsidiary and from cash and cash equivalents.

### VFN interest

VFN interest is recognised on an accruals basis, and is calculated as the net remaining profit or loss in the Luxembourg Subsidiary after accounting for all revenue and realised gains receivable deriving from its investments and cash and cash equivalents, less any realised losses or impairments on investments and expenses due or payable.

Interest on VFNs issued by the Luxembourg Subsidiary is paid to the Company on a quarterly basis.

The VFN interest receivable recognised in the Company's statement of comprehensive income comprises the quarterly cash payments received from the Luxembourg Subsidiary, adjusted by the accrued balances of VFN interest brought forward at the start of the year and carried forward at the year end. For details, please refer to note 9.



# Notes to the Financial Statements continued

for the year ended 31 March 2025 '////////////////////

## 2. Material accounting policies continued

### Net gains/(losses) on financial assets at fair value through profit or loss

Net gains/(losses) on financial assets at fair value through profit or loss consists of realised and unrealised gains and losses on both non-derivative and derivative financial assets at fair value through profit or loss, and are recognised in profit or loss in the statement of comprehensive income. Gains or losses on non-derivative financial instruments are calculated as described in the section "Non-derivative financial instruments - fair value and subsequent measurement" within this note; gains or losses on derivative financial instruments are calculated as described in the section "Derivative financial instruments – fair value and subsequent measurement" within this note.

### Share-based payments (equity-settled)

Services received in exchange for the grant of any share-based payments are measured at the fair value of the services received. Share-based payments are recognised as an expense in profit or loss of the statement of comprehensive income and in equity as an increase in share capital.

In accordance with the terms of the Investment Advisory Agreement, one-tenth of the Investment Adviser's fee is settled through the issue of Ordinary Shares in the Company, subject to market conditions. However, during the current and prior years, due to the discount of the Company's Ordinary Share price to NAV, the Investment Adviser's fees have been paid entirely in cash, with an obligation on the part of the Investment Adviser to use one-tenth of the fee to acquire Ordinary Shares in the market (see note 10).

As a result, there have been no share-based payments made during the current or prior years.

### Expenses

Expenses of the Company are recognised in profit or loss of the statement of comprehensive income on an accruals basis.

### Ordinary Shares

The Ordinary Shares of the Company are classified as equity based on the substance of the contractual arrangements and in accordance with the definition of equity instruments under IAS 32. The proceeds from the issue of Ordinary Shares are recognised in the statement of changes in shareholders' equity, net of issue costs.

### Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes. Certain amounts of the Company's cash may be held as collateral against the Company's forward foreign exchange trading facilities (see note 8).

## Financial instruments

### Classification

The Company classifies its financial assets and financial liabilities into categories in accordance with IFRS 9, "Financial Instruments".

### Financial assets and liabilities at fair value through profit and loss

Financial assets and liabilities classified in this category are designated by management on initial recognition as part of a group of financial assets and/or liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented investment strategy. This category includes the Company's non-derivative financial assets (investment in shares and VFNs issued by the Subsidiaries) and derivative financial assets and liabilities (forward foreign exchange contracts and interest rate swaps). The investment entities exception to consolidation in IFRS 10, "Consolidated Financial Statements" requires subsidiaries of an investment entity to be accounted for at fair value through profit or loss in accordance with IFRS 9.

### Non-derivative financial assets at amortised cost

This category comprises cash and cash equivalents and trade and other receivables, other than prepaid expenses.

### Non-derivative financial liabilities at amortised cost

This category comprises loans payable and trade and other payables.

### Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss are measured initially at fair value, being the transaction price, on the trade date. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

### Non-derivative financial instruments – fair value and subsequent measurement

After initial measurement, the Company measures non-derivative financial assets classified at fair value through profit or loss at their fair values. Changes in fair value are recorded within "Net gains/(losses) on non-derivative financial assets at fair value through profit or loss" in the statement of comprehensive income. This account includes foreign exchange differences.

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

If there is no quoted price in an active market, the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. Please refer to note 6 for further details.

# Notes to the Financial Statements continued

for the year ended 31 March 2025 '//////////////////////////

## 2. Material accounting policies continued

### Financial instruments continued

#### Non-derivative financial instruments – amortised cost measurement

After initial measurement, other financial liabilities are measured at amortised cost using the effective interest rate method. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any allowance for expected credit losses.

At each reporting date, the Company measures the loss allowance on financial assets carried at amortised cost at an amount equal to the lifetime expected credit losses, if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. The expected credit losses are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the financial asset, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and exposure at the default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As at 31 March 2025 and 31 March 2024, the carrying amount of the short-term receivables and payables approximate their fair value.

#### Derivative financial instruments – fair value and subsequent measurement

The Company holds derivative financial instruments to minimise its exposure to foreign exchange risks (in the form of forward foreign exchange contracts) and to minimise its exposure to interest rate risks (in the form of interest rate swaps). Derivatives are classified as financial assets or financial liabilities (as applicable) at fair value through profit or loss and are initially recognised at fair value; attributable transaction costs are recognised in profit or loss in the statement of comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes thereto are recorded within "Net gains/(losses) on derivative financial instruments at fair value through profit or loss" in the statement of comprehensive income. This account includes foreign exchange differences but excludes interest income. The fair values of derivative transactions are measured using their market prices at the reporting date.

#### Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards thereof are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

## Foreign currency

### Functional and presentation currency

The Financial Statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The Directors have considered the primary economic currency of the Company; the currency in which the original finance was raised; the currency in which distributions will be made; and ultimately what currency would be returned to Shareholders if the Company was wound up. The Directors have also considered the currency to which the Company's investments are exposed. On balance, the Directors believe that Sterling best represents the functional currency of the Company during the year. Therefore, the books and records are maintained in Sterling and, for the purpose of the Financial Statements, the results and financial position of the Company are presented in Sterling, which has been selected as the presentation currency of the Company.

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency balances at the year end are translated into the functional currency at the exchange rates prevailing at the year-end date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss of the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

## Dividends

Interim dividends paid to Shareholders are recorded through the statement of changes in Shareholders' equity when they are declared to Shareholders. Final dividends are recorded through the statement of changes in Shareholders' equity when they are approved by Shareholders. The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by the Companies (Guernsey) Law, 2008.

## 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 Company 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 Financial Statements.

The Company receives no revenues from external customers. Other than the UK Subsidiaries, which are United Kingdom companies, 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.

# Notes to the Financial Statements continued

for the year ended 31 March 2025 //

## 3. Use of judgements and estimates

The preparation of Financial Statements in accordance with IFRS as issued by the IASB requires the Board to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a semi-annual basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The principal judgements and estimates are as follows:

### Judgements

#### Functional currency

Refer to note 2 "Functional and presentation currency".

#### Going concern

Refer to note 2 "Going concern".

#### Investment entity

The Board has determined that the Company has all the elements of control as prescribed by IFRS 10 in relation to the Subsidiaries and the Underlying Subsidiaries, as the Company owns 100% of the equity of each of the Subsidiaries (and the Luxembourg Subsidiary owns 100% of the equity of the Underlying Subsidiaries), is exposed and has rights to the returns of the Subsidiaries and the Underlying Subsidiaries, and has the ability either directly or through the Investment Adviser to affect the amount of its returns from the Subsidiaries and Underlying Subsidiaries.

The Company provides investment management services and has a number of investors who pool their funds to gain access to these services and investment opportunities that they might not have had access to individually. The Company, being listed on the Main Market of the London Stock Exchange, obtains funding from a diverse group of external Shareholders, to whom it has committed that its business purpose is to invest funds solely for the returns from capital appreciation and investment income.

The Company has three direct investments – the Luxembourg Subsidiary and the two UK Subsidiaries – in each of which it holds 100% of the equity, however its investments in the Subsidiaries are used to acquire exposure to a portfolio comprising a large number of investments. The fair value method is used to represent the Subsidiaries' performance in its internal reporting to the Board, and to evaluate the performance of the Subsidiaries' investments and to make investment decisions for mature investments. Those investments have documented maturity/redemption dates or will be sold if other investments with better risk/reward profiles are identified, which the Directors consider demonstrates a clear exit strategy.

The Subsidiaries serve as asset holding companies and do not provide investment-related services.

Accordingly, when the Subsidiaries are assessed based on the structure of the Company and its Subsidiaries as a whole as a means of carrying out activities, the Board has concluded that the Company satisfies sufficient of the criteria above to meet the definition of an investment entity. As a result, under the terms of IFRS 10, the Company is not permitted to consolidate the Subsidiaries, but must measure its investments in the Subsidiaries at fair value through profit or loss. The Company has determined that the fair values of the Subsidiaries are the Subsidiaries' net asset values and has concluded that the Subsidiaries meet the definition of unconsolidated subsidiaries under IFRS 12 and has made the necessary disclosures.

### Estimates

#### Fair value of non-derivative and derivative financial instruments at fair value through profit or loss

The Company records its investment in the Subsidiaries and in forward foreign exchange contracts and interest rate swaps at fair value. Details of the valuation methodologies applied in determining the fair value of the Subsidiaries and its underlying infrastructure investments are disclosed in note 6. The valuations of forward foreign exchange contracts are prepared with reference to prevailing exchange rates. Valuations of the interest rate swaps are provided by the counterparty, with reference to prevailing levels of interest rates. The Directors consider that these valuations represent the best estimate of the fair values of the Company's investments in the Subsidiaries and their underlying infrastructure investments and in forward foreign exchange contracts and interest rate swaps.

# Notes to the Financial Statements continued

for the year ended 31 March 2025

## 4. Dividends

In the absence of any significant restricting factors, the Board expects to pay dividends totalling 6.875p per Ordinary Share per annum. The Company pays dividends on a quarterly basis.

The Company declared and paid the following dividends on its Ordinary Shares during the year ended 31 March 2025:

Period to	Payment date	Dividend rate per Ordinary Share (p)	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
30 September 2024	22 November 2024	1.71875	27,058,301	25 October 2024	24 October 2024
31 December 2024	28 February 2025	1.71875	26,878,182	31 January 2025	30 January 2025

On 17 April 2025, the Company declared an interim dividend of 1.71875p per Ordinary Share in respect of the quarter ended 31 March 2025. The dividend was paid on 30 May 2025.

The Company paid the following dividends on its Ordinary Shares during the year ended 31 March 2024:

Period to	Payment date	Dividend rate per Ordinary Share (p)	Net dividend payable (£)	Record date	Ex-dividend date
31 March 2023	26 May 2023	1.71875	29,662,764	28 April 2023	27 April 2023
30 June 2023	25 August 2023	1.71875	29,140,324	28 July 2023	27 July 2023
30 September 2023	24 November 2023	1.71875	28,675,830	27 October 2023	26 October 2023
31 December 2023	29 February 2024	1.71875	28,346,274	26 January 2024	25 January 2024

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 or paid in the year. The Directors are authorised to offer Shareholders a scrip dividend alternative instead of cash. However, during the current and prior years, due to the continuing discount of the Company's Ordinary Share price to the NAV, no scrip dividends were paid.

## 5. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. Below is a non-exhaustive summary of the risks that the Company is exposed to as a result of its use of financial instruments. It should be noted that, whilst the non-derivative financial instruments recognised in the Company's statement of financial position principally comprise its investments in the Subsidiaries, much of the following analysis focuses on the underlying assets and liabilities held within the Subsidiaries, as this is where the financial risks faced by the Company principally arise.

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:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Subsidiaries' non-derivative financial assets at fair value through profit or loss	1,423,647,101	1,380,690,694
Subsidiaries' net current assets	55,568,318	112,480,981
<b>Company's non-derivative financial assets at fair value through profit or loss</b>	<b>1,479,215,419</b>	<b>1,493,171,675</b>



Notes to the Financial Statements
continued
for the year ended 31 March 2025

5. Financial risk management
continued

Market risk

Market risk is the risk that changes in market factors such as foreign exchange rates, interest rates and equity prices will affect the Company's income and/or the value of its holdings in financial instruments.

The Company's exposure to market risk comes mainly from movements in the value of its investment in the Subsidiaries and on a look-through basis to the underlying investments in the Subsidiaries' portfolios. Changes in credit spreads (in the case of bond or loan investments) or in discount rates (in the case of private equity investments) may further affect the Subsidiaries' net equity or net income, and hence the value of the Company's investment in the Subsidiaries.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk. The Company's strategy for the management of market risk is driven by its investment objective to provide investors with regular, sustained, long-term distributions and capital appreciation from a diversified portfolio of senior and subordinated economic infrastructure investments, which are held in portfolios by the Subsidiaries. The various components of the Company's market risk are managed on a daily basis by the Investment Manager in accordance with policies and procedures in place, as detailed below.

In addition, the Company, through its Subsidiaries, intends to mitigate market risk generally by not making investments that would cause it to have exposure to any one individual infrastructure asset exceeding 10% of the Fund's investments at the time of investment. The Subsidiaries' market positions are monitored on a quarterly basis by the Board of Directors and by the Investment Manager at the point of investment and on an ongoing basis.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Subsidiaries' interest-bearing financial assets and liabilities expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

The Company is exposed to cash flow interest rate risk in respect of its cash and cash equivalents and the floating rate debt investments held by the Subsidiaries and to fair value interest rate risk in respect of the fixed-rate debt investments held by the Subsidiaries.

As the Company and the Subsidiaries have no investment restrictions which would confine their investment universe to short-dated issues, the Investment Manager is mindful that fixed interest portfolios with longer durations may be subject to relatively greater adverse effects of a rising interest rate environment and inflationary considerations.

Interest rate risk is mitigated through the diversification of assets by duration and jurisdiction and the use of interest rate swaps.

Interest receivable on bank deposits or payable on loans or bank overdraft positions will be affected by fluctuations in interest rates. Interest rate risk on cash and cash equivalents and loans payable is not considered significant.

The following table shows the interest rate profile of the Subsidiaries' investment portfolios:

	31 March 2025		31 March 2024	
	Range of interest rates	£	Range of interest rates	£
Investments with floating interest rates	0.00% to 18.68%	667,191,402	0.00% to 21.93%	645,860,368
Investments with fixed interest rates	0.00% to 12.00%	736,848,296	0.00% to 12.00%	704,147,820
Non-interest-bearing investments	N/A	19,607,403	N/A	30,682,506
Financial assets at fair value through profit or loss (note 6)		1,423,647,101		1,380,690,694

# Notes to the Financial Statements continued

for the year ended 31 March 2025

5. Financial risk management
continued

Market risk
continued

Interest rate risk
continued

The following table shows the Directors’ best estimate of the sensitivity of the Company’s interest rate swaps and the portfolios of fixed-rate and floating rate investments held within the Subsidiaries to stressed changes in interest rates, with all other variables held constant. The table assumes parallel shifts in the respective forward yield curves and is based on the modified duration of the assets.

Possible reasonable change in interest rate	31 March 2025 effect on net assets and profit or loss £	31 March 2024 effect on net assets and profit or loss £
Fixed-rate investments +3%	(69,640,307)	(74,954,049)
Floating rate investments +3%	24,985,824	23,044,283
Interest rate swaps +3%	(12,945,299)	(8,452,793)
	(57,599,782)	(60,362,559)
Fixed-rate investments -3%	80,467,416	86,699,146
Floating rate investments -3%	(23,787,614)	(22,779,112)
Interest rate swaps -3%	8,825,683	8,452,793
	65,505,485	72,372,827

The possible change in the interest rate of 3% (2024: 3%) is regarded as reasonable in the context of the current economic environment and the levels of global interest rates during the year.

The sensitivity analysis relating to the fixed-rate investments and the interest rate swaps represents a measure of the fair value interest rate risk attached to the Subsidiaries’ 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.

Under the terms of the Prospectus, the Company is permitted to use interest rate hedging instruments to protect against exposure to interest rate risk. During the year, the Company entered into interest rate swap transactions to lock in current levels of interest rates for a period of seven years (see note 7).

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is directly exposed to currency risk in respect of its cash and cash equivalents and derivatives denominated in currencies other than Sterling, and indirectly through its investment in the Luxembourg Subsidiary.

The functional and presentational currency of the Company is Sterling. The Company invests in its Luxembourg Subsidiary through VFNs denominated in various currencies other than the functional currency, currently US Dollar, Euro, Australian Dollar and Swiss Franc (2024: US Dollar, Euro, Australian Dollar and Swiss Franc). The Luxembourg Subsidiary in turn invests in financial instruments and enters into transactions that are denominated in currencies other than the functional currency. Consequently, the Company is exposed to risk that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of the Company’s financial assets or liabilities.

The Investment Manager monitors the exposure to foreign currencies and reports to the Board on a regular basis. The Investment Manager measures the risk of the foreign currency exposure by considering the effect on the net asset value and income of a movement in the rates of exchange to which the assets, liabilities, income and expenses are exposed. A currency hedging programme is in place at the Company level, in line with the intentions stated in the Prospectus, to protect against the effects of currency exposure on the future income arising from the underlying portfolio of investments held by the Luxembourg Subsidiary.

The total net foreign currency exposure of the Company and the Subsidiaries combined at the year end was as detailed in the following table. These figures have been presented on a combined basis, as there exist foreign currency assets and liabilities in both the Company and the Luxembourg Subsidiary, and the forward foreign exchange contracts held at the Company level (see note 7) are taken out to hedge currency exposure existing at the Luxembourg Subsidiary level.

# Notes to the Financial Statements continued

for the year ended 31 March 2025

## 5. Financial risk management continued

### Market risk continued

#### Currency risk continued

	31 March 2025 £
<b>USD exposure</b>	
Financial assets at fair value through profit or loss	615,774,220
Forward foreign exchange contracts	(636,971,441)
Cash and cash equivalents	12,775,520
Trade and other receivables	8,562,036
Loan payable	(36,414,349)
<b>Net USD exposure</b>	<b>(36,274,014)</b>
<b>EUR exposure</b>	
Financial assets at fair value through profit or loss	429,951,408
Forward foreign exchange contracts	(452,021,628)
Cash and cash equivalents	6,101,515
Trade and other receivables	13,763,567
Trade and other payables	(264,071)
Loan payable	(20,438,934)
<b>Net EUR exposure</b>	<b>(22,908,143)</b>
<b>CHF exposure</b>	
Financial assets at fair value through profit or loss	39,418,360
Forward foreign exchange contracts	(42,014,453)
Cash and cash equivalents	769,899
Trade and other receivables	8,194
<b>Net CHF exposure</b>	<b>(1,818,000)</b>
<b>AUD exposure</b>	
Cash and cash equivalents	352,583
<b>Net AUD exposure</b>	<b>352,583</b>
<b>Total exposure</b>	<b>(60,647,574)</b>

	31 March 2024 £
<b>USD exposure</b>	
Financial assets at fair value through profit or loss	685,957,857
Forward foreign exchange contracts	(738,617,469)
Cash and cash equivalents	74,744,708
Trade and other receivables	5,303,610
<b>Net USD exposure</b>	<b>27,388,706</b>
<b>EUR exposure</b>	
Financial assets at fair value through profit or loss	328,439,367
Forward foreign exchange contracts	(372,470,134)
Cash and cash equivalents	3,512,871
Trade and other receivables	8,611,982
Trade and other payables	(296,898)
<b>Net EUR exposure</b>	<b>(32,202,812)</b>
<b>CHF exposure</b>	
Financial assets at fair value through profit or loss	39,546,533
Forward foreign exchange contracts	(41,985,053)
Cash and cash equivalents	888,908
Trade and other receivables	39,480
<b>Net CHF exposure</b>	<b>(1,510,132)</b>
<b>AUD exposure</b>	
Financial assets at fair value through profit or loss	1,300,532
Forward foreign exchange contracts	(1,499,018)
Cash and cash equivalents	1,658
Trade and other receivables	515,327
<b>Net AUD exposure</b>	<b>318,499</b>
<b>Total exposure</b>	<b>(6,005,739)</b>

# Notes to the Financial Statements continued

for the year ended 31 March 2025 '/////////////////////////

## 5. Financial risk management continued

### Market risk continued

#### Currency risk continued

	Possible reasonable change in exchange rate	31 March 2025 net exposure £	31 March 2025 effect on net assets and profit or loss £	Possible reasonable change in exchange rate	31 March 2024 net exposure £	31 March 2024 effect on net asset and profit or loss £
USD/GBP	+/- 10%	(36,274,014)	-/+ 3,627,401	+/- 10%	27,388,706	+/- 2,738,871
EUR/GBP	+/- 10%	(22,908,143)	-/+ 2,290,814	+/- 10%	(32,202,812)	-/+ 3,220,281
CHF/GBP	+/- 10%	(1,818,000)	-/+ 181,800	+/- 10%	(1,510,132)	-/+ 151,013
AUD/GBP	+/- 10%	352,583	+/- 35,258	+/- 10%	318,499	+/- 31,850

The possible change in exchange rates of 10% (2024: 10%) is regarded as reasonable, due to the increased volatility during the year of Sterling against the major currencies to which it is exposed.

The following table details the split of currencies based on fair value of bonds and loans in the Subsidiaries' investment portfolios:

Currency	31 March 2025 £	31 March 2024 £
Sterling	338,503,113	325,446,405
US Dollar	615,774,220	685,957,857
Euro	429,951,408	328,439,367
Swiss Franc	39,418,360	39,546,533
Australian Dollar	—	1,300,532
<b>Total</b>	<b>1,423,647,101</b>	<b>1,380,690,694</b>



# Notes to the Financial Statements continued

for the year ended 31 March 2025

## 5. Financial risk management continued

### Credit and counterparty risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company or one of the Subsidiaries or a vehicle in which the Company or one of the Subsidiaries invests, resulting in a financial loss to the Company. It arises principally from debt securities held, and also from derivative financial assets and cash and cash equivalents. For risk management reporting purposes, the Company considers and aggregates all elements of credit risk exposure (such as individual obligation default risk, country risk and sector risk).

In respect of the debt investments, credit risk is the risk that the fair value of a loan (or more generally, a stream of debt payments) will decrease due to a change in the borrower's ability to make payments, whether that change is an actual default or a change in the borrower's probability of default.

The Investment Manager's management of the Subsidiaries' portfolios is underpinned by the ongoing monitoring and mitigation of credit risk in the portfolio to ensure that any credit events or institutional ratings changes are identified in a timely manner. Gains or losses arising in the Subsidiaries will be reflected in an increase or decrease in the amount of VFN interest receivable recognised in the Company.

The following table analyses the external ratings of the Subsidiaries' portfolio investments, calculated using all available ratings for the portfolio investments from Standard and Poor's, Moody's and Fitch.

Standard & Poor's rating (or equivalent)	31 March 2025 £	31 March 2024 £
BB- to BB+	21,548,307	54,494,305
B- to B+	141,355,748	62,405,933
Unrated	1,260,743,046	1,263,790,456
	<b>1,423,647,101</b>	<b>1,380,690,694</b>

Prior to any investment purchase, the Investment Adviser provides a credit memorandum to the Investment Manager which includes a Sequoia credit rating (based on an in-house rating system, which takes into account certain facets of the investment, including the issuer's security, financial statements, debt covenants and the type of debt) for the debt investment, along with a recommendation to purchase the asset. The Investment Manager vets the recommendation and liaises with the Risk Committee where appropriate.

The mitigation of credit risk starts with the Investment Adviser's Investment Committee, which monitors risks associated with potential debt investments and makes recommendations for acquisitions whilst allocating a Sequoia credit rating.

The Investment Adviser formally performs credit reviews of the full portfolio at least semi-annually or as and when a particular "Credit Event" occurs. No investments were downgraded during the current or prior years.

The table below analyses the Company's maximum exposure to credit risk for the components of the statement of financial position.

	31 March 2025 £	31 March 2024 £
Non-derivative financial assets at fair value through profit or loss	<b>1,479,215,419</b>	1,493,171,675
Cash and cash equivalents	<b>7,523,136</b>	7,507,495
Derivative financial assets at fair value through profit or loss	<b>17,669,291</b>	28,098,804
	<b>1,504,407,846</b>	<b>1,528,777,974</b>

In line with the Company's original Prospectus, a Cash Management Policy has been put in place. Cash deposits will only be placed with banks that hold a short-term rating of at least A-1, P-1 or F1 from Standard and Poor's, Moody's or Fitch respectively and no more than 40% of net assets may be placed with any one bank at any time. The Investment Manager carefully manages this process ensuring uninvested cash is dispersed to adequately rated banks whilst maximising interest received. The Bank of New York Mellon, as Custodian, holds cash in relation to the portfolio operations and in order to settle investment transactions. At the year end the Standard and Poor's short-term credit rating of Bank of New York Mellon was A-1+ (2024: A-1+).

For operational purposes, the Company's policy is to utilise banks with an investment grade rating or higher (A-3, P-3 or F3 from Standard and Poor's, Moody's or Fitch respectively). The Company's operational cash is held with The Royal Bank of Scotland International Limited ("RBSI"). During the year, the Company has used ING Bank ("ING"), Macquarie Bank Limited ("Macquarie"), Morgan Stanley, Nomura Bank International ("Nomura"), Goldman Sachs International ("GSI") and RBSI to undertake forward foreign exchange and interest rate swap transactions. Hedging collateral may be held with these institutions if required.

At the year end the short-term credit ratings of these institutions were as follows (Standard & Poor's unless otherwise specified): GSI: A-1; ING: A-1; Macquarie: A-1; Morgan Stanley: A-2; Nomura: A-2; and RBSI: A-1 (2024: GSI: A-1; IBCI: F2 (Fitch); ING: A-1; Macquarie: A-1; Morgan Stanley: A-2; Nomura: A-2; and RBSI: A-1).

Bankruptcy or insolvency of any of the above financial institutions may cause the Company's rights with respect to the cash held to be delayed or limited. The Company monitors its risk by regularly monitoring the credit ratings of these financial institutions.

Credit risk arising on debt securities held by the Subsidiaries is constantly monitored by the Investment Manager. Credit risk is mitigated by the diversification of assets by maturity profile and jurisdiction.

# Notes to the Financial Statements continued

for the year ended 31 March 2025

## 5. Financial risk management continued

### Credit and counterparty risk continued

The Subsidiaries' exposure to credit risk in respect of their investments, based on the country of registration, is summarised below:

	31 March 2025 £	31 March 2024 £
United States of America/Canada	647,674,936	730,024,524
Europe	407,670,076	308,077,649
United Kingdom	368,302,089	341,287,989
Australia	—	1,300,532
<b>Subsidiaries' non-derivative financial assets at fair value through profit or loss (note 6)</b>	<b>1,423,647,101</b>	<b>1,380,690,694</b>

The table below summarises the Subsidiaries' portfolio concentrations:

	Largest portfolio holding of a single asset % of total portfolio	Average portfolio holding % of total portfolio
<b>31 March 2025</b>	<b>4.34</b>	<b>1.69</b>
	Largest portfolio holding of a single asset % of total portfolio	Average portfolio holding % of total portfolio
31 March 2024	4.39	1.82

The following table summarises the Subsidiaries' exposure to market risk, based on its concentration by industry:

	31 March 2025 £	31 March 2024 £
Accommodation	89,768,829	44,955,066
Power	201,636,778	287,231,944
Renewable energy	127,693,512	139,598,873
Digitalisation	349,605,969	356,776,337
Transport	118,892,647	101,637,884
Transportation equipment	174,637,095	122,892,333
Utilities	205,966,206	158,707,627
Other	155,446,065	168,890,630
<b>Subsidiaries' non-derivative financial assets at fair value through profit or loss (note 6)</b>	<b>1,423,647,101</b>	<b>1,380,690,694</b>

Activities undertaken by the Company and the Subsidiaries may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the majority of transactions, settlement risk is mitigated by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring processes. The Investment Manager also conducts reviews of the settlement process and the Custodian to ensure a stringent settlement process is in place.

### Liquidity risk

Liquidity risk is the risk that the Company or the Subsidiaries will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset.

The Company's policy and the Investment Manager's approach to managing liquidity risk in both the Company and the Subsidiaries is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), the Company has implemented a liquidity policy that is consistent with its underlying obligations and redemption policy, in accordance with the requirements relating to quantitative and qualitative risk limits and which considers both funding and trading liquidity.

# Notes to the Financial Statements continued

for the year ended 31 March 2025

## 5. Financial risk management continued

### Liquidity risk continued

The Investment Manager manages the Company's liquidity risk by taking into account the liquidity profile and strategy of the Company and at the level of the Subsidiaries primarily through investing in a diverse portfolio of assets. Liquidity risk mitigation will be sought through careful selection of assets, asset duration, asset liquidity profiling through loan market interaction, geographical focus, currency allocations, cash management and other Company considerations.

Given the Company's permanent capital structure as a closed-ended fund, it is not exposed to redemption risk. However, the financial instruments of the Company and the Subsidiaries include derivative contracts traded over-the-counter and debt investments, which are not traded in an organised public market and which may be illiquid.

The overall liquidity risk of the Company and the Subsidiaries is monitored on a quarterly basis by the Board of Directors and on an ongoing basis by the Investment Manager. Shareholders will have no right of redemption and must rely, in part, on the existence of a liquid market in order to realise their investment.

There are no Company assets subject to special arrangements arising from their illiquid nature.

The following table details the undiscounted contractual cash flows arising from the Company's financial liabilities, based on the remaining period from the year-end date to the contractual maturity date.

As at 31 March 2025	Less than 1 year £	Between 1 and 3 years £	Total £
Derivative financial liabilities at fair value through profit or loss	2,449,176	4,731,911	7,181,087
Loan payable	3,163,539	60,952,882	64,116,421
Trade and other payables	3,596,055	—	3,596,055
<b>Total financial liabilities</b>	<b>9,208,770</b>	<b>65,684,793</b>	<b>74,893,563</b>

As at 31 March 2024	Less than 1 year £	Between 1 and 3 years £	Total £
Derivative financial liabilities at fair value through profit or loss	586,348	189,243	775,591
Trade and other payables	4,322,344	—	4,322,344
<b>Total financial liabilities</b>	<b>4,908,692</b>	<b>189,243</b>	<b>5,097,935</b>

### Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities relating to financial instruments, either internally or on the part of service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

Operational risk is managed so as to balance the limiting of financial losses and reputational damage with achieving the investment objective of generating returns to investors.

The Investment Manager works with the Board to identify the risks facing the Company and the Subsidiaries. The key risks are documented and updated in the Risk Matrix by the Investment Manager.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers.

The Directors' assessment of the adequacy of the controls and processes in place at service providers with respect to operational risk is carried out through having discussions with and reviewing reports from the Investment Manager, who conducts regular discussions with the service providers.

### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. Capital is managed in accordance with the investment policy, in pursuit of its investment objectives. Share buybacks have been utilised during the year to manage the discount of share price to NAV. There are no duration restrictions on the investments acquired by the Subsidiaries. Target annual returns<sup>1</sup> for investors in the Company are an income return of 6% to 7% and a capital return of 1% to 2%.

The Company may employ leverage for short-term liquidity or investment purposes. During the year, the Company has maintained a revolving credit facility. Until 17 July 2024, the facility was £325 million (with an additional £75 million accordion facility) with a consortium of four banks led by the Royal Bank of Scotland International Limited (see note 15). On that date, a new facility of £300 million (with a £50 million accordion facility) was agreed with J.P. Morgan Chase Bank, N.A., London Branch.

1. See Appendix for Alternative Performance Measures ("APMs")

# Notes to the Financial Statements continued

for the year ended 31 March 2025 //

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

The Company's non-derivative assets at fair value through profit or loss comprise the following:

	31 March 2025 £	31 March 2024 £
VFNs issued by the Luxembourg Subsidiary	1,572,602,915	1,579,044,726
Luxembourg subsidiary equity at fair value through profit or loss	104,402,452	83,743,399
UK Subsidiaries equity at fair value through profit or loss	967,088	—
VFN interest paid in advance by the Luxembourg Subsidiary to the Company	(198,757,036)	(169,616,450)
<b>Non-derivative financial assets at fair value through profit or loss at the end of the year</b>	<b>1,479,215,419</b>	<b>1,493,171,675</b>

The following table provides a reconciliation of the movements in non-derivative assets at fair value through profit or loss during the year:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Cost at the start of the year	1,505,935,819	1,775,554,935
VFNs purchased during the year	302,401,710	349,917,050
VFNs redeemed during the year	(285,143,942)	(619,536,166)
Investment in UK Subsidiary	2,000,000	—
Cost at the end of the year	1,525,193,587	1,505,935,819
Cumulative net unrealised losses of the Fund on non-derivative financial assets at the end of the year (see table on page 91)	(45,978,168)	(12,764,144)
<b>Non-derivative financial assets at fair value through profit or loss at the end of the year</b>	<b>1,479,215,419</b>	<b>1,493,171,675</b>

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:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Subsidiaries' non-derivative financial assets at fair value through profit or loss	1,423,647,101	1,380,690,694
Subsidiaries' net current assets	55,568,318	112,480,981
<b>Company's non-derivative financial assets at fair value through profit or loss</b>	<b>1,479,215,419</b>	<b>1,493,171,675</b>

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

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

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Unrealised foreign exchange losses on VFNs	(23,699,579)	(31,814,258)
Unrealised gains on revaluation of the Subsidiaries	19,626,141	102,789,821
<b>Net (losses)/gains on non-derivative financial assets at fair value through profit or loss</b>	<b>(4,073,438)</b>	<b>70,975,563</b>



# Notes to the Financial Statements continued

for the year ended 31 March 2025 //

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

On a look-through basis, the Fund's cumulative net losses on non-derivative financial assets at fair value through profit or loss as at 31 March 2025 comprises the following:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
<b>Subsidiaries</b>		
Investment income during the year	121,564,594	146,519,383
Net return on financial assets and liabilities during the year, including foreign exchange and VFN interest payable	(142,086,376)	(163,069,527)
Net other income during the year	11,007,337	8,144,170
Subsidiaries' losses during the year	(9,514,445)	(8,405,974)
Subsidiaries' losses brought forward	(85,873,052)	(77,467,078)
<b>Subsidiaries' losses carried forward at the end of the year</b>	<b>(95,387,497)</b>	<b>(85,873,052)</b>
<b>Company</b>		
Unrealised foreign exchange gains on VFNs brought forward	73,108,908	104,923,166
Unrealised foreign exchange losses on VFNs during the year	(23,699,579)	(31,814,258)
<b>Net losses on non-derivative financial assets at fair value through profit or loss carried forward at the end of the year</b>	<b>(45,978,168)</b>	<b>(12,764,144)</b>

## 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 instruments' valuations. 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 the exercise of 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 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.

# Notes to the Financial Statements continued

for the year ended 31 March 2025 //

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

Fair value measurement continued

31 March 2025	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Non-derivative financial assets at fair value through profit or loss	—	—	1,479,215,419	1,479,215,419
Derivative financial assets at fair value through profit or loss	—	17,669,291	—	17,669,291
<b>Total</b>	—	17,669,291	1,479,215,419	1,496,884,710
<b>Liabilities</b>				
Derivative financial liabilities at fair value through profit or loss	—	7,181,087	—	7,181,087
<b>Total</b>	—	7,181,087	—	7,181,087

31 March 2024	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
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
<b>Total</b>	—	28,098,804	1,493,171,675	1,521,270,479
<b>Liabilities</b>				
Derivative financial liabilities at fair value through profit or loss	—	775,591	—	775,591
<b>Total</b>	—	775,591	—	775,591

During the year there have been no transfers between levels of the fair value hierarchy. Such transfers are recognised at the end of the reporting period in which the change has occurred.

# Notes to the Financial Statements continued

for the year ended 31 March 2025 //

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

### Fair value measurement continued

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

Currency	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Opening balance	1,493,171,675	1,803,011,023
Purchases of VFNs	302,401,710	349,917,050
Sales of VFNs	(285,143,942)	(619,536,166)
Investment in UK Subsidiary	2,000,000	—
Net (losses)/gains on non-derivative financial assets in the year	(4,073,438)	70,975,563
Movement in VFN interest balance during the year	(29,140,586)	(111,195,795)
<b>Closing balance</b>	<b>1,479,215,419</b>	<b>1,493,171,675</b>

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

31 March 2025	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Non-derivative financial assets at fair value through profit or loss	—	130,364,306	1,293,282,795	1,423,647,101

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

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 have been fair valued principally on a discounted cash flow basis.

During the year, no investments were transferred between levels of the fair value hierarchy (2024: 10 investments with a value of £288,086,219 were transferred from Level 2 to Level 3 of the fair value hierarchy). Such transfers are recognised at the end of the reporting period in which the change has occurred.

The following table summarises the significant unobservable inputs the Company used to value its Subsidiaries' underlying investments categorised within Level 3 at 31 March 2025. The table is not intended to be all-inclusive but instead captures the significant unobservable inputs relevant to our determination of fair values.

# Notes to the Financial Statements continued

for the year ended 31 March 2025 '/////////////////////////

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

Fair value measurement continued

31 March 2025 Type	Sector	Fair value £	Primary valuation technique	Significant unobservable inputs	Range input
Private debt	Accommodation	98,574,073	Discounted cash flow	Discount rate	6.6%-20.0%
Private debt	Power	201,636,778	Discounted cash flow	Discount rate	4.6%-27.4%
Private debt	Renewable energy	127,693,512	Discounted cash flow	Discount rate	4.5%-9.9%
Private debt	Digitalisation	349,605,969	Discounted cash flow	Discount rate	4.8%-10.3%
Private debt	Transport	84,887,844	Discounted cash flow	Discount rate	5.7%-7.1%
Private debt	Transport assets	143,326,643	Discounted cash flow	Discount rate	5.2%-7.3%
Private debt	Utilities	148,481,370	Discounted cash flow	Discount rate	4.8%-15.0%
Private debt	Other	139,076,606	Discounted cash flow	Discount rate	4.4%-12.0%
		1,293,282,795			



# Notes to the Financial Statements continued

for the year ended 31 March 2025

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

### Fair value measurement continued

31 March 2024 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			

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 interest rate	31 March 2025 effect on net assets and profit or loss £	31 March 2024 effect on net assets and profit or loss £
Fixed-rate investments	+3%	(62,809,544)	(70,665,404)
Floating rate investments	+3%	23,044,469	22,454,106
		(39,765,075)	(48,211,298)
Fixed-rate investments	-3%	72,608,289	81,700,946
Floating rate investments	-3%	(21,846,259)	(22,188,935)
		50,762,030	59,512,011

# Notes to the Financial Statements continued

for the year ended 31 March 2025

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

### Fair value measurement continued

The sensitivity analysis assumes a change in the level of interest rates of 3% (2024: 3%), with all other variables unchanged. This possible change in the interest rate is regarded as reasonable in the context of the current economic environment and the levels of global interest rates during the year.

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 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 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 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 regards to, for example, interest or principal recoveries and timing. The Investment Adviser will work closely with the Valuation Agent and they will have access to the Investment Adviser's own model, analysis and internal valuations. These valuations are subject to a high degree of management oversight and ultimate approval by the Investment Manager.

In the opinion of the Investment Adviser, as at 31 March 2025, there are two non-performing assets in the portfolio (2024: four), with a total value of £15.1 million (2024: £81.8 million).

### 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 is 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).

## 7. 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:

	31 March 2025 £	31 March 2024 £
Forward foreign exchange contract assets	17,669,291	25,537,739
Interest rate swap assets	—	2,561,065
Total derivative assets at fair value through profit or loss	17,669,291	28,098,804
Forward foreign exchange contract liabilities	(4,034,017)	(775,591)
Interest rate swap liabilities	(3,147,070)	—
<b>Net derivative assets at fair value through profit or loss</b>	<b>10,488,204</b>	<b>27,323,213</b>

# Notes to the Financial Statements continued

for the year ended 31 March 2025 //

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

### Forward foreign exchange contracts

As at 31 March 2025, the Company had the following outstanding commitments in respect of open forward foreign exchange contracts, by currency and by counterparty.

31 March 2025	Currency amount	Buying currency £	GBP amount £	Unrealised gains £	Unrealised losses £	Net unrealised gains £
<b>Selling currency</b>						
USD	824,300,000	GBP	644,694,641	8,157,535	(2,818,277)	5,339,258
EUR	539,500,000	GBP	467,266,108	8,812,181	(1,215,740)	7,596,441
CHF	45,000,000	GBP	42,014,453	595,663	—	595,663
			1,153,975,202	17,565,379	(4,034,017)	13,531,362
<b>Buying currency</b>						
USD	10,000,000	GBP	7,723,200	21,138	—	21,138
EUR	18,300,000	GBP	15,244,480	82,774	—	82,774
			22,967,680	103,912	—	103,912
			1,131,007,522	17,669,291	(4,034,017)	13,635,274

Counterparty	Unrealised gains £	Unrealised losses £	Net unrealised gains/(losses) £
GSI	633,368	(24,957)	608,411
ING	4,044,472	—	4,044,472
Macquarie	2,311,174	(911,224)	1,399,950
Morgan Stanley	1,287,100	(1,431,474)	(144,374)
Nomura	8,087,388	—	8,087,388
RBSI	1,305,789	(1,666,362)	(360,573)
	17,669,291	(4,034,017)	13,635,274

# Notes to the Financial Statements continued

for the year ended 31 March 2025 '//////////////////////////

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

### Forward foreign exchange contracts continued

31 March 2024	Currency amount £	Buying currency £	GBP amount £	Unrealised gains £	Unrealised losses £	Net unrealised gains/(losses) £
<b>Selling currency</b>						
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
<b>Buying currency</b>						
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

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 year end were held with 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 year end have various maturity dates ranging from 10 April 2025 to 10 February 2027 (2024: 4 April 2024 to 9 March 2026).



# Notes to the Financial Statements continued

for the year ended 31 March 2025

## 7. 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 to receive a fixed-rate of 4.512% on an amount of USD 90 million against 3-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 3-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 3-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 (£5,323,394) mark-to-market settlement in favour of the Company.

On 28 March 2025, the Company entered into a new interest rate swap transaction with Macquarie to receive a fixed-rate of 3.617% on USD 70 million against weighted average SOFR, commencing on 30 June 2025 and continuing quarterly until the termination date of 31 March 2032.

As at 31 March 2025, the interest rate swaps were valued at -£3,147,070, in accordance with valuations provided by the counterparty.

The net gains/(losses) on derivative financial assets in the year comprises both realised and unrealised gains and losses as follows:

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Net realised gains on forward foreign exchange contracts	34,433,645	5,627,018
Net unrealised (losses)/gains on forward foreign exchange contracts	(11,126,874)	32,568,272
Realised gain on interest rate swap	5,323,394	—
Unrealised (losses)/gains on interest rate swaps	(5,708,135)	2,561,065
Interest rate swap interest paid	(1,036,423)	—
<b>Net gains on derivative financial instruments during the year</b>	<b>21,885,607</b>	<b>40,756,355</b>

## 8. Cash and cash equivalents

	31 March 2025 £	31 March 2024 £
Cash held on call or overnight deposit accounts	7,523,136	7,507,495
	<b>7,523,136</b>	<b>7,507,495</b>

Under the terms of its forward foreign exchange trading agreements with Goldman Sachs International, ING Bank, Macquarie Bank Limited, Morgan Stanley, Nomura International and the Royal Bank of Scotland International, the Company may be required in certain circumstances to retain balances in collateral accounts representing the applicable margin on each facility. As at 31 March 2025, £Nil (2024: £Nil) was held in collateral accounts.

## 9. Investment income

	31 March 2025 £	31 March 2024 £
Investment income on financial assets at amortised cost		
Cash and cash equivalents	250,320	317,457
Investment income on the Company's non-derivative financial assets at fair value through profit and loss		
Cash VFN interest income received	107,656,577	130,901,944
Movement in VFN interest balance (see note 6)	(29,140,586)	(111,195,795)
	<b>78,515,991</b>	<b>19,706,149</b>
	<b>78,766,311</b>	<b>20,023,606</b>

The Company's investment income on non-derivative financial assets at fair value through profit or loss (VFN interest) is derived from its investment in VFNs issued by its Luxembourg Subsidiary and comprises the net of the Luxembourg Subsidiary's revenue (principally interest on loans and bonds) and realised gains on investments, less expenses, realised investment losses and investment book cost impairment losses.

During the current and prior years, year-end impairments in the Luxembourg Subsidiary to the book costs of certain non-performing and underperforming loans have negatively impacted the amount of VFN interest income recognised in the books of the Company. It should be noted however that such book cost impairments have no effect on the Company's NAV – as all of the Subsidiaries' investments are measured at fair value – nor on the VFN interest cash flows arising on the Company's investments in the VFNs.

Notes to the Financial Statements continued[illegible]

## 10. Related parties and other material contracts

## Transactions with Investment Manager and Investment Adviser

## 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. Subject to market conditions, 10% of the Investment Adviser's fee is applied in subscribing for Ordinary Shares in the Company, which the Investment Adviser shall retain with a three-year rolling lock-up (such that those Ordinary Shares may not be sold or otherwise disposed of by the Investment Adviser without the prior consent of the Company before the third anniversary of the date of issue of the relevant Ordinary Shares). However, during the current and prior years, due to the discount of the Company's Ordinary Share price to NAV, the Investment Adviser's fees have been paid entirely in cash, with an obligation on the part of the Investment Adviser to use one-tenth of the fee to acquire Ordinary Shares in the market.

On 15 April 2024, the Investment Adviser acquired 300,000 Ordinary 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 Ordinary 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 Ordinary Shares in the market in relation to fees payable for the quarter ended 30 September 2024.

On 20 January 2025, the Investment Adviser acquired 314,470 Ordinary Shares in the market in relation to fees payable for the quarter ended 31 December 2024.

On 28 April 2025, the Investment Adviser acquired 318,381 Ordinary Shares in the market in relation to fees payable for the quarter ended 31 March 2025.

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.

## Investment Manager

FundRock Management Company (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 inflation-linked increase (with effect from 1 May 2025: £436,440; with effect from 1 May 2024: £420,463).

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

# Notes to the Financial Statements continued

for the year ended 31 March 2025

10. Related parties and other material contracts
continued

Ordinary Shares held by related parties

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

Name	As at 31 March 2025		As at 31 March 2024	
	Number of Ordinary Shares	Percentage of Ordinary Shares in issue	Number of Ordinary Shares	Percentage of Ordinary Shares in issue
James Stewart (with his spouse)	80,815	0.01%	43,275	0.00%
Tim Drayson	207,000	0.01%	207,000	0.01%
Margaret Stephens	24,519	0.00%	—	—
Paul Le Page	—	—	—	—
Fiona Le Poidevin	N/A	N/A	—	—
Sandra Platts (in a family RATS)	N/A	N/A	27,953	0.00%

As at 31 March 2025, the Investment Adviser held an aggregate of 6,944,131 Ordinary Shares (2024: 5,708,663 Ordinary Shares), which is 0.45% (2024: 0.35%) of the issued share capital.

As at 31 March 2025, the members of the Investment Adviser’s founding team held an aggregate of 835,656 Ordinary Shares (2024: 835,656 Ordinary Shares), which is 0.05% (2024: 0.05%) of the issued share capital.

As at 31 March 2025, the Investment Manager held an aggregate of 50,000 Ordinary Shares (2024: 50,000 Ordinary Shares), which is 0.00% (2024: 0.00%) of the issued share capital.

Directors’ fees

The Directors of the Company receive fees for their services as Directors. During the year, the Directors received fees of £321,250 (2024: £329,692). As at 31 March 2025, there were no Directors’ fees outstanding (2024: £Nil). For details of the structuring of the Directors’ remuneration, please refer to the Directors’ remuneration report on pages 58 and 59.

Administrator

With effect from 28 January 2015, Apex Fund and Corporate Services (Guernsey) Limited<sup>1</sup> (the “Administrator”) was appointed as the Administrator. With effect from 1 June 2016, the Administrator is entitled to receive from the Company a base fee calculated as follows and payable 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 inflation-linked increase (with effect from 1 May 2025: £400,366; with effect from 1 May 2024: £375,556). 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.

1. See footnote on page 49

# Notes to the Financial Statements continued

for the year ended 31 March 2025

10. Related parties and other material contracts
continued

Other material contracts

Subsidiary Administrator

With effect from 28 January 2015, TMF Luxembourg S.A. (the “Subsidiary Administrator”) was appointed as the Administrator of the Luxembourg Subsidiary. During the calendar year 2025, the Subsidiary Administrator will receive an estimated amount in recurring and ad hoc fees from the Luxembourg Subsidiary of €92,545 per annum (£77,521) (2024: €90,288 per annum (£77,209) during the calendar year 2024).

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, depositary, 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 year ended 31 March 2025 and outstanding at 31 March 2025 are as follows:

Year ended 31 March 2025	Charge for the year £	Amounts outstanding at 31 March 2025 £
Investment Adviser’s fees	9,837,744	2,445,667
Administration fees	505,738	20,000
Investment Manager’s fees	427,098	—
Directors’ fees and expenses	333,969	—
Sub-administration fee <sup>1</sup>	117,515	780
Fees payable to the Custodian <sup>1</sup>	335,905	143,362
	11,557,969	2,609,809

Year ended 31 March 2024	Charge for the year £	Amounts outstanding at 31 March 2024 £
Investment Adviser’s fees	9,937,332	2,456,473
Administration fees	401,973	30,000
Investment Manager’s fees	504,656	—
Directors’ fees and expenses	367,726	—
Sub-administration fee <sup>1</sup>	104,615	2,541
Fees payable to the Custodian <sup>1</sup>	868,559	141,780
	12,184,861	2,630,794

1. Includes expenses of both the Company and the Subsidiaries

Loan collateral

With effect from 17 July 2024, security for a revolving credit facility of £300 million (see note 15) with JPMorgan Chase Bank, N.A., London Branch was provided 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.

11. Tax status

The Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,600 (2024: £1,600) under The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

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.

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 the following rights are attached:

- 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;



# Notes to the Financial Statements continued

for the year ended 31 March 2025

## 12. Share capital continued

- 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; and
- 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 Shares in issue.

There were no C shares in issue during either the current or prior years.

	31 March 2025 Ordinary Shares Number	31 March 2024 Ordinary Shares Number
Issued share capital		
Share capital at the beginning of the year	1,625,484,274	1,734,819,553
Share buybacks	(70,422,338)	(109,335,279)
	1,555,061,936	1,625,484,274

	31 March 2025 Ordinary Shares £	31 March 2024 Ordinary Shares £
Issued share capital		
Share capital at the beginning of the year	1,720,452,093	1,808,622,511
Share buybacks	(55,858,674)	(88,170,418)
	1,664,593,419	1,720,452,093

The number of Ordinary Shares in issue disclosed in the above table excludes Ordinary Shares bought back into treasury.

On 29 April 2024, the Company announced that 154,046,443 Ordinary Shares previously bought back into treasury had been cancelled. As at 31 March 2025, the Company had a total of 1,614,192,555 Ordinary Shares in issue (2024: 1,768,238,998), of which 59,130,619 Ordinary Shares were held in treasury (2024: 142,754,724).

During the year, no Ordinary Shares have been issued to the Investment Adviser in relation to fees payable (2024: no Ordinary Shares issued).

During the year, no Ordinary Shares were issued in respect of scrip dividends (2024: no Ordinary Shares issued).

Subsequent to the year end, the Company has bought back a further 11,004,912 Ordinary Shares at a cost of £8,465,682.

## 13. Basic and diluted earnings per share

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Issued share capital		
Profit for the year	£79,799,880	£110,424,854
Weighted average number of Ordinary Shares	1,582,817,987	1,679,167,955
<b>Basic and diluted earnings per Ordinary Share</b>	<b>5.04p</b>	<b>6.58p</b>

The weighted average number of Ordinary Shares is based on the number of Ordinary Shares in issue during the year under review, excluding Ordinary Shares held in treasury, as detailed in note 12.

There were no dilutive financial instruments in issue during the years ended 31 March 2025 or 31 March 2024.

## 14. Trade and other receivables

	31 March 2025 £	31 March 2024 £
Prepaid finance costs	2,293,151	543,839
Other prepaid expenses	118,028	58,668
	2,411,179	602,507

## 15. Loan payable

During the year, the Company successfully refinanced its existing multi-currency revolving credit facility ("RCF") of £325 million, which was previously 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.

# Notes to the Financial Statements continued

for the year ended 31 March 2025 '/////////////////////////

## 15. Loan payable continued

The following table represents a reconciliation of the liabilities arising from financing activities during the year, as required by IAS 7.

For the year ended 31 March 2025	EUR facility £	GBP facility £	USD facility £	Total £
<b>RBSI RCF</b>				
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
<b>Closing balance</b>	—	—	—	—
<b>JPM RCF</b>				
Cash flows				
Drawdowns	40,408,753	—	37,084,367	77,493,120
Repayments	(20,043,484)	—	—	(20,043,484)
Non-cash changes				
Capitalised interest and loan fees	47,320	—	—	47,320
Foreign exchange revaluations	26,345	—	(670,018)	(643,673)
<b>Balance carried forward</b>	20,438,934	—	36,414,349	56,853,283

For the year ended 31 March 2024	GBP facility £	USD facility £	Total £
<b>RBSI RCF</b>			
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)
<b>Balance carried forward</b>	—	—	—

# Notes to the Financial Statements continued

for the year ended 31 March 2025

15.
Loan payable
continued

Interest on the loan is charged at a rate of SONIA (for Sterling), SOFR (for US Dollars) or EURIBOR (for Euro) (or equivalents) plus 1.9% per annum (2024: SONIA (or equivalent) plus 2.0% per annum). Loan interest of £3,022,901 (2024: £4,944,143) and upfront and facility fees of £1,309,688 (2024: £982,697) have been charged on the loans during the year. A total of £5,030,210 (2024: £4,810,404) was paid in cash during the year in respect of upfront and facility fees and interest.

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

16.
Trade and other payables

	31 March 2025 £	31 March 2024 £
Investment Adviser’s fee payable	2,445,667	2,456,473
Ordinary Share buybacks payable	—	1,174,823
Loan interest payable	800,362	292,945
Other payables	350,026	398,103
Balance carried forward	3,596,055	4,322,344

17.
Commitments

As at 31 March 2025, £193.4 million (2024: £54.7 million) was committed by the Subsidiaries to new or existing investments. These commitments will be settled from the existing cash reserves of the Company and the Subsidiaries and through drawdowns from the Company’s revolving credit facility.

18.
Subsequent events

On 1 April 2025, Selina Sagayam was appointed as a non-executive Director of the Company.

On 17 April 2025, the Company declared a dividend of 1.71875p per Ordinary Share in respect of the quarter ended 31 March 2025. The dividend was paid on 30 May 2025.

Subsequent to the year end, the Company has bought back a further 11,004,912 Ordinary Shares at a cost of £8,465,682.

On 19 June 2025, the Company announced the appointment of Nicola Paul as a non-executive Director of the Company, effective 1 July 2025.

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

# Additional information

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# Officers and advisers

## Directors

James Stewart  
(Independent non-executive Chair)

Tim Drayson  
(Independent non-executive Director)

Margaret Stephens  
(Independent non-executive Director)

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

Fiona Le Poidevin  
(Independent non-executive Director,  
retired 31 March 2025)

Selina Sagayam  
(Independent non-executive Director,  
appointed 1 April 2025)

## Registered Office

1 Royal Plaza  
Royal Avenue  
St Peter Port  
Guernsey GY1 2HL

## Custodian

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

## Investment Adviser

**Sequoia Investment Management Company Limited**

Kent House, 6th Floor  
14-17 Market Place  
London W1W 8AJ

## Investment Manager

**FundRock Management Company (Guernsey) Limited**

1 Royal Plaza  
Royal Avenue  
St Peter Port  
Guernsey GY1 2HL

## Independent Auditor

**Grant Thornton Limited**

St James Place  
St James Street  
St Peter Port  
Guernsey GY1 2NZ

## Administrator

**Apex Fund and Corporate Services (Guernsey) Limited<sup>1</sup>**

**(previously Sanne Fund Services (Guernsey) Limited)**

1 Royal Plaza  
Royal Avenue  
St Peter Port  
Guernsey GY1 2HL

## Joint Broker

**Jefferies International Limited**

100 Bishopsgate  
London EC2N 4JL

## Joint Broker

**(with effect from 25 February 2025)**

**J.P. Morgan Cazenove**

25 Bank Street  
Canary Wharf  
London E14 5JP

## Subsidiary Administrator

**TMF Luxembourg S.A.**

46A, Avenue JF Kennedy  
L-1855 Luxembourg

## Legal Adviser (as to Guernsey Law)

**Mourant**

Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 4HP

## Legal Adviser (as to UK Law)

**Cameron McKenna Nabarro Olswang LLP**

78 Cannon Street  
London EC4N 6AF

## Valuation Agent

**PricewaterhouseCoopers LLP**

7 More London Riverside  
London SE1 2RT

## Communications Adviser

**Teneo**

85 Fleet Street  
London EC4Y 1AE

## Registrar

**Computershare Investor Services (Guernsey) Limited**

1st Floor Tudor House  
Le Bordinge  
St Peter Port  
Guernsey GY1 1DB

## Independent Consultants

Andrea Finegan  
Kate Thurman (until 4 March 2025)

1. See footnote on page 49

# Officers and advisers continued

## Disclosure of directorships in public companies listed on recognised stock exchanges

The Directors who held office during the year and to the date of signing these Financial Statements have held the following directorships in other public companies during the year:

Director	Company name	Stock exchange
James Stewart	None	
Sandra Platts (retired 7 June 2024)	Taylor Maritime Investments Limited	London Stock Exchange – Main Market
	Marble Point Loan Financing Limited	London Stock Exchange – SFS
Tim Drayson	None	
Fiona Le Poidevin (retired 31 March 2025)	ICG-Longbow Senior Secured UK Property Debt Investments Limited	London Stock Exchange – Main Market
	Doric Nimrod Air Two Limited (until delisting on 21 January 2025)	London Stock Exchange – SFS
	Doric Nimrod Air Three Limited	London Stock Exchange – SFS
Margaret Stephens	VH Global Sustainable Energy Opportunities plc	London Stock Exchange – Main Market
	AVI Japan Opportunity Trust plc	London Stock Exchange – Main Market
Paul Le Page (appointed 7 June 2024)	TwentyFour Income Fund Limited	London Stock Exchange – Main Market
	NextEnergy Solar Fund Limited	London Stock Exchange – Main Market
	RTW Biotech Opportunities Limited	London Stock Exchange – Main Market
Selina Sagayam (appointed 1 April 2025)	The Renewables Infrastructure Group Limited	London Stock Exchange – Main Market

# Appendix – Alternative Performance Measures

used in the Annual Report '////////////////////

## NAV per Ordinary Share

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

	31 March 2025	31 March 2024
NAV	<b>£1,439,188,600</b>	£1,524,282,546
Number of Ordinary Shares in issue	<b>1,555,061,936</b>	1,625,484,274
<b>NAV per Ordinary Share</b>	<b>92.55p</b>	93.77p

## Ordinary Share (discount)/premium to NAV

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

	31 March 2025	31 March 2024
NAV per Ordinary Share	<b>92.55p</b>	93.77p
Closing Ordinary Share price	<b>78.30p</b>	81.10p
<b>Ordinary Share discount</b>	<b>(15.4)%</b>	(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.

Year ended 31 March 2025	Total NAV return	Total share price return
Opening NAV/share price per share	<b>93.77p</b>	<b>81.10p</b>
Closing NAV/share price per share	<b>92.55p</b>	<b>78.30p</b>
Dividends paid during the year	<b>6.875p</b>	<b>6.875p</b>
Weighted average NAV/share price per share	<b>93.74p</b>	<b>78.48p</b>
Dividend adjustment factor	<b>1.0754</b>	<b>1.0906</b>
Adjusted closing NAV/share price per share	<b>99.53p</b>	<b>85.39p</b>
<b>Total NAV/share price return</b>	<b>6.1%</b>	<b>5.3%</b>

# Appendix – Alternative Performance Measures continued

used in the Annual Report '////////////////////

## Total NAV/share price return continued

Year ended 31 March 2024	Total NAV return	Total share price return
Opening NAV/share price per share	93.26p	80.40p
Closing NAV/share price per share	93.77p	81.10p
Dividends paid during the year	6.875p	6.875p
Weighted average NAV/share price per share	91.53p	79.81p
Dividend adjustment factor	1.0751	1.0861
Adjusted closing NAV/share price per share	100.81p	88.09p
<b>Total NAV/share price return</b>	<b>8.1%</b>	<b>9.6%</b>

## Cash dividend cover

Cash dividend cover is the ratio of operating cash flow divided by 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 dividend cash cover calculation reflects the cash movements of the entire Fund, including the Subsidiaries, and will therefore not reconcile to figures stated in the Company's statement of cash flows on page 76).

Item	Year ended 31 March 2025 Amount (£m)	Year ended 31 March 2024 Amount (£m)
Cash interest received	<b>117.46</b>	132.69
Consent fees received in cash	<b>0.53</b>	1.98
Prepayment fees	<b>0.73</b>	1.76
Upfront fees/discounts amortised	<b>8.77</b>	9.80
Cash expenses	<b>(18.41)</b>	(23.21)
<b>Net cash income</b>	<b>109.08</b>	123.02
Dividends paid	<b>109.04</b>	115.80
<b>Dividend cash cover</b>	<b>1.00x</b>	1.06x



# Appendix – Alternative Performance Measures continued

used in the Annual Report '////////////////////

## 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 in the period by the company's current share price.

The Company's annualised dividend yield for the year ended 31 March 2025 was as follows:

	Year ended 31 March 2025	Year ended 31 March 2024
Dividends per share paid in the year	6.875p	6.875p
Share price at the end of the year	78.30p	81.10p
<b>Annualised dividend yield</b>	<b>8.8%</b>	<b>8.5%</b>

## 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 Annual 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 Annual Report to the portfolio of investments held in the Subsidiaries.

	31 March 2025	31 March 2024
Investments exposed to construction risk	£176,222,310	£102,558,615
Total investments held in the Subsidiaries	£1,423,647,101	£1,380,690,694
<b>Construction risk</b>	<b>12.4%</b>	<b>7.4%</b>

## 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.

	31 March 2025	31 March 2024
Total excess borrower collateral available	£548,826,768	£521,965,025
Total investments held in the Subsidiary	£1,423,647,101	£1,380,690,694
<b>Equity cushion</b>	<b>39%</b>	<b>38%</b>

# Appendix – Alternative Performance Measures continued

used in the Annual Report

**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 Annual Report to the portfolio of investments held in the Subsidiaries. The modified duration of the portfolio of 1.9 (2024: 2.2) indicates that a 1% increase in interest rates would cause the value of the portfolio to fall by 1.9% (2024: 2.2%).

**Ongoing charges ratio (“OCR”)**

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

Year ended 31 March 2025	The Company £	The Subsidiaries £	Total £
Total expenses	19,366,601	1,141,047	20,507,648
Non-recurring and excluded expenses	(6,084,616)	(699,287)	(6,783,903)
Total ongoing expenses	13,281,985	441,760	13,723,745
Average NAV			1,490,819,836
Ongoing charges ratio (using AIC methodology)			0.92%

Year ended 31 March 2024	The Company £	The Subsidiaries £	Total £
Total expenses	21,492,326	1,555,246	23,047,572
Non-recurring and excluded expenses	(8,231,680)	—	(8,231,680)
Total ongoing expenses	13,260,646	1,555,246	14,815,892
Average NAV			1,559,771,323
Ongoing charges ratio (using AIC methodology)			0.95%

# Appendix – TCFD report

## Our progress against the TCFD recommendations

In line with the current UK Listing Rules requirements, our TCFD-aligned disclosures take into account the implementation recommendations in the 2017 TCFD Annex and the 2021 TCFD Annex. Having made significant strides in our borrower engagement and now onboarded Altitude by AXA Climate to help to address data challenges and gaps, we are very pleased to be able to this year report total absolute emissions for the Company and full portfolio, along with the following greenhouse gas (“GHG”) metrics for the portfolio: financed emissions, carbon to investment and weighted average carbon intensity. The Company has been able to conduct and report here for the first time climate scenario analysis of physical and transition risks for the portfolio in line with TCFD recommendations.

## Governance

Disclose the organisation’s governance around climate-related risks and opportunities.

### TCFD recommended disclosures

#### A. The Board’s oversight of climate-related risks and opportunities.

The whole Board is responsible for setting the strategy for the Company, including in relation to climate-related risks and opportunities. The Board meets at least quarterly, during which they, together with their Independent Consultants and the IA, review the sustainability risks and opportunities facing the portfolio, including in relation to climate change. As part of this review, the IA prepares a sustainability report each quarter for the Board. The Company has a number of Committees, which are tasked with focusing on various elements of climate-related risks and opportunities. Below are highlighted some of the focus areas of the Committees, but they work in tandem with cross-functional co-ordination and alignment to ensure a unified strategy:

- › the ESG and Stakeholder Engagement Committee reviews, approves and monitors performance against the Company’s Sustainability Policy. In furtherance of the Company’s sustainability aspirations and the increased attention from stakeholders on these matters, the Board formed this dedicated committee with delegated responsibility for addressing key sustainability-related matters. The Board recognises the value and importance to all stakeholders of organisations implementing effective environmental, social and governance policies;
- › the Management Engagement Committee is responsible for monitoring, and where practicable, encouraging the Company’s key service providers in their efforts to minimise their avoidable GHG emissions and offset unavoidable emissions, thereby helping to minimise the Company’s Scope 3 emissions;
- › the Audit Committee assists with oversight of climate-related regulatory disclosures including Sustainable Finance Disclosures Regulation (“SFDR”), TCFD and the Sustainable Disclosure Requirements (“SDR”) Anti-Greenwashing Rule. The Company’s SFDR disclosures are also made available on the website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/); and
- › the Risk Committee oversees and advises the Board on its risk strategy and exposure including sustainability risks.

The Company’s Board members have a wealth of experience and expertise related to the oversight of climate issues as well as other sustainability areas more broadly. For instance, Selina Sagayam, the incoming Chair of the ESG and Stakeholder Engagement Committee, brings deep corporate finance (public company transactional and corporate governance legal experience) and sustainability expertise from international law firm Gibson, Dunn & Crutcher where she led the firm’s global ESG practice and advised asset owners, managers and investors on a range of ESG and sustainability issues. Selina also chaired Gibson Dunn’s UK Diversity & Inclusion Committee and sat on its Global Diversity Committee. She is a trustee and Vice Chair of the charity Refuge (and previously chaired its People, Nomination and Remuneration Committee), is a member of the AIC’s ESG forum and is a non-executive director and the inaugural ESG Committee Chair of The Renewables Infrastructure Group, a FTSE 250-listed alternatives investment fund.

Margaret Stephens has been a Director and Chair of the Audit Committee of VH Global Sustainable Energy Opportunities Fund Plc (“GSEO”), which is classified as an SFDR Article 9 fund, since IPO in 2021. GSEO’s sustainable energy infrastructure investments aim to support and accelerate the energy transition towards a net zero carbon world. The investment process uses the UN Sustainable Development Goals (“SDGs”) as the framework to achieve these objectives and it seeks to be leader in adopting sustainability reporting standards and requirements.

James Stewart, Chair of the Board, served as Chief Executive of Infrastructure UK; in 2010 he was responsible for developing the first UK National Infrastructure Plan, which had a strong sustainability focus. Since then, his global role at KPMG allowed him to promote sustainability principles in infrastructure around the world. More recently, James chaired the project team responsible for developing the UNECE’s PPP Evaluation Methodology for the SDGs.

Fiona Le Poidevin, a member of the Board and of the ESG and Stakeholder Engagement Committee until her retirement on 31 March 2025, was involved in promoting ESG and sustainable investment for over a decade. In 2018, she led the launch of The International Stock Exchange’s first green finance market segment for companies, bonds and funds creating a positive environmental impact.

Paul Le Page was the Audit and Risk Committee Chair for Bluefield Solar Investment Fund Limited (“BSIF”), one of the first LSE-listed investment companies to achieve Guernsey Green Fund status and has been externally validated as an Article 8 fund under SFDR. He has recently retired from BSIF and is currently the Interim Chair for NextEnergy Solar Fund Limited (“NESF”). NESF is classified as an Article 9 fund under SFDR and is advised by the award-winning ESG team at NextEnergy Capital.

Andrea Finegan is an Independent Consultant to the Board and the ESG and Stakeholder Engagement Committee. She is a Non-Executive Director and Chair of the Pantheon Infrastructure PLC’s Sustainability Committee. Andrea has experience in and expertise on climate change, in particular in the renewables sector. She is currently the independent chair of the Schroders Greencoat Valuation Committee, having previously served as COO of Greencoat. Prior to this, Andrea was responsible for similar management functions at Climate Change Capital.

# Appendix – TCFD report continued

## Governance continued

### TCFD recommended disclosures continued

#### B. Describe management's role in assessing and managing climate-related risks and opportunities.

Sustainability, including climate-related risks and opportunities, is embedded in the IA's approach to infrastructure debt.

Climate risks are considered at each stage of the investment process, including the initial screening of opportunities (where positive and negative screening are applied, as outlined in the Sustainability Policy) and by the IA's Investment Committee. Risk assessment takes the form of both quantitative analysis (such as calculation of an ESG risk score) and qualitative assessments (such as of the quality and experience of the management of investee companies).

After an investment has been made, the IA continues to monitor it for changes to its climate-related risk profile. Primarily this is undertaken through regular discussion with, and information gathering from, the borrowers that the Fund has lent to. This is further enhanced in some cases by bespoke climate-related covenants and undertakings included within loan agreements.

The IA also considers climate-related risks not only in relation to individual investments but also aggregated at the portfolio level where possible and relevant. Specifically, the IA endeavours to identify and assess correlations of climate-related risks: for example, geographical concentrations in areas that may be prone to coastal flooding.

#### Key developments

- This year the Company developed and published a stand-alone Governance Policy, providing a detailed and transparent account of its governance structures, policies and practices. This policy also describes how the Company assesses good governance of the Company's borrowers
- For the fifth year, the Company engaged KPMG to provide independent limited assurance under ISAE (UK) 3000 on the ESG scores for the portfolio. We understand that we were the first FTSE 250 investment fund to undertake such a process in relation to sustainability matters
- For the second period running, for 2024/25 financial year, the scope of KPMG's assurance was extended to cover the Company's negative screening and thematic investing (positive screening) activities<sup>Δ</sup>
- The ESG and Stakeholder Engagement Committee, established in March 2022, met three times over the 2024/25 financial year. The topics that were addressed by the Committee this year included the sustainability regulatory landscape developments, approach to climate scenarios, Shareholder engagement plans and a review and update of the Company's existing sustainability processes and policies. The Board received external training on the regulatory ESG landscape and emerging sustainability trends

Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2025 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/)

- The IA joined the PRI-supported Initiative Climat International ("iCI"), a global community of investors driving private market action on climate change, with a collective commitment to understand and reduce carbon emissions of private markets-backed companies and secure sustainable investment performance. SIMCo also became a member of UK Sustainable Investment and Finance Association ("UKSIF"), a leading network championing responsible finance in the UK, advocating for policies and practices that drive sustainable outcomes. Membership provides access to current sustainable finance insights, industry best practices and collaboration opportunities, supporting our IA in ongoing efforts to enhance its sustainability integration and stay ahead of emerging sustainability trends and regulatory developments. This is bolstered by the IA's Sustainability Manager having been elected to serve on UKSIF's Membership Committee
- The IA's Sustainability Manager is involved with assessing and managing climate-related risks and opportunities at portfolio companies, for instance through devising and then delivering on bespoke action plans for assets and engaging with the borrowers' management teams on these key risk or opportunity areas. This year, she was recognised with two industry awards: ESG Rising Star by JGGlobal and the Highly Commended accolade in the Sustainable & ESG Investment Woman of the Year category for small and medium firms by Investment Week

## Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

### TCFD recommended disclosures

#### A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

Based on the scenario analysis detailed below, the Altitude platform has identified the highest physical risks to the portfolio to be water stress, extreme heat, storm, flood and landslide over the three different time horizons.

The analysis also identified increased cost of raw materials, regulation on energy efficiency and certification and increased pricing of GHG emissions as the biggest transition risks posed to the portfolio over all timespans. The top three transition opportunities identified for the portfolio comes in the form of expansion of low-emissions goods and services, shift in customer preferences and use of lower-emissions sources of energy.



## Appendix – TCFD report continued

### Strategy continued

#### TCFD recommended disclosures continued

#### B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

There are two potential impacts of climate-related risk on the Fund. Firstly, some sectors within the infrastructure market may become uninvestable in the future, for example assets in the hydrocarbon value chain such as coal-fired power stations or upstream oil and gas assets. This is especially likely to be the case in low temperature increase scenarios, where the economy has transitioned rapidly to a low-carbon state. Currently, under its Sustainability Policy, the Fund is avoiding those sectors where there is a near-term or medium-term high-level risk of them becoming uninvestable. Therefore, this potential impact of more sectors becoming unviable for the Fund can be considered long term. Should it happen, the Fund's portfolio might over time become further and prematurely less diversified; however, in the opinion of the IA, this risk is more than outweighed by the new and developing investment opportunities described above.

Secondly, the credit quality of some of the borrowers that the Fund lends to might deteriorate. For example, extreme weather events might materially increase the cost of insuring some assets, or they may not be insurable without investing in asset hardening. This risk is mitigated in a number of ways:

- each of the borrowers has equity capital at risk ahead of the loan. This acts as a "shock absorber" in that the equity capital would need to be lost before the Fund as lender can lose money;
- the Fund's loans are typically short dated. The majority are due to be repaid within five years, that is, before many of the most serious climate risks are likely to manifest; and
- the IA undertakes thorough due diligence on each borrower that the Fund lends to, and assessing their exposure to climate risk is part of the diligence process. In other words, the Fund is taking steps with the aim to avoid making a loan to a business that has poor resilience to climate change risk.

The investment portfolio is highly diversified in terms of the location of its borrowers and the sectors and sub-sectors they operate in. This will reduce the effect of many risks, such as technological disruption or unexpected adverse domestic regulation or legislation.

The impact of the climate-related opportunities identified is that the Fund is expected to be able to deploy capital on attractive terms to a wider range of sectors and sub-sectors than it does currently, such as towards battery storage, carbon capture, grid enhancement and energy efficiency projects. This will increase the diversification of the portfolio and help it to deliver an attractive risk-adjusted return to Shareholders. Conversely, avoiding sectors where there is an unduly high level of climate-related risk, or even limiting the Fund's exposure to sectors where there is some climate-related risk, will decrease the portfolio's diversification. The Investment Adviser's view is that, between these two factors, there will be a net benefit for the Fund's strategy. This is because the Fund is already avoiding the most at-risk sectors and is at the early stages of identifying the full range of opportunities that are likely to arise. The Fund takes the view that avoiding borrowers with a high degree of climate-related risk is simply prudent lending, which it would seek to do regardless of implementation of its Sustainability Policy.

One of the purposes of the Fund's ESG scoring methodology is to help track resilience to climate change. A goal for the Fund, taking account of the spread of its investments, is to improve the portfolio's weighted average ESG score over time, and improving the portfolio's resilience to climate change risks will contribute to this goal.

#### C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Given the nature of our business, with no direct employees or physical assets, the climate impacts on the Company's operations are limited, with the key indirect risks presented to companies that the Fund lends to. If certain climate risks materialise, it could impact borrower revenues, OpEx and CapEx requirements, and thus their ability to repay lenders including the Fund. If such material climate risks were to play out across numerous companies in the portfolio, then the Fund's performance and ability to generate income and deliver return to our investors may be adversely affected under certain scenarios.

SEQI is using the Altitude platform by AXA Climate to support its analysis of the physical and transition risks and opportunities of its portfolio under different forward-looking climate scenarios, with the aim to monitor and improve its understanding of the climate resilience of its portfolio. Explanation of the methodology used for climate scenario analysis is provided in the Appendix. Our relative credit position as lenders should also be taken into account when considering the analysis, as this often comes with barriers of protection against the financial effects of certain risks manifesting. Further, the average life of our loans is around 3.4 years, which means the portfolio will have experienced significant churn prior to the 2030, 2040 and 2050 time horizons considered for this analysis. The IA will seek to further explore mitigating measures already in place by our borrowers and engage with them where more work may be needed to address notable risks identified to improve the accuracy of the different analyses.

# Appendix – TCFD report continued

## Strategy continued

### TCFD recommended disclosures continued

C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. continued

#### Physical risks

SEI is using the Altitude platform to assess the physical risk for its portfolio as Low, Medium or High risk (as relevant). The physical risks to the portfolio have been assessed for two future time periods (2030 and 2040) and under three different IPCC warming scenarios:

- **SSP1-2.6 – Optimistic Scenario:** the optimistic scenario of global temperature warming stabilising to 1.8°C above pre-industrial levels by 2100
- **SSP2-4.5 – Middle of the Road Scenario:** the realistic scenario of temperature rising 2.7°C by 2100
- **SSP5-8.5 – High-Reference Scenario:** the pessimistic scenario of temperature rising 4.4°C by 2100

The IA then overlaid its own analysis to refine some of the automated outputs using their detailed understanding of relevant assets and nature of their respective businesses. For example, the “Medium” risk of landslide flagged for one of our rail assets was reclassified to “Low” risk because the project actually leases out its rolling stock and the current contract is to a rail system that operates underground with mitigating measures like protective tunnel linings, retaining structures, and drainage systems that reduce vulnerability to surface hazards like landslides. Note, these expert-driven refinements had no effect on the overall resultant portfolio-level risk classifications.

	2030			2050		
	SSP1-2.6	SSP2-4.5	SSP5-8.5	SSP1-2.6	SSP2-4.5	SSP5-8.5
<b>Chronic risks</b>						
Changing air temperature	Medium	Medium	Medium	Medium	Medium	Medium
Changing wind patterns	Low	Low	Low	Low	Low	Low
Changing precipitation patterns	Low	Low	Low	Low	Low	Low
Water stress	High	High	High	High	High	High
Sea level rise	Low	Low	Low	Medium	Medium	Medium
Soil erosion	Low	Low	Low	Low	Low	Low

#### Risks heatmap

- Low
- Medium
- High

	2030			2050		
	SSP1-2.6	SSP2-4.5	SSP5-8.5	SSP1-2.6	SSP2-4.5	SSP5-8.5
<b>Acute risks</b>						
Extreme heat	High	High	High	High	High	High
Extreme cold	Low	Low	Low	Low	Low	Low
Wildfire	Medium	Medium	Medium	Medium	Medium	Medium
Tropical cyclone	Low	Low	Low	Low	Low	Low
Storm	High	High	High	High	High	High
Drought	Low	Low	Low	Low	Low	Low
Extreme precipitation	Low	Low	Low	Low	Low	Low
Flood	High	High	High	High	High	High
Landslide	High	High	High	High	High	High
Earthquake	Medium	Medium	Medium	Medium	Medium	Medium
Subsidence	Medium	Medium	Medium	Medium	Medium	Medium

The analysis has identified there is a risk of flooding present to some of the assets owned by our borrowers due to their coastal locations, such as Brightline East LLC Holdco, a privately owned passenger rail project in Florida. Extreme heat could impact the cooling systems at some of our data centre positions and the electrical efficiency of the panels in our Spanish solar portfolios, which are inherent risks to the asset classes. Storm could damage the physical infrastructure at some of our European companies, but we consider that the impacts of these are unlikely to materially compromise the borrowers' ability to repay our loan, particularly for the services companies that have less of a physical presence than tangible infrastructure projects.

# Appendix – TCFD report continued

## Strategy continued

### TCFD recommended disclosures continued

C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. continued

#### Transition risks and opportunities

The Company is using Altitude's tool to assess transition risks and opportunities for the Fund's portfolio. Altitude uses TCFD's recommended categories of transition risks and opportunities and identifies those that are potentially material for each portfolio company. These risks and opportunities are then modelled at 2020, 2030 and 2040 under three different forward-looking climate scenarios:

- **Net Zero 2050** – Orderly Scenario of global warming being limited to 1.5°C by 2100 through stringent policies and innovation and reaching net zero by 2050
- **Delayed Transition** – Disorderly Scenario assuming annual emissions do not decrease until 2030 and strong policies are needed to limit global warming to below 2°C by 2100
- **Nationally Determined Contributions** – Business-As-Usual Scenario based on the current pledged policies

For every borrower in the portfolio, Altitude applies a Low, Medium or High score (as applicable) for material transition risks and material transition opportunities.

#### Transition risks:

	2030			2040		
	Net Zero 2050	Delayed Transition	NDC	Net Zero 2050	Delayed Transition	NDC
<b>Policy &amp; legal</b>						
Increased pricing of GHG emissions	Medium	Low	High	High	Medium	High
Mandates on and regulation of existing products and services	High	Low	High	High	High	High
Regulation on energy efficiency & certification	Low	Low	Low	Low	Low	Low
Exposure to litigation	Low	Low	Low	Low	Low	Low
Emerging regulation on reporting requirements	Low	Low	Low	Low	Low	Low

#### Risks heatmap

- Low
- Medium
- High

	2030			2040		
	Net Zero 2050	Delayed Transition	NDC	Net Zero 2050	Delayed Transition	NDC
<b>Technology</b>						
Cost to transition to lower-emission alternatives	Low	Low	Low	Medium	Medium	Low
Increased cost of raw materials	High	High	High	High	High	High
Increased energy/electricity prices	Low	Low	Low	Low	Low	Low
<b>Market</b>						
Shift in customer preferences	Low	Low	Low	Low	Low	Low
<b>Reputation</b>						
Increased stakeholder concerns	Low	Low	Low	Low	Low	Low

The high risk of increasing raw materials costs mainly stems from SEQL's renewables exposure. As demand for renewables grows, this strains the demand for the minerals and metals, such as lithium, copper, nickel, manganese and cobalt, that will be crucial to the energy transition. This is a global issue, but also one that our renewables borrowers should seek to address through their own supply chain management, contracts and practices. The infrastructure asset class, by its nature, includes high-emitting, hard-to-abate sectors that are exposed to increased carbon pricing. The Fund seeks to gain a deeper understanding of the implications of volatile raw materials and carbon pricing on its borrowers and portfolio.

Lastly, adherence to compliance with regulations and availability of compliance certifications is an important constituent of the due diligence undertaken by the IA and is an area we intend to continue to manage diligently.

# Appendix – TCFD report continued

## Strategy continued

### TCFD recommended disclosures continued

C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. continued

#### Transition opportunities:

	2030			2040		
	Net Zero 2050	Delayed Transition	NDC	Net Zero 2050	Delayed Transition	NDC
<b>Policy &amp; legal</b>						
Favourable regulatory frameworks and public incentives	●	●	●	●	●	●
<b>Technology</b>						
Promote more efficient buildings and operations	●	●	●	●	●	●
Use of more efficient modes of transport	●	●	●	●	●	●
Use of more efficient production and distribution process	●	●	●	●	●	●
Use of lower-emission sources of energy	●	●	●	●	●	●
Use of recycling	●	●	●	●	●	●
Resource substitution or diversification	●	●	●	●	●	●
<b>Market</b>						
Access to new markets	●	●	●	●	●	●
Increased reliability of supply chain	●	●	●	●	●	●
Expansion of low-emission goods and services	●	●	●	●	●	●
Shift in customer preferences	●	●	●	●	●	●

#### Opportunity score

- Low
- Medium
- High

	2030			2040		
	Net Zero 2050	Delayed Transition	NDC	Net Zero 2050	Delayed Transition	NDC
<b>Reputation</b>						
Increased stakeholder concerns	●	●	●	●	●	●

As economies transition towards lower-emission goods and services and consumer preferences follow, the Fund plans to continue to explore and pursue related investment opportunities, which would be aligned with the Fund's investment theme of "Enabling the transition to a lower-carbon world". Such thematic investments from the current portfolio include the likes of service providers that support utility and energy efficiency and assets that improve grid capacity to enable the rising electricity demands. Similarly, the platform has identified investment opportunities as the world generally moves towards lower-emission sources of energy. This is an opportunity the Company has already been focusing on through positively screening for "Renewable energy" thematic investments.

#### Key developments

- › This year the Company is pleased to have been able to conduct climate scenario analysis for the portfolio, which marks a real milestone for the Company's climate reporting following critical foundational work over some time. This analysis was delivered through the third party Altitude by AXA Climate platform. The IA undertook a careful assessment of various providers and products before presenting a shortlist of three solution providers for the Board's consideration. The Board in turn evaluated the different platforms based on a number of factors such as the accuracy in emissions estimates when compared to calculated and verified numbers provided by borrowers, transparency of methodologies, integration of biodiversity metrics and value relative to costs. As such, the Fund is now better able to assess physical and transition climate-related risks presented to assets and the portfolio as a whole under different climate scenarios and time horizons
- › This year, the number of projects in the portfolio with sustainability-related covenants in the loan documents increased. These covenants are generally designed with the aim of either managing or monitoring risks or helping to capture opportunities related to material sustainability areas. As at 31 March 2025, there were eight projects in the portfolio with sustainability-related covenants incorporated in the loans. This number has been increasing over the years: two (2020), three (2021), three (2022), six (2023), seven (2024), and is a trend we seek to continue to target
- › Sectors that are overly exposed to climate-related risks, such as thermal coal, continued to be excluded through the Fund's negative screening criteria, with 100%<sup>Δ</sup> compliance throughout 2024/25 as assured by KPMG

<sup>Δ</sup> KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2025 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/)



# Appendix – TCFD report continued

## Strategy continued

- Two of the Fund's positive investment themes are focused on climate-related opportunities: "Renewable energy" assets and "Enabling the transition to a lower-carbon world". One new investment the Fund made during the year was to Techem, a leading provider of energy efficiency solutions for residential and commercial buildings, with operations across Europe and beyond. Techem's services include smart metering, energy billing and heating and water consumption monitoring, which enable building owners and tenants to better understand and manage their energy usage. By promoting behavioural change, efficiency upgrades and tracking data, Techem contributes to improving building energy efficiency and reducing energy consumption and emissions in the built environment. During the year, the Fund extended four loans to borrowers that, like Techem, seek to enable the transition to a lower-carbon world, with these thematic investments representing in aggregate nearly 19% of the capital deployed to new investments in the year

## Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

### TCFD recommended disclosures

#### A. Describe the organisation's processes for identifying and assessing climate-related risks.

Climate-related risks are primarily assessed at the level of each investment, and individual asset level of a borrower where possible, and form part of the IA's due diligence process.

Typically, third-party expert reports will be commissioned to assess key risks. For example, engineers might review the physical condition of the borrower's assets, including their exposure and resilience to extreme weather risk. This will then be analysed in tandem with a review of the borrower's insurance policy and any other resources to cover uninsured risks.

Climate-related risks are thus identified, and where possible quantified, in the due diligence phase of an investment and discussed by the Investment Committee. Risks that are unacceptably high will result in an investment not being made.

#### B. Describe the organisation's processes for managing climate-related risks.

The Investment Adviser monitors each loan at least twice a year and more frequently if considered necessary. This includes a review not just of credit quality, but also of the borrower's sustainability profile, including climate-related factors. To assist in this oversight, each borrower is sent annually a detailed questionnaire including qualitative and quantitative topics which will assist the Investment Adviser in updating its analysis. The Investment Adviser then creates an action plan which is used for ongoing engagement with the borrowers.

A range of steps can be taken as a result of this ongoing monitoring of investments. For example, the internal credit rating assigned may be adjusted, the loan may be considered for disposal, or the decision may be made not to participate in a refinancing of the loan when it comes to its maturity date. Ultimately, if it becomes clear that a borrower's resilience to climate change is deteriorating, the Fund may choose to dispose of the loan.

Similarly, if a sector or sub-sector is beginning to experience higher levels of climate-related risks, the IA will avoid making new loans in it. Given the relatively short maturity of many of the loans in the portfolio, this can rapidly decrease the Fund's exposure to that sector.

#### C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

Climate risk is integrated into the entire investment and risk management process.

At an early stage, when considering whether to dedicate further resources to assess a potential new loan, the IA will apply negative and positive screening and estimate the borrower's ESG score. Some potential investments will be rejected at this stage if the climate-related risks are likely to be unacceptably high.

Following the due diligence process, the Investment Committee will consider sustainability matters as a part of its deliberations. The investment's ESG score will be agreed upon by the Committee.

Subsequently, the investment is considered by the Investment Manager and in some cases the Risk Committee of the Board, who will assess both credit quality and sustainability profile, including, where appropriate, resilience to climate change. The Risk Committee carries out a regular assessment of the Fund's risks, including sustainability risks, with certain credit risks being escalated to it by the Investment Manager for approval. ESG scores for investments that are <50 automatically trigger further scrutiny by the Risk Committee.

The ESG and Stakeholder Engagement Committee is responsible for overseeing the Company's overall sustainability strategy.

Finally, each quarter, the Investment Adviser prepares a sustainability report for the Board, which includes a review of the overall portfolio.

## Key developments

- The Company has a comprehensive framework to identify and assess climate change risk. This is fully integrated into its loan approval, monitoring and risk management processes. This framework is kept under regular review. Given that the methodology does not incorporate an exhaustive list for every possible sub-sector within infrastructure, this year new sub-sectors were added as the Fund looked at opportunities and extended loans to areas that it had not actively considered previously. The existing sub-sector definitions were also more clearly delineated with a view to ensuring high levels of consistency and standardisation across credit analysts and the functions across all of the different teams that are involved in work on the Fund
- This year, the IA again conducted two firm-wide internal training sessions on sustainability. The aim of these was to help to promote a consistent process and approach across the team as well as keeping all functions of the firm abreast of the latest sustainability trends and developments
- Following subscription to the AXA Climate Altitude platform, the Board is exploring how to extract further value from this tool to enhance risk management through due diligence screenings. This should enable the Fund to gain a deeper understanding of an asset's exposure to physical and transition risks as well as its carbon emissions profile before an investment decision is made. As we work to fully integrate the tool into existing processes, we look to develop this potential value-add Altitude may bring to our risk management over the forthcoming year

# Appendix – TCFD report continued

## Metrics and Targets

Disclose the metrics and targets used to assess and manage the relevant climate-related risks and opportunities where such information is material.

### TCFD recommended disclosures

#### A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Currently, the ESG score is the key metric for assessing the sustainability profile of the Fund's investments, including on environmental matters. This ESG scoring framework helps the allocation of capital between projects and to measure its progress over time in a quantitative way. The methodology blends the "E", "S" and "G" components without allowing strength in one area to offset entirely weakness in another. For example, a polluting company will always get a poor score, even if it has excellent social and governance policies. Moreover, the policy is not to lend to companies with a very low E score, of less than one, regardless of the overall ESG score.

Going forward, the Company is looking to widen its range of metrics used, including potentially GHG emissions. Whilst the Company measures its own and its portfolio emissions to the fullest extent possible, currently this is not used as a KPI or target as the data that is available, in the context of a private debt portfolio, is not considered wholly reliable and relies on unverified reported data and third-party estimates of varying degrees of quality.

#### B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

##### Company operational emissions

Company emissions	tCO <sub>2</sub> e Year ended 31 March 2024	tCO <sub>2</sub> e Year ended 31 March 2025
Scope 1	nil	nil
Scope 2	nil	nil
Scope 3 (operational)	44	44

Due to the nature of Company's business, it produces no Scope 1 or 2 emissions. The Company's Scope 3 operational emissions have been estimated in consultation with a specialist adviser and are intentionally conservative by design. These have been offset by the Company through the purchase of carbon offsets. Many of the Company's suppliers already have their own emissions reduction and offsetting programmes in place.

##### Company Scope 3 portfolio emissions

The following TCFD-recommended GHG emissions metrics have been estimated for the Fund's portfolio in line with the Partnership for Carbon Accounting Financials ("PCAF") standards:

- › total absolute emissions of portfolio companies;
- › financed emissions;
- › carbon to investment; and
- › Weighted Average Carbon Intensity ("WACI").

Explanation of the calculation and methodology used for GHG emissions metrics is provided in the Appendix.

Portfolio emissions	Year ended 31 March 2024		Year ended 31 March 2025			
	Total absolute tCO <sub>2</sub> e	Reported coverage	Total absolute tCO <sub>2</sub> e (reported)	Reported coverage	Total absolute tCO <sub>2</sub> e (estimated)	Estimated data
Scope 1	5,930,417	66%	7,441,400	67%	858,141	33%
Scope 2	364,102	58%	309,177	61%	52,316	39%
Scope 3	437,562	39%	727,409	43%	2,349,946	57%

# Appendix – TCFD report continued

## Metrics and Targets continued

### TCFD recommended disclosures continued

#### B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks. continued

##### Company Scope 3 portfolio emissions continued

SEQI Year ended 31 March 2025	Financed emissions (tCO <sub>2</sub> e)	Carbon to investment (tCO <sub>2</sub> e/£m)	Weighted Average Carbon Intensity ("WACI") (tCO <sub>2</sub> e/£m revenue)
Total	1,377,745	882	2,505 (94% coverage)

Due to the diverse nature of the Fund's investments, it would not have been accurate to extrapolate reported emissions numbers to the rest of the portfolio. Instead, for the year ended 31 March 2025, the Fund has been able to derive an estimate for each borrower for which it lacked data. To assist with this, the Company has utilised Altitude by AXA Climate, a software solutions platform to support climate risk management, which has been designed with inputs from various sectors, including finance, infrastructure and industry. This platform has enabled estimates for GHG metrics to be generated for the whole of the Fund's portfolio. It should be noted that these figures are overestimates as, where emissions for specific or individual projects/assets being financed by the Fund were unavailable, total emissions for the portfolio company borrower have been used. This means that the emissions specifically attributable to the Fund's financing activities would be less than the reported figures provided. As our internal capacities evolve, we look to refine this methodology to improve the accuracy of GHG emissions data reported going forward.

The apparent increase in reported absolute emissions produced by portfolio companies is largely attributable to new reporting by one of the assets. As SEQI is now able to estimate the remainder of the portfolio, this short-term anomaly in reporting should smooth out over time. It should also be noted that as there is meaningful regular portfolio churn/movements, the absolute emissions produced by borrowing entities may vary significantly year-on-year and should not be interpreted as providing a definitive indication of emission performance at a portfolio company level.

Also of note is that the WACI number excludes pre-revenue assets as the WACI calculation is based on the portfolio company's revenues and accordingly cannot be reliably computed for companies without revenues. In this regard, the WACI number covers 94% of the portfolio by outstanding amount as at 31 March 2025.

#### C. Describe the targets used by the organisation to manage climate-related risks and performance against targets.

The Fund has three sustainability goals: to comply with its negative screening criteria, to progress thematic investing (positive screening) and to improve the portfolio's weighted average ESG score over time.

### Key developments

- Last year the Company reported absolute emissions of the portion of the portfolio for which reliable information on the borrower was available. In the first instance, this was made possible by the significant progress we supported through our borrower engagement. Since then, further advancements have been made as the Company onboarded Altitude by AXA Climate to help address data challenges and gaps. As a result, for the first time this year, we have been able to report total portfolio emissions as well as GHG metrics for the portfolio, namely: financed emissions, carbon to investment and WACI
- A sustainability questionnaire is sent to our portfolio companies annually, which includes requesting quantitative data, such as Scope 1, Scope 2 and Scope 3 GHG emissions. This year we received a joint-record response rate to our questionnaire from 93% of borrowers. We obtained reported Scope 1 emissions data for 69% of portfolio companies and Scope 2 emissions of 60% of the portfolio (in each case calculated by reference to outstanding amounts as at 31 March 2025)
- The Fund has improved its average portfolio ESG score from 62.77 last year to 64.70 as at 31 March 2025, largely as a result of its sustainability-focused investment strategy and active engagement work with companies that resulted in 14 existing positions increasing their ESG scores during the period. This marks a notable improvement since the Company started calculating and measuring the portfolio's ESG score in 2020 which was 59.61 for this first reporting year

# Appendix – GHG emissions and climate scenarios methodology

There are some potential limitations of the report and its use. While we have been working hard to improve the quality and quantity of emissions data, we are unable to verify either reported or estimated emissions numbers. We have endeavoured to provide transparent and comprehensive detail on the methodology and assumptions used in order to support the assessment of data set out in this report. There are also limitations inherent in climate scenario analysis itself due to the outsourcing of climate modelling, including reliance on third-party processes, as well as complexity, uncertainty, lack of consistency and varying levels of data quality and availability. We remain committed to engaging with portfolio companies and our supplier, Altitude by AXA Climate, with a view to continue refining our approach to scenario analysis going forward.

## GHG emissions

### Total absolute emissions:

The Partnership for Carbon Accounting Financials (“PCAF”) emissions Data Quality Score for the portfolio is 2.25. This average takes into account the data quality score for each borrower, weighted by the total outstanding loan amount per company. The Fund has verified emissions based on physical data for six portfolio companies, as some borrowers have had their emissions externally verified (earning a PCAF Data Quality Score 1). The remainder of the portfolio has either reported some or all of their Scope 1-3 emissions on an unverified basis (assigned PCAF Data Quality Score 2), or (in the case of 16 borrowers in the portfolio) had their Scope 1, 2 and/or 3 emissions estimated based on sector and turnover using the third-party data provider Altitude by AXA Climate (PCAF Data Quality Score 4).

### Reported emissions:

Where data for the specific project/asset being financed by the Fund was unavailable, company-level information has been used. For instance, the emissions specific to the project SEQI finances may be unknown by certain borrowers, however they are able to provide total emissions for their company; in these cases the borrower’s total emissions reported for the whole company have been used in our calculations. This means that the total emissions and associated GHG metrics reported by SEQI have been overestimated and are higher than the actual emissions attributable to SEQI. As our internal capacities evolve, we look to refine this methodology to improve the accuracy of GHG emissions data going forward.

The total absolute reported emissions data covers the most recent calendar year to the fullest extent possible, i.e. our total year ended 31 March 2025 number refers to emissions produced by portfolio companies from 1 January to 31 December. Where this is unavailable, the latest available company data has been used.

The coverage rate for the year ended 31 March 2025 indicates the percentage of the portfolio that has provided emissions information and is measured by outstanding loan amounts as at 31 March 2025. The coverage rate for the year ended 31 March 2024 is measured by net asset value (“NAV”) as at 31 March 2024, as this was the principal valuation metric used throughout SEQI’s financial and sustainable reporting and at the time the Company did not run calculations of emissions metrics using outstanding borrowed amount.

### Estimated emissions by Altitude:

Altitude’s GHG calculation tool has been developed following the guidance from the Greenhouse Gas Protocol, developed by the World Resources Institute and the World Business Council for Sustainable Development and establishing comprehensive global standardised frameworks to measure and manage GHG emissions from private and public sector operations. The calculation approach is based on Environmentally Extended Input Output (“EEIO”) models. The resulting EEIO emission factors can be used to estimate GHG emissions for a given industry or product category. EEIO models are derived by allocating national GHG emissions to groups of finished products based on economic flows between industry sectors. Altitude considers the EXIOBASE dataset, which provides extensive geographical and sectorial coverage (49 regions across 163 industry classifications). However, it should be noted that the level of granularity is relatively low compared to other sources of data.

Altitude provides a breakdown of estimates in terms of Scope 1, Scope 2 and upstream (“cradle to gate”) Scope 3 through a preliminary screening approach based on proxy data and financial inputs. This allows for the assessment of the GHG footprint.

Altitude also benchmarks certain elements of the estimated carbon intensity of portfolio companies against that of prominent global companies in a similar sector of activity (by reference to Scopes 1, 2 and 3 upstream). As with all benchmarking exercises, the results should be interpreted with appropriate contextual caution. However, the Fund considers that this data still provides additional useful insights to support transaction due diligence assessments.

Our understanding of Altitude’s methodology and the composition of their tool is based on information provided to us by Altitude.



# Appendix – GHG emissions and climate scenarios methodology continued

## GHG emissions continued

### Financed emissions:

This is the carbon footprint of the Fund, i.e. the total absolute emissions of all the companies in the portfolio based on the extent to which SEQI finances the activities of these borrowers.

$$\text{Financed emissions} = \sum_{p/c}^n \text{Attribution factor}_{p/c} \times \text{Total emissions}_{p/c}$$

p = project, c = investee company/borrower which was used where the specific emissions for the project being financed were unknown

The vast majority of the portfolio comprises loans with a known use of proceeds, which uses the following attribution factor:

$$\text{Attribution factor} = \sum_{p/c} \frac{\text{Attribution factor}_{p/c}}{\text{Total equity} + \text{Total debt}_{p/c}}$$

The same attribution factor is used for the small number of bonds in the portfolio as they are made to private companies. On the small number of occasions where the Fund has ended up with an equity stake in a position, this has been factored into the calculation of the “outstanding amount”.

In line with PCAF standards, for all carbon metrics the outstanding debt amounts have been used and the figure used for the total AUM takes the sum of these. This differs from the valuation, AUM figures and other financial metrics reported elsewhere by SEQI, which use NAV. Whilst we consider NAV to better reflect the relative exposure of the Fund based on fair market valuation, in order to align with best practices advised by PCAF and TCFD and to allow for comparability and consistency across products and financial institutions, SEQI has used outstanding debt amounts instead of NAV. For completeness, SEQI has calculated carbon metrics using both outstanding debt amounts and NAV and found minimal difference in the carbon to investment and WACI metrics, with an approximate 10% differential in the financed emissions number. Specifically, NAV-based financed emissions were lower than the financed emissions calculated using outstanding debt amount. Hence, the reported headline figures above could be interpreted as conservative overestimated figures.

### Carbon to investment:

This is the amount of GHG emissions produced by the portfolio’s companies relative to the amount of money invested in those companies, which therefore provides a representation of how much carbon is emitted for each million GBP deployed by SEQI.

$$\text{Carbon to investment} = \frac{\text{Financed emissions}}{\text{Total AUM}}$$

## Weighted Average Carbon Intensity (“WACI”):

This metric represents the portfolio’s exposure to carbon-intensive companies. It is calculated as the sum of each company’s carbon intensity (emissions per unit of revenue) weighted by the proportion that each company represents of the portfolio. As this metric is not appropriate for pre-revenue companies, pre-revenue investments have been excluded from the calculation.

$$\text{WACI} = \sum_{p/c}^n \left( \frac{\text{Outstanding amount}_{p/c}}{\text{Total AUM}} \times \frac{\text{Total emissions}_{p/c}}{\text{Revenue}_{p/c}} \right)$$

## Climate scenario analysis

### Physical risks

Altitude evaluates climate physical risks of real assets using the asset type and their geolocation. The risks are a function of three pillars as defined by IPCC (hazard, vulnerability and exposure) and come in 16 different types that can either be defined as acute or chronic. For every asset, Altitude calculates a risk score for each material physical hazard. For companies with multiple assets, the asset-level risks are aggregated. The overall company scores are then aggregated and weighted to produce consolidated portfolio-level risks that are classified as: Low, Medium or High. Materiality is assessed based on the asset type, which is informed by AXA Climate’s expertise and dataset, and geolocation, where each hazard peril is evaluated using one or more metrics derived from Global Climate Models and additional specialised resources for separate hazards.

The evolution of climate hazards over time are modelled using the 30-year averages (monthly, seasonally, yearly) around 2000, 2020, 2030 and 2050.

### Transition risks and opportunities

Material transition risks and opportunities are identified per sector and geography using AXA Climate’s in-house expertise. Risk levels (low, medium, high) are calculated using their Network for Greening the Financial System (“NGFS”) proxy models, which are weighted by a carbon factor representing the carbon intensity of the sector in a specific geography relative to all other carbon intensities in the world. The NGFS proxies then model the identified risks and opportunities in 2020, 2030 and 2040 under the three forward-looking scenarios. If no proxies are available, targeted literature reviews and CDP datasets are consulted.

A risk is considered material if it can have a significant impact on the company under consideration based on a qualitative assessment of potential impacts on revenues, OpEx and CapEx of portfolio companies.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**X** It promoted E/S characteristics, **but did not make any sustainable investments** \_\_\_\_%

- › negative screening;
- › thematic investing (positive screening); and
- › ESG scoring.

KPMG provided independent limited assurance under ISAE (UK) 3000 over these three KPIs. This confirmation is contained in the Company's 2024/25 Annual Report. The reporting criteria and KPMG's limited assurance opinion are available in the Sustainability Publications section of our website: [www.seq.fund/sustainability/publications/](http://www.seq.fund/sustainability/publications/).



# Appendix – SFDR product-level periodic disclosure

continued

Performance in line with these sustainability indicators does not necessarily align with a guaranteed year-on-year increase in the ratio of investments that promote sustainability characteristics.

## ...and compared to previous periods?

The process of reducing the exposure to assets not permitted under the negative screening, through disposal of assets and planned repayments of loans started in 2021 was completed by 31 March 2022. Since then the Fund reached full compliance with the negative screening criteria and has maintained 100% compliance since, including throughout the year ended 31 March 2025.

The portion of the portfolio covered by thematic investing is measured as at 31 March each year. This had consistently increased: 59% (2021), 61% (2022), 72% (2023), until a small dip last year: 70% (2024). The portion of thematic investments this year was 71%, a small year-on-year increase as the number has likely reached its natural roof.

The weighted average ESG score for the Fund’s portfolio measured as at 31 March each year has consistently increased: 59.61 (2020), 60.59 (2021), 61.88 (2022), 62.29 (2023), 62.77 (2024).

	31 Mar 2022	31 Mar 2023	31 Mar 2024	31 Mar 2025
Negative screening	100%	100%	100%	100%
Thematic investing	61%	72%	70%	71%
Weighted average portfolio ESG score	61.88	62.29	62.77	64.70

## What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

Sequoia Economic Infrastructure Income Fund does not commit to make “sustainable investments” within the definition of Article 2(17) of Regulation (EU) 2019/2088 (SFDR) or the definition set out by the EU Taxonomy.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

## How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Sequoia Economic Infrastructure Income Fund does not commit to make “sustainable investments” within the definition of Article 2(17) of Regulation (EU) 2019/2088 (SFDR) or the definition set out by the EU Taxonomy.

## How were the indicators for adverse impacts on sustainability factors taken into account?

Principal adverse impacts (“PAIs”) on sustainability factors have not been taken into account for this financial product. The Fund is not subject to mandatory consideration and disclosure of principal adverse impacts under Article4(1)(a) of SFDR.

## Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises have not been formally embedded into the Fund’s investment process, but the negative screening and ESG scorecards will have gone some way in excluding companies that might be in breach of international norms described in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The Fund ensured that all companies are compliant with minimum human rights and labor standards.

## How did this financial product consider principal adverse impacts on sustainability factors?

The Fund does not consider the principal adverse impacts (“PAIs”) of its investment on sustainability factors. The Fund does not commit to make “sustainable investments” per the definition of Article 2(17) of Regulation (EU) 2019/2088 (SFDR) and, as such, does not calculate or report the principal adverse impact indicators for the Fund.



## Appendix – SFDR product-level periodic disclosure continued



**Asset allocation** describes the share of investments in specific assets.

### What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
1	Renewables	4.35	UK
2	Digitalisation	4.33	US
3	Utility	4.00	UK
4	Renewables	3.75	US
5	Digitalisation	3.61	US
6	Transport – vehicles	3.60	US
7	Power	3.41	Germany
8	Power	3.26	US
9	Digitalisation	3.16	US
10	Digitalisation	3.10	Holland
11	Transport – systems	3.02	Belgium
12	Transport – systems	2.94	Denmark
13	Other	2.86	US
14	Digitalisation	2.83	Switzerland
15	Digitalisation	2.77	US

These percentages have been calculated by averaging the exposure as at each quarter end for the reference period.



### What was the proportion of sustainability-related investments?

Sequoia Economic Infrastructure Income Fund does not commit to a minimum proportion of investments of the financial product used to meet environmental or social characteristics promoted by the Fund in accordance with the binding elements of the investment strategy.

Note, there were no sovereign exposures.

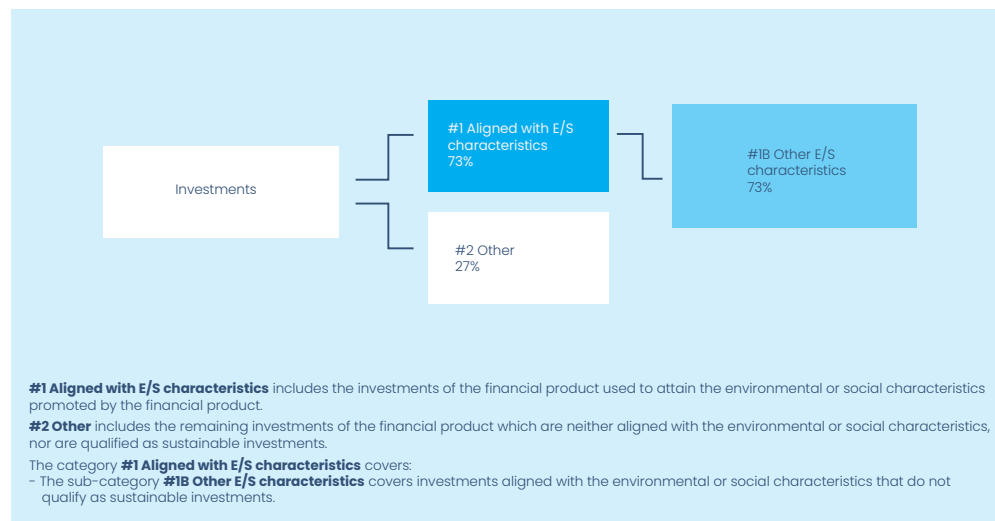
### What was the asset allocation?

The Fund invests in economic infrastructure private loans and bonds across a range of industries in stable, low-risk jurisdictions, creating equity-like returns with the protections of debt. It is the only UK-listed fund investing exclusively in economic infrastructure debt.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 1 April 2024 to 31 March 2025



# Appendix – SFDR product-level periodic disclosure continued



## In which economic sectors were the investments made?

Sector	Sub-sector
Accommodation	6.63%
Health care	5.22%
Student housing	1.42%
Other	11.52%
Agricultural infra	0.06%
Hospitality	0.52%
Hospitals	0.92%
Schools	1.92%
Smart metering	0.30%
Social infra	0.89%
Residential infra	3.07%
Waste-to-energy	3.78%

Sector	Sub-sector
Power	15.89%
Baseload	6.82%
Energy efficiency	0.68%
Energy transition	1.05%
Nuclear power	0.69%
Other electricity generation	5.02%
Power services	0.82%
Standby generators	0.80%
Renewables	9.52%
Landfill gas	4.35%
Solar & wind	5.17%
Digitalisation	22.82%
Broadband & fibre	3.01%
Data centres	12.70%
Telecom towers	7.10%
Transport – systems	8.60%
Ferries	2.94%
Port	3.02%
Rail	2.50%
Road	0.13%
Transport – vehicles	10.30%
Aircraft	1.60%
Health & safety	1.19%
Rolling stock	2.20%
Specialist shipping	5.32%
Utility	14.73%
Renewable electricity supply	1.56%
Midstream	5.37%
Utility services	7.81%

These percentages have been calculated by averaging the exposure as at each quarter end for the reference period.

During the reference period, the Fund had eight investments across four companies which derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels. This averaged at 13.4% of the portfolio NAV over the year. Note, this includes for instance a port company that represents on average 3.02% of the portfolio; the company derive ~2.5% of their revenues from customers that use them to handle/store a limited amount of coal. There were no new investments in these type of companies during the year.

# Appendix – SFDR product-level periodic disclosure continued



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (“CapEx”) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (“OpEx”) reflects the green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities are economic activities** for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Sequoia Economic Infrastructure Income Fund does not commit to a minimum share of “sustainable investments” with an environmental objective aligned with the EU Taxonomy.

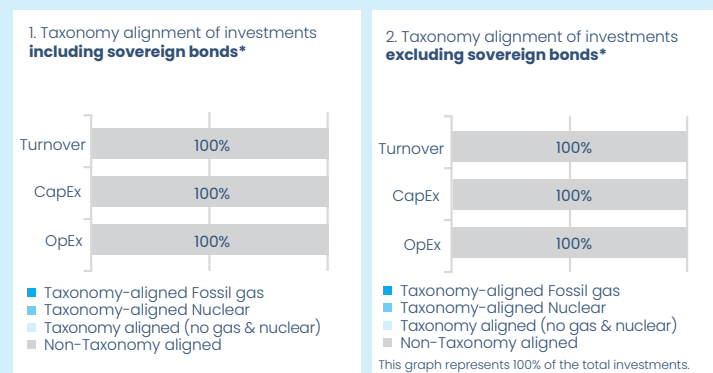
## Did the financial product invest in fossil gas and/or nuclear energy – related activities complying with the EU Taxonomy?

☐ Yes:  
In fossil gas ☐ In nuclear energy ☐

☒ No

Whilst the financial product makes investments related to fossil gas and nuclear energy, the Fund does not measure or track investments in activities that comply with the EU Taxonomy.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\*For the purpose of these graphs, “sovereign bonds” consist of all sovereign exposures

1. Fossil gas and/or nuclear-related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

## What was the share of investments made in transitional and enabling activities?

Sequoia Economic Infrastructure Income Fund does not measure its share investments in “transitional” and “enabling” activities as per the definition under the EU Taxonomy.

## How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

N/A

## What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Sequoia Economic Infrastructure Income Fund does not commit to a minimum share of “sustainable investments” with an environmental objective that are not aligned with the EU Taxonomy.



## What was the share of socially sustainable investments?

Sequoia Economic Infrastructure Income Fund does not commit to a minimum share of “socially sustainable investments”.



## What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

The “#2 Other” investments includes the lowest quartile of ESG scores, which represented 25% of the Fund’s portfolio by NAV as at 31 March 2025. The Fund aims to increase the portfolio’s average ESG score over time, whilst anticipating natural fluctuations and recognising this may not always be possible given market circumstances. Further, when considering disposals, we will look at the lower-scoring assets as a priority, whilst taking disposal decisions based on financial metrics.

The purpose of these investments is diversification. As specified in the investment criteria, the Fund will invest across different sectors and sub-sectors to ensure the portfolio is sufficiently diversified. Naturally, certain sectors and sub-sectors are more aligned with environmental characteristics than others, as a result there will always be a spread in ESG scores within the portfolio.

## Appendix – SFDR product-level periodic disclosure continued



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

Compliance with minimum environmental or social safeguards cannot be reliably measured, due to the lack of data and evidence to do so since many of the investee companies lack the sufficient resources and/or capabilities to be able to ensure compliance with minimum safeguards throughout their value chains.

Nonetheless, all assets undergo our three-part process of negative screening, thematic investing (positive screening) and ESG scoring, as described in the Fund's Sustainability Policy. This means that assets not meeting the Fund's investment criteria and negative screening criteria will be excluded, thus making an investment in an asset not meeting minimum environmental or social safeguards unlikely.

Furthermore, where appropriate, loan terms will include covenants or repeated representations to ensure that the borrower complies with its stated sustainability objectives and to encourage it to improve its standards over time. These could include obligations to meet minimum environmental safeguards.

Borrower engagement on sustainability matters is part of the ongoing monitoring process. For example, annual sustainability questionnaires are sent to all borrowers, which includes questions related to the maintenance of minimum safeguards.

### What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Fund continued to make investment decisions this year in line with its three sustainability goals. Based on the Fund's investment strategy, when evaluating potential investments, the Investment Adviser prioritised new transactions with higher ESG scores, and when considering the potential disposal of investments, the Investment Adviser prioritised transactions with lower ESG scores, whilst taking disposal decisions based on financial metrics.

The Investment Adviser continued to take a proactive approach to managing the loan book and engage with borrowers in relation to sustainability-related topics on a regular basis as per the Fund's Sustainability Policy. The Fund's range of engagement strategies are designed to encourage and promote positive behaviour in the companies that it lends to, and some of those that were employed during this reference period are described below.

Where appropriate, loan terms included covenants or repeated representations to ensure that the borrower complies with its stated sustainability objectives and to encourage it to improve its standards over time. In addition, where appropriate, loan terms included an obligation on the borrower to report suitable sustainability metrics on a best-efforts basis.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Borrowers were asked to complete annual post-investment sustainability questionnaires. These cover quantifiable sustainability metrics/KPIs when appropriate, CO<sub>2</sub> emissions, health and safety records, etc. as well as confirmation of the borrower's overall sustainability policies and procedures. The Fund requires supporting documentation and/or external verification to evidence borrowers' sustainability claims. Action plans are created for all assets, which identify areas of improvement in borrowers' sustainability credentials and/or the additional evidence that would be required to be able to fully assess certain indicators within the ESG scoring framework. These lists of actionable areas formed the basis of the ongoing engagement with the borrowers over the course of the year with the aim of making improvements, collecting more evidence of initiatives that are said to be in place or mitigating risks.

The environmental characteristics of the Fund and sustainability indicators used to measure this were met through a combination of investing in higher scoring opportunities, disposing of lower-scoring opportunities and using a range of engagement strategies with borrowers.

### How did this financial product perform compared to the reference benchmark?

Sequoia Economic Infrastructure Income Fund does not use a specific index designated as a reference benchmark to determine whether the product is aligned with the environmental and/or social characteristics it promotes.

### How does the reference benchmark differ from a broad market index?

N/A

### How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

N/A

### How did this financial product perform compared with the reference benchmark?

N/A

### How did this financial product perform compared with the broad market index?

N/A

## Appendix – Principal adverse sustainability impacts statement

The Sequoia Economic Infrastructure Fund (“SEQI”, “the Fund”) does not consider the principal adverse impacts (“PAIs”) of its investment on sustainability factors.

The Fund does not commit to make “sustainable investments” per the definition of Article 2(17) of Regulation (EU) 2019/2088 (SFDR) and, as such, does not calculate or report the PAI indicators for the Fund.

Nonetheless, the Fund recognises the importance of considering PAIs and is taking reasonable steps on making progress in the measurement of these metrics at the Fund level. The Fund’s ability to measure and thus consider the adverse impacts is highly dependent on the availability and accuracy of data from third parties. We request relevant data from our investee companies upon origination and annually thereafter and embed covenants into loans, where possible, to mandate the provision of certain datapoints.

However, we invest predominantly in private debt with a skew towards smaller and mid-sized companies and a sizeable proportion of the portfolio is US based. Given the asset class and nature of our investments, the collection and reporting of PAI data at our investee companies are limited.

The integration of PAIs is further impaired by the current absence of reliable benchmarks or external data sources that could be used to reliably generate estimated data specific to our portfolio to comply with the PAI technical reporting requirements.

We cannot yet commit to a date by which we will be able to adequately consider such PAIs.

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## **About Sequoia Economic Infrastructure Income Fund Limited**

The Company is a Guernsey-registered closed-ended investment company that 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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# Notes





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