# Annual Report and Accounts 2026

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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## Company review


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# Highlights

- Annualised portfolio yield-to-maturity[1] of 9.6% (2025: 9.9%) as at 31 March 2026
- NAV total return[1] of 8.4% (2025: 6.1%) in the year
- Share price total return[1] of 6.6% (2025: 5.3%) in the year
- Ongoing charges ratio[1] of 1.01% (2025: 0.92%) (calculated in accordance with AIC guidance)
- Dividends totalling 6.875p per Ordinary Share (2025: 6.875p) paid in respect of the year in line with annual dividend targets in place
- Dividend cash cover[1] of 1.06x (2025: 1.00x)
- ESG score of the portfolio of 66.12 (2025: 64.70)
- Diversified portfolio of 50 investments across 8 sectors, 27 sub-sectors and 11 mature jurisdictions
  - 94% of investments in private debt (2025: 91%) with 64% in senior secured loans (2025: 60%)
  - 59% fixed-rate investments (2025: 59%), locking in current interest rates
  - Short weighted average life of 3.4 years (2025: 3.4 years), creating reinvestment opportunities
  - Weighted average equity cushion[1] of 38% (2025: 39%)

1. See Appendix for Alternative Performance Measures ("APMs")
2. Cum dividend
3. Includes the dividend paid in May 2026 in respect of the quarter ended 31 March 2026 and excludes the dividend paid in May 2025 in respect of the quarter ended 31 March 2025 (2025: 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)

**£1.38bn**
Total net assets
(31 March 2025: **£1.44bn**)

**66.12**
ESG score of the portfolio
(31 March 2025: **64.70**)

**93.17p**
Net asset value ("NAV") per Ordinary Share[1,2]
(31 March 2025: **92.55p**)

**6.83p**
Earnings per share
(31 March 2025: **5.04p**)

**76.60p**
Ordinary Share price[2]
(31 March 2025: **78.30p**)

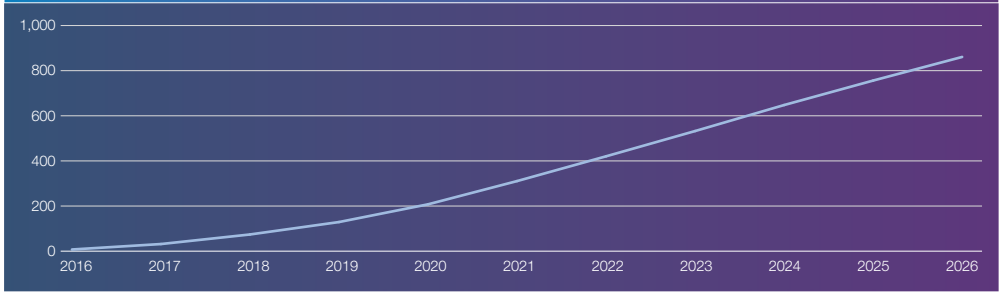
**6.875p**
Dividends paid in respect of the year[3]
(31 March 2025: **6.875p**)

**(17.8)%**
Ordinary Share discount to NAV[1]
(31 March 2025: **(15.4)%**)

**9.0%**
Annualised dividend yield[1]
(31 March 2025: **8.8%**)

**£1.13bn**
Market capitalisation
(31 March 2025: **£1.22bn**)

**Cumulative dividends paid since IPO (£ million)**



# Why are we different?

## Infrastructure is essential

- Infrastructure assets are typically necessary for everyday life. As such, demand for them tends not to fluctuate greatly over the course of an economic cycle – they are a "defensive" investment that can be a safe harbour in stormy markets.
- The necessity of these assets means that lending to infrastructure businesses has been shown to be lower credit risk than many other types of corporate debt. This is often because infrastructure loans are backed by real assets that tend to hold their value well, even in recessions.

## Our portfolio is diversified

- We have a high level of diversification, as measured not just by the number of loans, but also a wide range of countries, sectors and sub-sectors.
- This helps to protect us against concentrations of risk, which can result in volatility and the potential for large losses. For example, Business Development Companies ("BDCs")[1] tend to focus on just the US and many have a high exposure (up to 30% in some cases) to the software sector. Other debt funds may lend to just the real estate sector, or have a concentration in renewable lending.
- The Fund has a wide range of investments spread across infrastructure types that are genuinely diverse: for example, the performance of a data centre in the US is unlikely to be correlated to that of a rolling-stock business in Spain.

## Our sector is under-invested

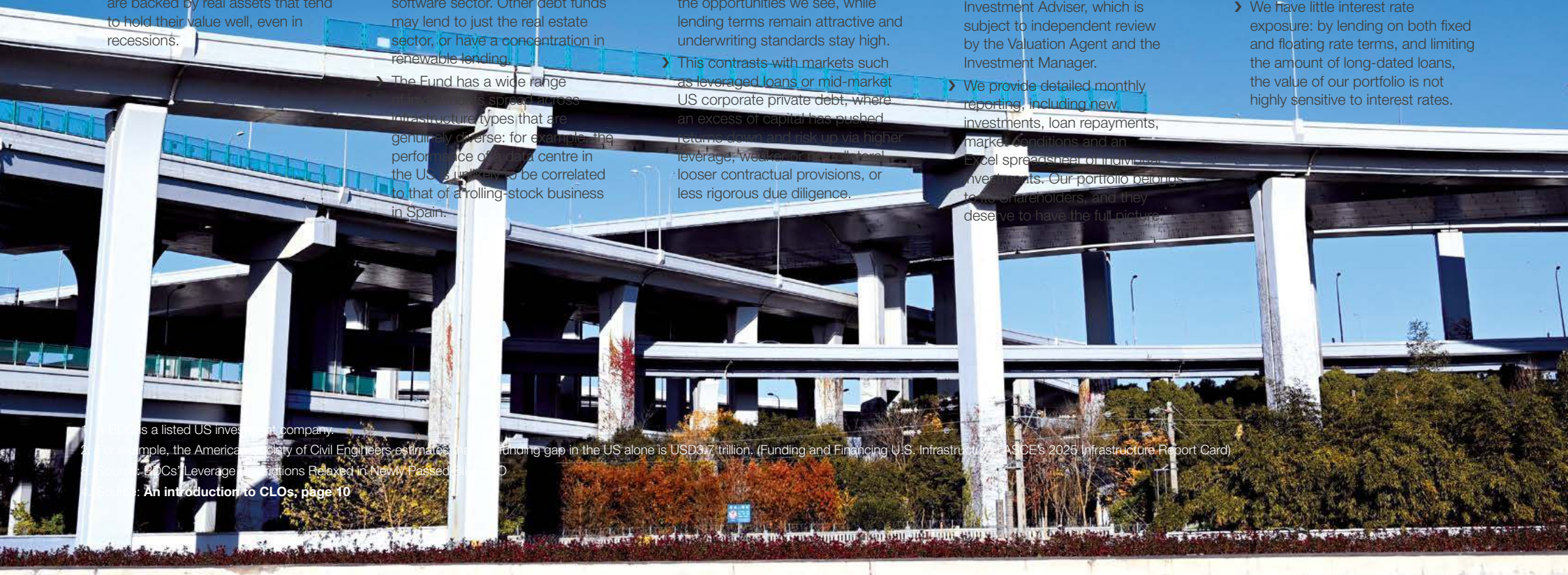
- The global infrastructure sector has a large and increasing need for capital, driven by long-term macro themes such as digitalisation, demographics and decarbonisation. This has created a multi-trillion-pound "funding gap"[2]: too little capital (from either the private sector or governments) to maintain existing assets and build new ones.
- As a result, we can be highly selective, rejecting over 90% of the opportunities we see, while lending terms remain attractive and underwriting standards stay high.
- This contrasts with markets such as leveraged loans or mid-market US corporate private debt, where an excess of capital has pushed returns down and risk up via higher leverage, weaker or no collateral, looser contractual provisions, or less rigorous due diligence.

## We are transparent

- Listed funds like ours have a high standard of governance, reporting and transparency.
- The Fund's portfolio is independently valued each month, providing absolute transparency on valuations. Our belief is that investors should be able to have high confidence in our published net asset values.
- This monthly valuation process is driven by a regular monitoring of borrower performance by the Investment Adviser, which is subject to independent review by the Valuation Agent and the Investment Manager.
- We provide detailed monthly reporting, including new investments, loan repayments, market conditions and an Excel spreadsheet of individual investments. Our portfolio belongs to its Shareholders, and they deserve to have the full picture.

## We manage risk

- We have low leverage, unlike other debt funds. We can only borrow up to 20% of its net asset value – funds like BDCs in the US can borrow up to 66%[3] of their gross asset value, and Collateralized Loan Obligations ("CLOs") routinely take leverage up to 90%[4]. Leverage magnifies the effect of bad debts, and increases volatility.
- We fully currency hedge – this helps to create stable fund value, even in turbulent FX markets.
- We have little interest rate exposure: by lending on both fixed and floating rate terms, and limiting the amount of long-dated loans, the value of our portfolio is not highly sensitive to interest rates.



1 BDCs is a listed US investment company.

2 For example, the American Society of Civil Engineers estimates that the funding gap in the US alone is USD3.7 trillion. (Funding and Financing U.S. Infrastructure: ASCE's 2025 Infrastructure Report Card)

3 Source: BDCs' Leverage Restrictions Relaxed in Newly Passed Bill, SEC.

4 Source: **An introduction to CLOs, page 10**

# 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 Wigeon Holdings Limited (the "UK Subsidiaries") (all together the "Fund"). SEQI controls the UK and Luxembourg Subsidiaries (the "Subsidiaries") through holdings of 100% of their shares. The Company's investment in the Luxembourg Subsidiary 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 73 and to note 17 on page 101.

## 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 investments (at the time of investment) relates to any one individual infrastructure asset. In addition, the Fund 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 Fund's investments 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 systems, transport vehicles, utilities, power, renewables, accommodation and digitalisation;
- all or substantially all of the revenues to derive from certain eligible jurisdictions, as defined in the Company's Registration Document (dated 10 February 2020), provided that any such jurisdiction is rated at least BBB- by S&P Global ("S&P") (formerly Standard & Poor's) or Baa3 by Moody's;
- at least 40% of total portfolio assets 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 total portfolio assets to comprise pre-operational projects (typically projects in construction);
- no single sector to represent more than 40% of total portfolio assets;
- no single sub-sector to represent more than 15% of total portfolio assets, other than a major sub-sector (as defined in the Registration Document), which may represent up to 25% of total portfolio assets;
- no more than 60% of total portfolio assets to be located in the United States;
- no more than 50% of total portfolio assets to be located in Western Europe (ex-UK);
- no more than 40% of total portfolio assets to be located in the United Kingdom; and
- no more than 20% of total portfolio assets 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 its 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 Company's Investment Adviser. For more detail, please refer to the website where the sustainability policy is published in full: **www.seqi.fund/sustainability/publications/**.

## Dividend policy

The Company's dividend policy is to pay dividends in accordance with its annual dividend target. The annual dividend target is 6.875p (2025: 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.

# Outperformance since inception

SEQI has delivered a 92% NAV total return since IPO in 2015 and a share price total return of 54%, outperforming GBP-hedged high yield bonds at 43% during the same period.

### Energy crisis and higher interest rates

In 2022, Russia's invasion of Ukraine, the energy crisis and sharply rising inflation and interest rates created renewed pressure across fixed income markets. SEQI experienced volatility during this period, but continued income generation and portfolio resilience supported a subsequent recovery in both share price and NAV total returns.

### COVID-19 sell-off

In March 2020, the onset of the COVID-19 pandemic triggered a sharp sell-off across fixed income and equity markets, creating temporary valuation pressure across SEQI's portfolio. The total return performance subsequently recovered, as markets stabilised and SEQI's underlying portfolio cash flows remained resilient.

### Consistent growth from IPO

From IPO in 2015 through to early 2020, SEQI delivered steady NAV growth, supported by a diversified portfolio of private credit investments and stable income generation. This reflected the defensive characteristics of core infrastructure debt through a generally supportive market environment.

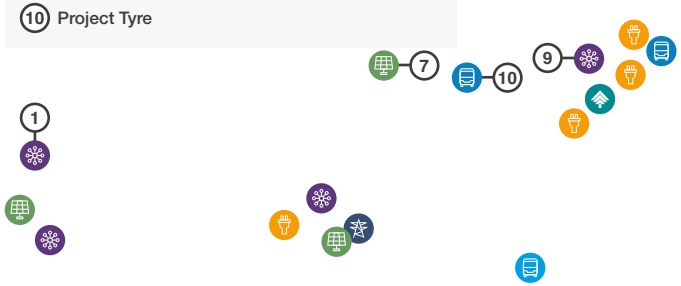
1. See Appendix for Alternative Performance Measures ("APMs")
2. Source: Bloomberg iShares Global High Yield Corp Bond GBP Hedged

# At a glance

SEQI 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.

## Top 10 assets

1. AP Wireless Junior
2. ACG BidCo Limited
3. Muehlhan
4. Grange Backup Power Ltd Facility B
5. OCU
6. Project Hero
7. Hawkeye Solar HoldCo 2030 1, 2 and 3
8. Project Sienna
9. Expedient Data Centers Senior Secured 2026
10. Project Tyre



## Sector

- Utilities
- Power
- Renewables
- Accommodation
- Digitalisation
- Transport – vehicles
- Transport – systems
- Other

# 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 over 10 years of quarterly income, consistently meeting its dividend targets from stable portfolio cash flows.

Since IPO in March 2015, SEQI has delivered resilient NAV and share price total returns, driven by consistent interest income from its diversified portfolio of economic infrastructure debt investments.

This income-led return profile has translated into substantial cash distributions for Shareholders, with over £862 million of dividends paid out to investors since IPO. Over the same period, SEQI's NAV total return has outperformed the GBP-hedged high yield bond benchmark, demonstrating the stability of the underlying portfolio through changing market conditions.

The share price total return has been more volatile, particularly during COVID-19 and the period of rising interest rates following the energy crisis and Russia's invasion of Ukraine, when discounts widened across listed funds. However, SEQI's long-term performance remains anchored in its resilient NAV, recurring interest income and sustained dividend delivery.

### 1. Infrastructure debt market resilience

SEQI's infrastructure debt 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 debt markets.

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### 2. Access to investment expertise

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

FIND OUT MORE

### 3. Portfolio diversification

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

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### 4. Transparency and liquidity

SEQI, the largest debt 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

### 5. Sustainability goals

SEQI, an EU SFDR Article 8 fund[1], seeks to integrate ESG assessment and engagement within its investment process, combining internal expertise and third-party analysis.

FIND OUT MORE

1. The Fund's SFDR disclosures are contained within the Appendix and are available on the Company's website: **www.seqi.fund/sustainability/publications/**

# Chair's statement

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

**James Stewart**
Chair

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 2026.

Against a volatile geopolitical background and continuing sector headwinds, the Fund's diversified economic infrastructure debt portfolio continues to demonstrate its resilience by generating significant Shareholder value during the year. The Company's underlying investment portfolio delivered a NAV total return[1] of 8.4%, and a share price total return[1] of 6.6%, both underpinned by strong income generation from the portfolio. The Board remains confident in the intrinsic qualities of the infrastructure sector and infrastructure debt as an asset class. We have successfully reinvested capital in accordance with our strategy of maintaining portfolio diversification and credit quality by continuing to target loan yields of 9-10%.

## Differentiating infrastructure debt from private credit

Private credit markets as a whole have grown substantially over the past five years, with total assets under management increasing from USD1.1 trillion at the end of 2020, to c.USD1.8 trillion by the end of 2025, according to Preqin. This has been driven by several factors, including:

- a better risk/return opportunity for investors than can be found in the liquid credit markets, such as leveraged loans and high yield bonds;
- the growth in the number and size of alternative asset managers;
- a fall-off in bank lending due to regulatory and other constraints;
- the greater flexibility of private market lenders and their willingness to innovate; and
- an increase in the number of alternative asset managers.

This growth, whilst mostly positive for both investors and the broader economy, has resulted in potential teething problems for some parts of the sector. In particular, some market participants have questioned the robustness of private loan valuations, the adequacy of disclosures, risk levels and loan underwriting standards. This is particularly being seen in the BDC sector in the United States, where fund valuations have recently been under pressure.

We believe that there are some clear differences in and benefits to be gained from the SEQI target investment universe and our underlying loan portfolio. In contrast to some other parts of the private credit sector, SEQI stands well:

- lending against infrastructure is typically lower risk than general corporate lending, as confirmed by independent rating agencies such as Moody's and S&P. This is because infrastructure companies often have hard assets with significant barriers to entry and a high replacement cost, and because the demand for such assets is relatively stable over the economic cycle;
- we have little or no direct exposure to many of the sectors that are currently under pressure, such as software. (By contrast, some of the large BDCs have up to 30% of their lending to software companies);
- SEQI can mitigate interest rate risk by locking in higher interest rates with swaps;
- we have a robust approach to loan valuations. Each loan valuation is independently reviewed every month by PricewaterhouseCoopers LLP ("PwC"), with the vast majority of our loans exited at or around the most recent mark price;
- we aim to have a high level of disclosure. We report monthly, more frequently than many of our peers, with a detailed report on lending activity, relevant market conditions and statistics on the portfolio. If we have a non-performing loan ("NPL"), we tell our Shareholders about it and provide updates as we work to resolve the situation. Each month, we publish a full list of our investments as an Excel spreadsheet save for redactions of highly commercially sensitive information; and
- our underwriting standards have been strengthened and refined over 11 years of experience, through a number of market cycles and periods of disruption such as the COVID-19 lockdowns, Russia's invasion of Ukraine, an energy price shock and a spike of high inflation, as well as periods of both very low and relatively high interest rates. Over these tumultuous periods, our losses due to bad debts have been significantly lower than those of not just the broader credit markets, but also directly comparable high yield infrastructure lending.

## NAV performance

Over the financial year, the Company's NAV per Ordinary Share[1] increased from 92.55p to 93.17p, after paying dividends of 6.875p, producing a NAV total return[1] of 8.4% (2025: 6.1%), compared to our target return of 7-8%.

NAV per share has grown in the year due to an increase in interest income and the positive effect of the share buyback programme. Our Investment Adviser discusses these movements in more detail in its report. In addition, net interest income (after operating expenses) more than covered dividend payments, also enhancing the NAV.

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

# Chair's statement continued

## NAV performance continued

Our portfolio outperformed the liquid credit markets this year, with leveraged loans and high yield bonds generating total returns of 5.9%[1] and 5.0%[2] respectively.

## Capital allocation

During the financial year, the Company has maintained a balanced and consistent approach to capital allocation with an active buyback programme sitting alongside continued reinvestment in infrastructure debt. Our flexible approach to share buybacks has enabled the programme to remain in place since July 2022 and allowed us to increase our purchases when the discount widens. During the year £59.5 million was returned to Shareholders through share buybacks and £422.1 million of new loans were made (including some commitments entered into but not fully drawn by year end). These new investments were predominantly senior secured loans (representing 69% of the total) in Europe and the UK (collectively 81% of the total), and were well diversified, being spread across five of the Fund's eight investment sectors. In addition, 58.5% of the loans are fixed rate, providing security of income.

These new loans were funded by the recycling of the proceeds received from maturing loans and loans that repaid early, leaving our £300 million revolving credit facility ("RCF") undrawn at the year end. We have very good visibility on loans scheduled for repayment in the near term and the zero RCF balance is consistent with our long-standing strategy of having low or no structural leverage while using the RCF periodically to manage short-term cash movements with the intention of remaining fully invested.

The Board believes that, looking to the future, it is important for the Fund to strike a balance between supporting our share price rating through buybacks and continuing to make new investments to refresh the portfolio and maintain access to high-quality transactions alongside reputable global sponsors.

## 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 include 39 different trusts with a combined market capitalisation of £22.3 billion (as at our year end) – the average discount has increased from 22.0% at the start of the financial year to 22.4% at the end.

In relation to SEQI, the share price discount to NAV[3] widened from 15.4% to 17.8%. At the end of February 2026, the discount had reduced to single figures and was on a downwards trajectory. However, markets were then hit by the broadening Middle East conflict centred on Iran and the accompanying rise in inflation expectations and fixed income yields. This resulted in a significant reduction in the share price over the last month of the year: from 84.40p at the end of February to 76.60p at the year end. The share price has since recovered and now stands at 81.40p as at 9 June 2026. The year-end share price total return[3] was 6.6% (2025: 5.3%) once dividends are taken into account. Share price performance is discussed in more detail in the Investment Adviser's report.

Reducing (and eventually eliminating) the discount continues to be a key strategic objective of the Board. To help achieve this, we have:

- an active and ongoing buyback programme, with 75.3 million shares costing £59.5 million repurchased over the financial year (2025: 70.4 million shares costing £55.9 million) and 288.5 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 various online content including monthly investor reporting;
- positive engagement with policymakers, alongside other investment companies (especially in the alternatives sector), resulting in the Pension Schemes Act 2026 introducing significant changes to UK defined benefit schemes designed to encourage investment in alternative assets; and
- a continual assessment of best practice in the sector and review of alternative options and strategies.

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, 70,843 (2025: 62,059) Ordinary Shares were bought by these parties during the financial year. In addition, the Investment Adviser bought 1,223,481 (2025: 1,235,468) Ordinary Shares during the financial year. However, they also sold 3,200,000 shares to help fund the launch of a new Asian closed-ended infrastructure fund which, if achieved, has the potential to open up further opportunities for SEQI. In total, the aggregate investment of these parties in the Company at the year end is 6,161,926 Ordinary Shares (2025: 8,092,121), including shares acquired by the Investment Adviser under the terms of the Investment Adviser agreement

## SEQI's changing share register

As part of its discount management programme, the Board has an ongoing programme of initiatives, 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.

Over the past three years, we have seen a significant change in the composition of our share register. Institutional investors have fallen from 45% to 39%; wealth management firms remained fairly constant, moving from 49% to 47%; and it has been pleasing to see that retail investors (investing through platforms such as Hargreaves Lansdown, Interactive Investor and AJ Bell) have increased from 6% to 14%. We hope that the recent ISA changes will encourage more retail investors as they seek a strong income and stable capital.

These changes have been in line with movements in the wider London-listed funds sector. The ongoing consolidation of wealth management firms has resulted in significant changes to holdings as merged firms consolidate and adjust holdings and ownership guidelines. However, the increase in retail investors with more individual investors taking an interest in, and control of, their own share portfolios is a positive trend which we think could grow further in the years ahead.

1. SPBDLLB: Morningstar LSTA US Leveraged Loan 100
2. iShares Global HY Corp Bd GBPH ETF Dist (GHYS.L)
3. See Appendix for Alternative Performance Measures ("APMs")

# Chair's statement continued

### SEQI's changing share register continued

SEQI has responded proactively to these changes.

- Firstly, we have stepped up our engagement with retail investors, by investing in our website and participating in retail-focused webinars and conferences. We have mandated Kepler Partners to help us communicate effectively with individual investors
- Secondly, we have maintained our strong relationship with institutional investors and wealth managers. Although their percentage of the share register has declined, they remain the bedrock of our investor base
- Thirdly, we continue to work with our Brokers, Jefferies and J.P. Morgan, to seek out new investors, including those from new jurisdictions

It is our belief that SEQI's shares continue to offer excellent value and that the share price has the real potential to respond positively to increasing demand, which could be stimulated by a wider marketing approach.

### Dividend

Our dividend of 6.875p per Ordinary Share remains cash covered[1] at 1.06x (2025: 1.00x). The level of cash cover is higher than the previous year, due in part to the receipt in cash of capitalised interest and also strong new lending activity, which generated fee income of 0.49p per Ordinary Share. The dividend yield[1] of 9.0% as at 31 March 2026 compares favourably to the yield on leveraged loans (5.9%), high yield bonds (5.0%) and the Company's peer group in the AIC Infrastructure sector (6.1%).

Paying an attractive, stable and covered dividend is an important part of the Company's value proposition to investors and the Board believes that the current level can and will be maintained going forward, subject to any unforeseen circumstances. However, the Board is mindful of the increased broader risk environment, and hence keeps the level of dividend under constant review to ensure that it remains sustainable.

### Portfolio performance

Our investment strategy over the financial year has been to maintain portfolio credit quality and diversification, while targeting a portfolio yield[1] of 9-10%.

- Credit quality has improved or been maintained against a number of key metrics: the proportion of the portfolio invested in senior secured loans rose from 59.9% to 63.5%; the weighted average "equity cushion"[1] (being the average amount of equity capital in the businesses that we lend to, expressed as a percentage of their total capital) remained broadly flat at 38% compared to 39% in the prior year, as did construction risk[1] at 12.8% compared to 12.5%
- Diversification has been maintained, albeit with a smaller number of investments, covering eight sectors and 27 sub-sectors, marginally down from 29 sub-sectors
- Yield has been maintained: our portfolio's weighted average yield-to-maturity[1], which measures both the income and future capital gains, fell slightly from 9.9% to 9.6% – a significantly smaller fall than for UK base rates, reflecting the high proportion (58.5%) of fixed-rate loans in the portfolio and the impact of the interest rate hedging strategy we undertook to protect the portfolio from falling interest rates

During the year, the Fund committed £422.1 million to new loans (including USD/EUR and other currency loans converted into Sterling), contributing to a 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 two NPLs, which now represent only 0.3% of our NAV, compared to 1.0% last year. These investments comprise a loan backed by a property in Washington DC that was previously leased to a school (representing less than 0.02% of NAV) and a municipal infrastructure loan in Germany (representing 0.3% of NAV). The valuation of the Washington DC loan was further written down during the year and has now been sold. On the German loan, the Investment Adviser continues to work diligently to realise value from the underlying assets and we will update our investors as and when there are further developments. NPLs are discussed in more detail in the Investment Adviser's report.

While not classified as an NPL, our investment in Active Care Group ("ACG") continued to be a focus for the Investment Adviser and the Board. The Company has been the majority shareholder of ACG since its restructuring in May 2024, and our aggregated investment in ACG now represents 7.1% of NAV. This is substantially more than our typical exposure to a single investment. However, much of our funding to ACG since we became its owner has been directed at improving the operational profitability, and therefore the value, of the business. In particular, we have made efforts to pivot the business from one substantially funded by the public sector (where fee rates have lagged inflation for many years), to one capable of attracting more private-pay patients. ACG is discussed in more detail in the Investment Adviser's report, along with some of the risks associated with the investment

The Investment Adviser closely monitors 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 enhanced scrutiny by our Investment Adviser and AIFM.

### The evolving opportunity

The geographical scope of SEQI's investment remit has remained unchanged since its IPO in March 2015. It is currently limited to the US and Canada, the UK and certain other European countries, Australia and New Zealand. Whilst the target jurisdictions selected 11 years ago were appropriate given the scale of opportunities then available and the limited private infrastructure debt market development elsewhere, that approach is no longer optimal. Other markets have now reached a sufficient state of maturity and the Investment Adviser has identified potential opportunities, often via existing sponsor relationships, in certain non-eligible jurisdictions, which the Company is currently unable to take advantage of.

Given this, we are intending to undertake a consultation exercise with Shareholders to discuss extending our investment policy to include a wider range of carefully selected jurisdictions, with a view to proposing this at the upcoming AGM if thought appropriate.

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

# Chair's statement continued

## Sustainability

In a rapidly evolving regulatory and geopolitical environment, sustainability remains a key pillar in SEQI's approach to infrastructure credit investing. Over the past year, the Board and Investment Adviser undertook a comprehensive review of the Company's sustainability framework to ensure it remains robust, relevant, and at the forefront of emerging best practice. This review marks an important evolution in SEQI's sustainability journey.

Since 2019, SEQI has embedded ESG considerations into its investment process. Its proprietary ESG scoring system helped guide capital allocation decisions, resulting in a much cleaner portfolio today with no direct exposure to assets considered the least environmentally friendly such as coal terminals or oil rigs, which are contrary to the Company's negative screening policy described in the sustainability section of this report. This is a notable accomplishment. Seven years on, the Board recognises that regulatory and market expectations have evolved, particularly with the growing emphasis on identifying both dependencies and impact, new issues coming to the fore such as cybersecurity and data management, and advances in tools that enable more accurate investment-useful modelling of climate scenarios and transition risks for instance.

These factors prompted a wholesale review of SEQI's approach to sustainability. During the year, we conducted a wide-ranging stakeholder materiality assessment, seeking feedback from SEQI investors, the Board of Directors, and key services providers including the Investment Manager and Adviser, on exactly these issues.

As a result, I am pleased to announce that SEQI has adopted a revised sustainability framework as of 1 April 2026. At its core is a new dual-scoring system, comprising:

- an **ESG Risk Score**, measuring the extent to which material ESG factors could affect a borrower's credit quality and financial resilience; and
- an **Externality Score**, measuring material net effects a borrower may have on the environment and society.

More details of this new scoring mechanism are contained in the Investment Adviser's report and SEQI's sustainability report for 2026. Financial year 2026/27 will represent an implementation year as we continue to refine the new methodology with a view to obtaining an independent assurance opinion over it at 31 March 2027.

The review also led to other refinements of SEQI's sustainability policies, including updates to the negative screening and thematic investing categories.

This evolution demonstrates our continued commitment to improvement in how we embed sustainability into our risk management, credit discipline and long-term value preservation to support the Company's objective of delivering attractive, stable returns for investors.

## Board changes

There have been a number of changes in respect of the Board and its consultants. Margaret Stephens, Chair of the Audit Committee, stepped down on 31 March 2026. Margaret has made a massive contribution to SEQI, and I would like to thank her for her wisdom, guidance and unstinting commitment. Nicola Paul, who joined the Board last July, has taken over as Chair of the Audit Committee from 1 April 2026.

During the year, Kin Tang completed his placement with us as part of the Guernsey Training Agency's non-executive director ("NED") Development Programme. This programme provides unremunerated board placements for aspiring NEDs from diverse ethnic, social and career backgrounds.

Last autumn, the Board reviewed its workload and the support arrangements that were in place and concluded that it would be appropriate to appoint a new independent consultant with financial and risk expertise to provide enhanced support in a quasi-CFO capacity for the Company. As a result, I am very pleased to welcome Graeme McDonald to the team. Graeme joined on 1 January 2026.

With the departure of Margaret, the Board has reduced from six to five members. We are not planning to initiate an immediate recruitment process for a new Director but will keep Board composition under review. Profiles of the Board and our Investment Adviser are on pages 41 and 42.

## Changes to Articles

The Company undertook a review of its Articles of Association during the year and is proposing effective corporate housekeeping with non-controversial changes to bring the Articles into line with accepted practice across the investment company sector.

## Outlook

The global macro-economic picture remains challenging, affected by the continuing conflicts in Europe and the Middle East, which have impacted oil prices. While risk has undoubtedly increased because of these conflicts, we are confident that the Company is well positioned in the current market given the following characteristics:

- a diversified portfolio of high-yielding loans, producing a portfolio yield[1] of 9-10%;
- a prudent approach to credit risk for new investments;
- improved lending terms, in the context of heightened market volatility, since the end of the financial year;
- continued focus on the share price, proactive approach to discount management through share buybacks and continued Shareholder engagement; and
- an attractive dividend yield, covered by the income generated by the portfolio.

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 and differentiated strategy that can deliver strong risk-adjusted returns for investors.

**James Stewart**
Chair

10 June 2026

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

# 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 27 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 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.

### Renewables

Over the course of the last decade, renewable energy has grown materially as many governments and investors have recognised the unavoidable need for sustainable energy sources to meet energy demands. 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 can 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.

### 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 and have strong asset backing.

### Power

In the power sector, the Fund mainly invests in baseload and energy transition assets. Baseload generators such as nuclear power plants aim to sell electricity all or most 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.

### 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 generally 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.

### Transportation

In the transport systems 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 typically 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 vehicles 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 include infrastructure used in the agricultural sector (such as energy from biomass).

### The market environment during the year

The financial year was characterised by a challenging macro-economic and geopolitical backdrop, including renewed volatility in energy markets. Interest rates began to fall across SEQI's invested jurisdictions, but the outlook for further monetary easing became less certain as inflation risks re-emerged, particularly following renewed instability in the Middle East and continued uncertainty around US trade and tariff policy. Credit markets remained resilient, although spreads stayed historically tight for much of the period, making asset selection and underwriting discipline increasingly important. During this period, the Investment Adviser continued to focus on defensive sectors, senior secured lending and infrastructure assets supported by contractual cash flows.

While heightened geopolitical risk can create short-term pressure on valuations and investor sentiment, market dislocation and any widening of credit spreads may also create opportunities to originate new loans at attractive risk-adjusted returns, subject to the prevailing macro-economic and geopolitical environment.

SEQI remains well positioned for this environment, supported by its diversified portfolio, short weighted average life, enabling the Company to recycle capital into new lending opportunities and capture illiquidity premium as loans mature, and a disciplined approach to credit, while maintaining exposure to long-term themes including energy security, digitalisation, the transition to a lower-carbon economy and the need for private capital to finance essential infrastructure.

# 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

The Company's NAV performance and dividend cover

PAGES 18 TO 19

### Governance

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

PAGES 43 TO 59

### 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 24 TO 31

SEE WEBSITE FOR MORE DETAILS

## Financial outcomes

**6.875p**

The Company has paid dividends totalling 6.875p per Ordinary Share (2025: 6.875p) in respect of the financial year, in line with its dividend target at the time.

**£1.32bn**

The Fund's investment portfolio was valued at c.£1.32 billion at the year end (2025: £1.42 billion).

**1.06x**

The Company's cash dividend cover[1] for the financial year was 1.06x (2025: 1.00x).

**8.4%**

Total NAV return[1] for the year was 8.4% (2025: 6.1%).

**6.6%**

Total share price return[1] for the year was 6.6% (2025: 5.3%).

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

# Business model continued

## Investment process

### Origination

- 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

- 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

- 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 scoring

### Investment approval process

- Full credit memorandum, valuation/yield and sustainability 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

- 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

- 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.

READ MORE ON PAGES 35 TO 39

### Risk Committee

The Risk Committee is comprised of independent Non-Executive Directors. Read more on page 53.

### Independent AIFM Risk Manager

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

## 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 43 TO 46

### 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 48 TO 50

# Investment Adviser's report

"The Investment Adviser's disciplined approach to credit selection and its focus on resilient and predictable cash flows has meant the portfolio has been relatively well insulated from the more acute stress experienced in broader high yield markets

**Steve Cook**
Partner and Head of Portfolio Management

SIMCo

## 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:

### Gross portfolio return of 8-9%

The Fund is invested in a portfolio which currently yields[1] 9.6% and produced a NAV total return[1] of 8.4% in the year, ahead of the Company's target net annual return[1] of 7-8% after annual costs of approximately 1%.

### Cash-cover the dividend target of 6.875p per Ordinary Share per annum

The Company paid four cash-covered 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 59.9% to 63.5%; and NPLs are approximately only 0.3% of NAV.

### Timely and transparent investor reporting

Monthly Factsheet, RNS NAV announcements and full portfolio disclosures have continued to provide investors with complete transparency.

During the year, investor engagement included a capital markets seminar, roadshows and an ESG Investor roundtable event.

### 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 remained broadly stable at 41.5% on 31 March 2026 from 40.6% a year previously. This was achieved through our loan origination activities and tactical use of interest rate swaps.

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

The overall ESG score of SEQI's portfolio at 31 March 2026 was 66.12, up from 64.70 in the previous year. SEQI redesigned its sustainability framework to align with evolving market standards and forward-looking best practices. Further details on the new approach can be found in the sustainability section of our website: **https://www.seqi.fund/sustainability/**.

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

# Investment Adviser's report continued

Economic infrastructure debt occupies a distinctive place within the fixed income universe, offering investors reliable, long-term income streams backed by assets that provide essential services to society. The asset class benefits from structural characteristics resilient across economic cycles: high barriers to entry, predictable or contractually secured cash flows, and robust asset-backed security.

### Overview of infrastructure debt

The sectors that make up economic infrastructure, including transportation, utilities, power, renewables, telecommunications and social infrastructure, are typically governed by long-term concessions, licences or regulatory frameworks, with revenues tied to demand, usage or contracted volumes. This creates an inherent stability that distinguishes infrastructure debt from broader corporate credit.

The global infrastructure investment gap remains vast. In their 2025 infrastructure report (3.5% to 2035: Bridging the global infrastructure gap, July 30, 2025), Allianz Research estimate that the world will need USD4.2 trillion per year of infrastructure investments for the next decade, with an annual funding shortfall of approximately USD0.5 trillion against current trajectories. While some of this gap is being addressed, challenges remain in energy transition, the digitalisation of economies, and the onshoring of supply chains driven by deglobalisation. The explosion in AI-related computing demand alone is expected to require USD5.2 trillion of data centre investment globally from 2025-2030 (McKinsey, The cost of compute: A $7 trillion race to scale data centres). In the meantime, energy security concerns, due to the Russia-Ukrainian war and more recently the US-Iranian conflict, have accelerated grid investment programmes across Europe and the UK.

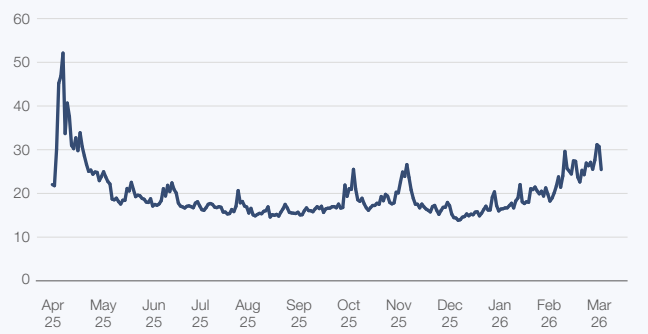
Simultaneously, the supply of bank lending to mid-market infrastructure projects has failed to grow in line with the requirements of the sector. The implementation of Basel IV capital requirements, which came into effect in January 2025, has further increased the cost of bank regulatory capital for unrated project finance loans, and provides a strong headwind against banks increasing their loan books. This continues to create a compelling opportunity for specialist private lenders with the origination expertise and credit skills to fill the gap, and it is precisely this space in which SEQI operates.

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

# Investment Adviser's report continued

## Market backdrop

### VIX (volatility index)



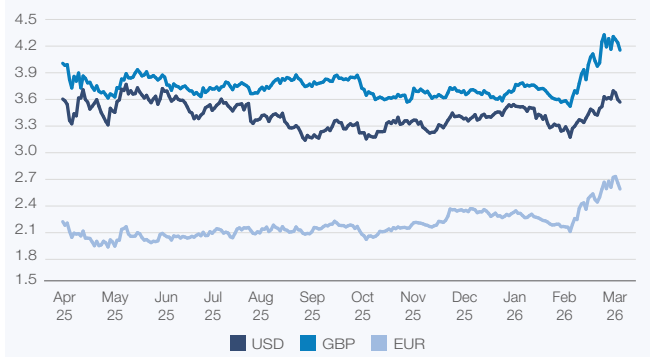

### What is happening?

The financial year was marked by a high degree of geopolitical and macro-economic uncertainty. Global financial markets experienced a sharp spike in volatility, most notably following the announcement of sweeping US tariff measures in April 2025, which drove the VIX index (which measures the market's expectation of 30-day forward-looking volatility implied by the S&P 500 Index option price) to a peak of 52.3. Towards the end of the financial year, the breakout of the Iran war further affected energy prices and contributed to a sharp rise in long-term interest rates, putting pressure on listed alternatives share prices in the final weeks of the year. While volatility has declined from its peak, uncertainty has remained elevated throughout the year, with the VIX averaging 19.4 over the period compared to 16.7 in the prior year.

### Why this matters to the Fund

Infrastructure debt has demonstrated resilience during periods of market stress. The asset class offers investors exposure to tangible assets and operating businesses providing essential or regulated services, with revenues that are less exposed to broader economic conditions when compared to the wider market. This means fundamental credit quality and cash generation tend to remain largely unaffected by episodes of volatility and valuation movements are mostly transient.

### Five-year swap rates (%)




### What is happening?

Central banks across the Fund's investment jurisdictions continued to diverge in their approach to monetary policy over the financial year. The ECB and Bank of England maintained a gradual cutting cycle, while the Federal Reserve adopted a more cautious stance given persistent inflation concerns in the US. Five-year swap rates, a key reference point for fixed rate infrastructure loan pricing, fell broadly over the year before rising sharply in March 2026 following the escalation of tensions in the Middle East involving Iran, closing the financial year at USD: 3.6%, GBP: 4.2%, EUR: 2.6%.

### Why this matters to the Fund

The movement in five-year swap rates has a direct bearing on both the valuation of the Fund's existing fixed rate portfolio and the pricing of new origination opportunities. The pull-to-par dynamic on existing loans is sensitive to the rate environment, while higher swap rates at year end have improved the prospective yield on new investments entering the pipeline. The Fund's active use of interest rate swaps has allowed it to manage this exposure tactically throughout the year.

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

### What is happening?

Credit spreads widened in April 2025 in the immediate aftermath of the tariff announcements, with the ICE BofA BB US High Yield OAS reaching a peak of 3.1% before recovering. Spreads ended the financial year at 2.1%, compared to 2.2% at the start of the period. USD credit spreads remain low by historical standards, but high yield credit spreads in Euros are higher, driven in part by concerns that high energy prices will have a long-term effect on the industrial and transport sectors in Europe.

### Why this matters to the Fund

Wider credit spreads present both challenges and opportunities for the Fund. On the one hand, mark-to-market valuations on existing holdings face downward pressure during periods of spread widening. On the other hand, the Fund has been able to originate new investments at more attractive yields as a result, supporting the long-term income outlook. The Investment Adviser's disciplined approach to credit selection and its focus on senior secured, contractually protected cash flows has meant the portfolio has been relatively well insulated from the more acute stress experienced in broader high yield markets.

# Investment Adviser's report continued

## 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.

### AI and digitalisation

The rapid expansion of artificial intelligence has created unprecedented demand for digital infrastructure, driving a wave of capital into data centres that has compressed risk-adjusted returns to a level the Investment Adviser no longer considers adequate compensation for high yield lenders. The Fund has therefore maintained, rather than grown, its direct data centre exposure, declining a number of opportunities on return grounds during the year.

Instead, the Investment Adviser has focused on adjacent opportunities where the AI buildout creates infrastructure demand but competition remains less intense. Power infrastructure serving data centres is one such area, exemplified by the extension and upsize of the Fund's facility to Project Grange, a leading Irish provider of infrastructure standby generation, with a total commitment of €75 million and a yield to maturity of over 9%. The Fund also selectively added broadband and fibre exposure during the year where pricing remained attractive.

### Energy security

Energy security has emerged as one of the defining infrastructure investment themes of the mid-2020s. The transition away from fossil fuels, the electrification of transport and heating, and the growing power demands of the digital economy have together created substantial and long-dated investment requirements.

These needs have been further accelerated by geopolitical events: Russia's invasion of Ukraine exposed the vulnerability of European energy systems to supply disruption, while the escalation of Middle East tensions involving Iran has reinforced the political and commercial case for energy independence across SEQI's target markets.

During the year, the Investment Adviser made a number of investments reflecting this theme, including two interconnector transactions linking power grids across jurisdictions, which directly support grid resilience and cross-border energy balancing. The Fund also added solar generation exposure in Europe. The Investment Adviser believes energy security will remain a multi-decade investment theme and the Fund is well positioned to continue originating attractive opportunities across this value chain.

### Private credit market growth and scrutiny

Private credit assets under management have grown from approximately USD1.1 trillion at end 2020 to c.USD1.8 trillion by end 2025 (Preqin), attracting growing scrutiny around valuation robustness, underwriting standards and disclosure quality, most visibly in the US Business Development Company sector.

The Investment Adviser believes these concerns do not apply to SEQI, and that the current environment of heightened scrutiny serves to highlight the Fund's differentiating characteristics. Infrastructure debt has historically exhibited structurally lower default rates and higher recovery values than general corporate lending, reflecting the essential nature of the underlying assets and services, and the security packages typically available to lenders. SEQI has no exposure to the segments currently under most pressure, such as software.

Instead, the Fund's loans are underpinned by tangible, cash-generative infrastructure assets and operating businesses providing essential services, supporting downside protection and recoverability in a way that is distinct from more enterprise value-based lending models.

Every loan the Fund makes is independently valued monthly by PwC, with its disposal track record providing further validation: during the year, the Fund exited £474.7 million of private loans at an average price of 1.1% above the two-month-prior carrying value. The Fund also reports monthly with full portfolio disclosure, a level of transparency materially higher than most private credit peers.

## NAV performance

Over the last 12 months, the Company's NAV per share[1] increased from 92.55p to 93.17p, after paying dividends of 6.875p, producing a NAV total return[1] of 8.4% over the period. In comparison to liquid credit markets, SEQI outperformed leveraged loans and high yield bonds, which generated total returns of 5.9%[2] and 5.0%[3] respectively over the same period.

| NAV effect | **Year ended 31 March 2026** | Year ended 31 March 2025 |
|---|---|---|
| Interest income on the Fund's investments | **8.27p** | 8.17p |
| Portfolio valuation movements, net of foreign exchange and hedge movements | **0.11p** | (1.45)p |
| IFRS adjustment from mid-price at acquisition to bid price | **(0.29)p** | (0.17)p |
| Operating costs (including interest expense) | **(1.33)p** | (1.59)p |
| Gains from buying back shares at a discount to NAV | **0.74p** | 0.70p |
| **Gross increase in NAV** | **7.50p** | 5.66p |
| Less: Dividends paid | **(6.88)p** | (6.88)p |
| **Net increase/(decrease) in NAV after payment of dividends** | **0.62p** | (1.22)p |

The NAV growth during the year was primarily driven by interest income and the continued positive contribution of the share buyback programme.

1. See Appendix for Alternative Performance Measures ("APMs")
2. SPBDLLB: Morningstar LSTA US Leveraged Loan 100
3. iShares Global HY Corp Bd GBPH ETF Dist (GHYS.L)

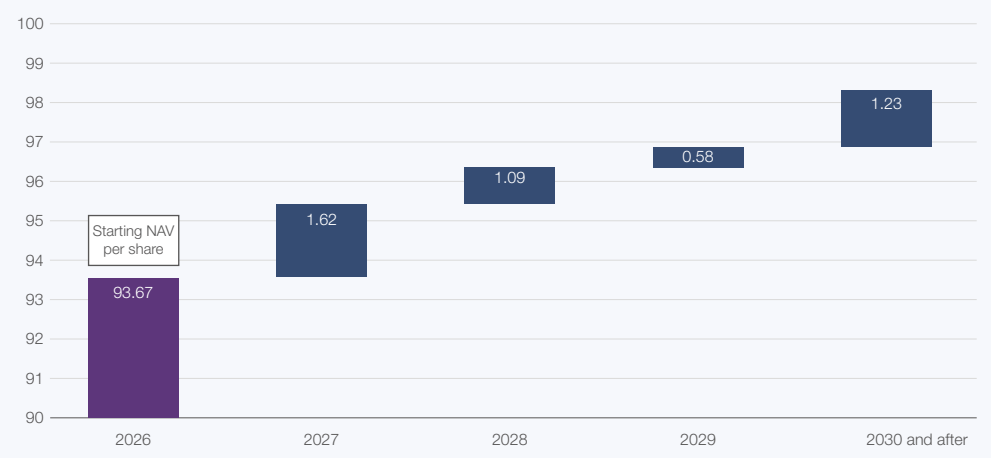
# Investment Adviser's report continued

## NAV performance continued

The portfolio pull-to-par, which is a measure of future NAV gains that will arise solely through the passage of time, is 4.5p per share as at 31 March 2026. 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. Pull-to-par also includes the gain or loss that arises as interest rate swaps approach their maturity date.

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

### Pull-to-par over time




## Share performance

As at 31 March 2026, the Company had 1,479,731,915 Ordinary Shares in issue (31 March 2025: 1,555,061,936). The closing share price on that day was 76.60p per Ordinary Share (31 March 2025: 78.30p), implying a market capitalisation of approximately £1.1 billion. After taking account of quarterly dividends amounting to 6.875p per Ordinary Share, the share price total return[1] over the period was 6.6%, outperforming leveraged loans and high yield bonds which generated total returns of 5.9%[2] and 5.0%[3] respectively.

The year told two distinct stories on share price. Through the first 11 months, sentiment towards SEQI improved materially, with the share price reaching a peak of 84.40p at the end of February 2026 and the discount to NAV narrowing to single digits, reflecting growing investor recognition of the Fund's strong income generation and improving NAV. However, the escalation of Middle East tensions involving Iran in March 2026 triggered a sharp rise in fixed income yields and a broad-based sell-off across listed alternatives, reversing much of the year's gains in the final weeks.

1. See Appendix for Alternative Performance Measures ("APMs")
2. SPBDLLB: Morningstar LSTA US Leveraged Loan 100
3. iShares Global HY Corp Bd GBPH ETF Dist (GHYS.L)

The year-end discount[1] of 17.8% therefore reflected the impact of this late-period market disruption, rather than the share price progress achieved over most of the year, or, in the Investment Adviser's view, the fundamental quality of the portfolio.

The sector-wide discount to NAV has continued to face pressure, with the average discount across the infrastructure, renewable energy and debt sectors moving from 22.0% at the start of the financial year to 22.4% at year end. SEQI's discount, while wider than we would like, compares favourably to many peers and has been among the least volatile in the sector.

The Company continued its active share buyback programme during the year, repurchasing 75.3 million Ordinary Shares at a cost of £59.5 million. Since the programme was first announced in July 2022, the Company has bought back a total of 288.5 million Ordinary Shares. Both the Investment Adviser and the Board believe the current share price discount to NAV remains unwarranted given the strength and resilience of the portfolio, and the buyback programme remains an important tool in managing this discount while delivering NAV accretion for remaining Shareholders.

## Dividend cash cover

SEQI has paid 6.875p in dividends during the last 12 months in accordance with its target. The Fund's dividend cash cover[1] was 1.06x for the financial year, an improvement on the prior year's 1.00x. This improvement reflects two principal factors: the receipt in cash of capitalised payment-in-kind ("PIK") interest during the year; and strong new lending activity, which generated fee income of 0.49p per Ordinary Share.

Looking forward, the Investment Adviser is of the view that the dividend remains sustainable, subject to any unforeseen circumstances, given the strong pipeline of investment opportunities and the yields available on private infrastructure debt.

## Portfolio overview

Throughout the financial 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 and improving the credit quality of the portfolio.

### Consistent NAV returns during volatility

Over the past decade, SEQI has delivered an annualised total NAV return[1] of 8.1%, significantly outperforming Sterling-hedged High Yield Bonds, which returned 4.1% during the same period[2]. This year's NAV total return[1] of 8.4% marks an improvement on the prior year and demonstrates the consistency of SEQI's investment approach in an environment of elevated macro-economic uncertainty and volatility in listed alternatives. With a weighted average yield-to-maturity[1] of 9.6% and a portfolio pull-to-par of 4.5p per share, the Fund remains structurally positioned to deliver both sustained income and capital appreciation as assets mature.

### Consolidation and new investment activity

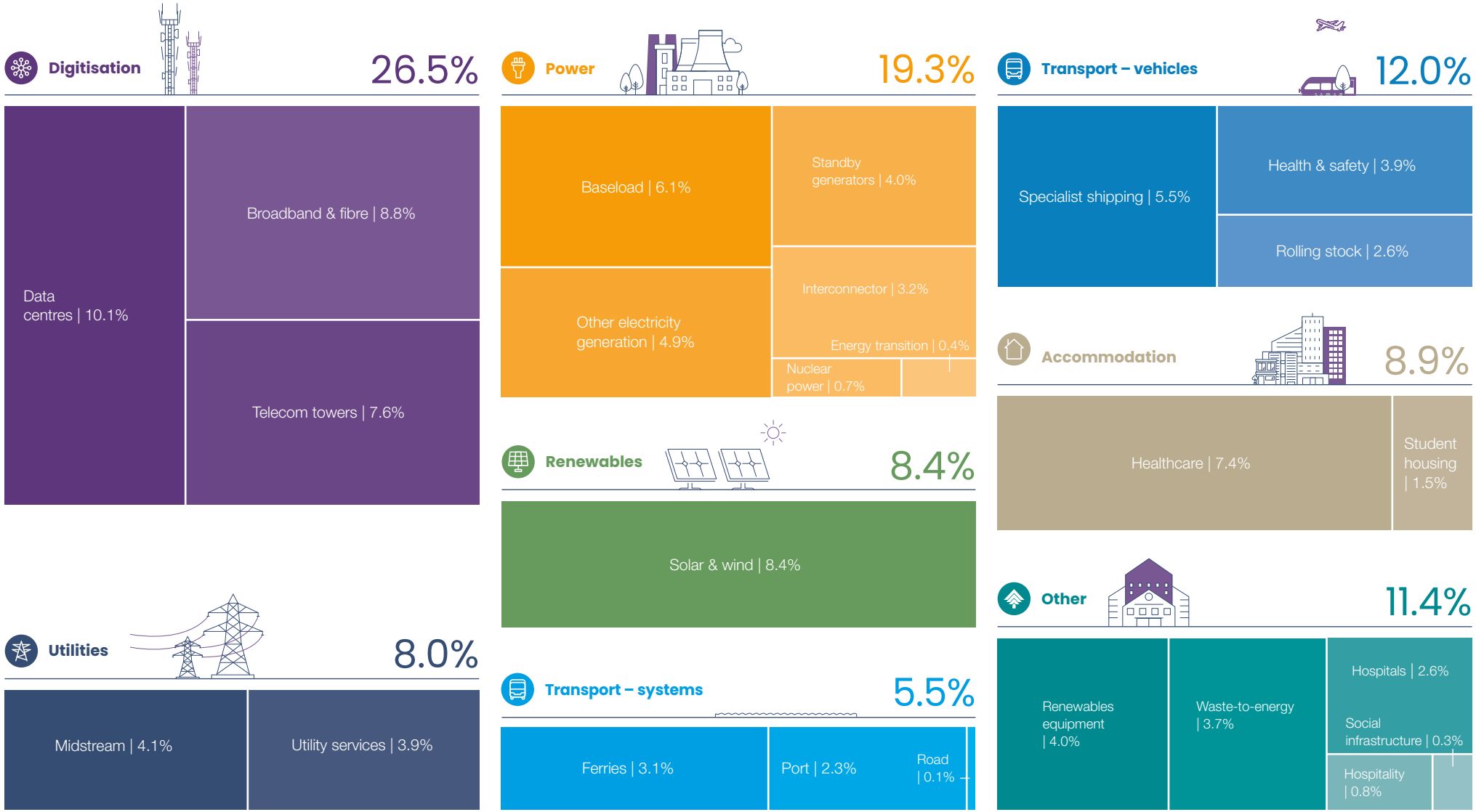
The number of investments in the portfolio decreased from 59 to 50 over the 12-month period. This reflects active portfolio management, including the exit of smaller positions and more liquid public bond holdings, consolidating the portfolio into fewer, higher-conviction positions.

The Investment Adviser has actively redeployed capital from maturing and exited assets into an attractive pipeline of new opportunities and repaid the outstanding RCF as of the prior year end.

The Fund committed £422.1 million to new loans during the year, predominantly senior secured (69% of total) and concentrated in Europe and the UK (81% of total), spread across five of the Fund's eight investment sectors.

# Investment Adviser's report continued

The chart below illustrates the sector and sub-sector allocation as at 31 March 2026:



# Investment Adviser's report continued

## Portfolio overview continued

### Diversification

As a result of new lending activity, the Fund's portfolio remains well diversified across loan types, geographies, sectors and sub-sectors, supported by defined investment limits that underpin this balance. The chart on page 20 illustrates the sector and sub-sector allocation as at 31 March 2026.

### Credit quality

- The proportion of senior secured loans increased from 59.9% to 63.5%, providing enhanced downside protection across the portfolio
- Private debt exposure increased from 90.8% to 94.1%, reaffirming the Fund's core strategy and reversing the modest decline seen in the prior year. Private debt typically enjoys a higher yield than public debt (e.g. high yield bonds) of the same credit quality
- Our policy not to invest in distressed, stressed or "CCC profile" loans remains in place
- NPLs reduced to 0.3% of NAV, down from 1.0% at the prior year end

### Interest rates

The Fund has maintained its shift towards a higher percentage of fixed-rate assets, with 58.5% of the portfolio invested in fixed-rate assets as at year end. The increase in modified duration[1] from 1.9 to 2.3 years reflects this deliberate strategy of locking in currently attractive long-term yields via longer-dated interest rate swaps.

### Construction risk

Construction risk[1] exposure increased marginally from 12.4% to 12.8% of the portfolio as at 31 March 2026, remaining well within the Company's 20% policy limit and below the historical average. The Fund continues to apply a selective and disciplined approach to greenfield projects, investing only where the return appropriately compensates for construction-related risk and avoiding projects carrying both construction and demand or ramp-up risk.

## Portfolio characteristics

### Fund performance

| | | 31 March 2026 | 31 March 2025 | 31 March 2024 |
|---|---|---|---|---|
| Net asset value[1] | per Ordinary Share | **93.17p** | 92.55p | 93.77p |
| | £ million | **1,378.6** | 1,493.2 | 1,524.3 |
| Cash held (including in the Subsidiaries) | £ million | **49.2** | 35.1 | 99.4 |
| Balance of RCF | £ million | **0.0** | 56.9 | 0.0 |
| Invested portfolio | percentage of NAV | **97.7%** | 100.8% | 90.6% |
| Total portfolio | including investments in settlement | **103.6%** | 109.8% | 94.2% |

### Portfolio characteristics[2]

| | | 31 March 2026 | 31 March 2025 | 31 March 2024 |
|---|---|---|---|---|
| Number of investments | | **50** | 59 | 55 |
| Valuation of investments | £ million | **1,320.6** | 1,423.6 | 1,380.7 |
| ESG score | | **66.12** | 64.70 | 62.77 |
| Largest exposure | £ million | **97.8** | 70.3 | 60.6 |
| | percentage of NAV | **7.1%** | 4.9% | 4.0% |
| Single largest investment | £ million | **62.3** | 61.7 | 60.6 |
| | percentage of NAV | **4.5%** | 4.3% | 4.0% |
| Average investment size | £ million | **26.4** | 23.7 | 22.6 |
| Sectors | by number of invested assets | **8** | 8 | 8 |
| Sub-sectors | | **27** | 29 | 30 |
| Jurisdictions | | **11** | 10 | 10 |
| Private debt | percentage of invested assets | **94.1%** | 90.8% | 96.9% |
| Senior debt | | **63.5%** | 59.9% | 58.6% |
| Floating rate | | **41.5%** | 40.6% | 42.1% |
| Construction risk[1] | | **12.8%** | 12.4% | 7.4% |
| Weighted average maturity | years | **3.6** | 3.6 | 4.4 |
| Weighted average life | years | **3.4** | 3.4 | 3.9 |
| Yield-to-maturity[1] | | **9.6%** | 9.9% | 10.0% |
| Modified duration[1] | | **2.3** | 1.9 | 2.2 |

1. See Appendix for Alternative Performance Measures ("APMs")
2. Relates to the portfolio of investments held in the Subsidiaries

# Investment Adviser's report continued

## Credit performance

Over the past financial year, the credit performance of the portfolio has remained resilient. The Fund's annual loss rate is 0.54%, and the proportion of non-performing loans has fallen to 0.3% of NAV, the lowest level since inception, reflecting both the resolution of several legacy positions and the continued high credit quality of new origination activity.

### Non-performing loans

Lenders are, in general, obligated to maintain confidentiality towards the companies they lend to. The Company's policy is therefore not to publish specific details of underperforming loans, except where the borrower has entered a public insolvency process. Further, publicly disclosing the challenges at any underperforming business could worsen its operational prospects, for instance by making it harder to retain employees or secure new contracts.

A loan secured against a property in Washington DC, which had been impaired following a significant reduction in federal education funding in the city, was further written down during the year and has now been sold.

Thereafter, the Fund holds one remaining non-performing loan, representing 0.3% of NAV. The loan is secured against a tangible asset and is carried at a value consistent with the Investment Adviser's conservative assessment of recoverable value. Legal proceedings remain ongoing and the Investment Adviser continues to work actively to maximise recovery for Shareholders. The Company is unable to provide further details regarding the identity of the borrower for commercial reasons and will update investors as circumstances allow.

## Balance sheet management

The Fund ended the financial year with the RCF fully repaid and a cash balance of £49.2 million (including cash held in the Subsidiaries), reflecting strong capital recycling activity throughout the year. Notably, some of this cash is not investable as it is tied to the interest income of the Fund and is therefore earmarked for our investors' next dividend payment. The invested portfolio stood at 97.7% of NAV at year end, consistent with the Fund's objective of remaining fully deployed.

New origination has been concentrated in sectors where the Investment Adviser sees the most compelling risk-adjusted returns at this point in the cycle, notably renewables, power and digitalisation, while the broader portfolio has been actively tilted toward defensive, senior secured positions. The Investment Adviser continues to see an attractive pipeline of opportunities across the Fund's target markets and remains focused on maintaining full deployment as capital is recycled from maturing positions.

## Origination activities

SEQI'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, while secondary market acquisitions facilitate the efficient deployment of capital into seasoned assets with established performance histories.

### Primary market origination

The primary market remains the Fund's core focus, representing 88.6% of the portfolio as at 31 March 2026, an increase from 83.7% in the prior year. The Investment Adviser actively originates bilateral transactions and participates in club deals involving a small group of aligned lenders, where it can negotiate favourable terms and maintain strong ongoing relationships with borrowers. Primary market activity has been well diversified across sectors and geographies during the year, with a continued preference for senior secured structures.

### Secondary market acquisitions

Secondary market acquisitions, representing 11.4% of the portfolio, provide a complementary source of deployment, enabling rapid capital recycling into seasoned assets with established credit histories. The Investment Adviser selectively uses the secondary market to manage portfolio composition and enhance liquidity where appropriate.

### Expanding our investment universe

As SEQI approaches its twelfth year of operation, the Investment Adviser has identified a growing number of attractive infrastructure debt opportunities in jurisdictions outside the Fund's current eligible geography. While the Fund's original investment mandate was well suited to the market landscape at the time of its IPO in 2015, the global infrastructure debt market has developed significantly since then, with compelling opportunities now emerging across a broader range of developed economies.

The Investment Adviser is therefore working with the Board to propose an expansion of the Fund's eligible jurisdiction list to include investment grade rated member countries of the Organisation for Economic Co-operation and Development ("OECD") beyond the current mandate. This would include robust developed economies such as Japan and South Korea, where the Investment Adviser has been building origination capability, including through the opening of a new office in Hong Kong. No capital has been deployed into new jurisdictions at this stage. The Board intends to consult Shareholders formally on this proposed change and further details are set out in the Directors' report on page 58.

**Sequoia Investment Management Company Limited**

Investment Adviser

10 June 2026

# Investment Adviser's report continued

# Active Care Group

ACG is a UK provider of complex care, including acquired brain injury, acquired spinal injury, neurological conditions, learning disabilities, and respiratory and ventilation. ACG operates across hospitals and step-down residential settings, supported living, care in the home, and case management.

ACG is active across several main segments:

- **Residential and Neuro:** The largest segment by revenue and EBITDA, operating specialist neuro-rehabilitation and complex-needs residential facilities across a national estate and 812 beds
- **Care in the Home ("CITH"):** Provision of domiciliary complex care packages
- **Case Management:** Co-ordination of care and rehabilitation packages
- **Staffing:** Provision of specialist clinical and care staff through ACG's internal bank and external placement model

### Our investment in ACG

Following the restructuring of the business in May 2024, the Fund has investments across ACG's capital structure, including senior secured debt (along with other lenders) and subordinated debt (held via the Luxembourg Subsidiary) and common equity (held by a UK Subsidiary). To be prudent, we currently ascribe no value to the common equity, although this may change as we make progress on our exit strategy.

| Instrument | Cost £ million | Valuation £ million |
|---|---|---|
| Senior secured debt | 50.6 | 62.0 |
| Subordinated debt | 52.3 | 35.8 |
| Common equity | 0 | 0 |

Note that the senior secured debt is being held at a premium to cost, reflecting the accrual of interest, while the subordinated debt is at a discount to cost, as a result of the valuation process.

The clear result has been a transformation in the quality of the estate:

**£30.8m**
**Estate investment**
Invested in upgrading clinical environments and the wider estate

**£7.7m**
**IT investment**
Modernising digital infrastructure and clinical systems

### Continuing investment in the business, improving quality and building a platform for future success

Over the past two years, ACG has had a focus on improving the quality of its care provision, which is central to its business and the key to future success. In total, approximately £38.5 million has been invested in the business, through a combination of funding from SEQI, third-party debt funding and internally generated funds.

At the same time, ACG is undergoing a strategic pivot away from NHS and local authority patients, by launching a new division, Active Neuro, providing neuro-rehabilitation services for insurance-funded and private-pay patients (as well as publicly funded ones). The UK has a chronic shortage of such facilities and privately funded patients carry higher margins and more favourable working capital dynamics than NHS-funded care.

### Financial strategy

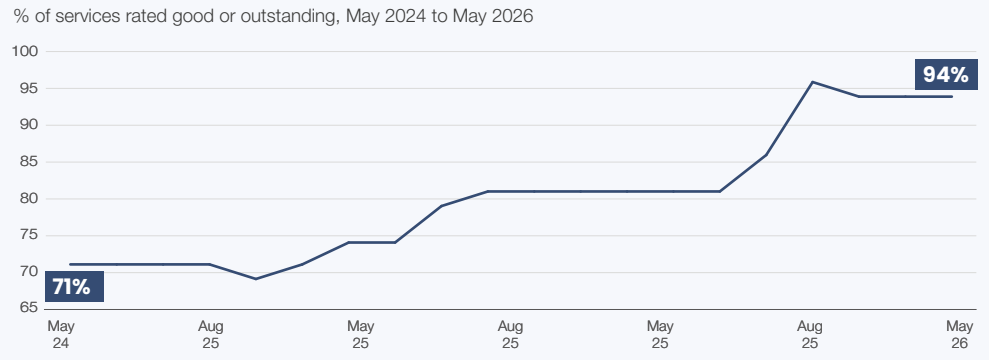
As part of this pivot, ACG has embarked on a disposal programme of non-core assets, providing additional funding for investment in the private-pay part of the business and increasing the group's operational focus on neuro-rehabilitation. At the same time, as it executes on its strategy, ACG will be able to return capital to its lenders, including SEQI.

The disposal programme began in the first calendar quarter of 2026, with the exchange of contracts for the sale of its Remeo division (long-term respiratory care) in May 2026. The programme is expected to continue over the course of 2026 and into 2027.

### Risks

The performance of the Fund's investments in ACG is subject to material risks including, but not limited to: the ability of ACG to meet its budget, including the rollout of private-pay neuro-rehabilitation services; its ability to dispose of non-core divisions and assets at suitable prices and on a timetable consistent with its business plan; its ability to manage its operating costs; its ability to manage its capital costs, including the cost of refurbishing and/or acquiring and/or redeveloping healthcare facilities; its ability to increase revenues from the public and private sectors in line with or faster than cost inflation; its ability to manage its working capital requirements; its ability to continue to maintain appropriate banking and other financing facilities; its ability to retain and attract high-quality employees; the tax regime in the United Kingdom, including taxes related to payroll; and the general macro-economic conditions of the United Kingdom.

### Quality trajectory



# Sustainability

## Key highlights from the year

- Conducted a comprehensive review of SEQI's approach to sustainability, including a landmark stakeholder materiality assessment
- Designed an entirely new dual scoring methodology to integrate material sustainability factors, comprising an ESG Risk Score and an Externality Score
- Refined negative screening criteria, and expanded positive screening theme to explicitly cover transition financing
- Hosted a second ESG roundtable event, convening Shareholders and key stakeholders to engage with peers, share insights and provide feedback on priorities and market developments contributing to the development of SEQI's updated sustainability strategy
- Under the legacy scoring methodology, the portfolio weighted average ESG score increased for the sixth consecutive year from 59.61 in 2020 to 66.12 in 2026
- Sixth year obtaining independent limited assurance over portfolio ESG metrics
- Recalculated historic portfolio emissions to align with updated metrics to improve comparability across years
- Our Investment Adviser improved all its scores under the UN Principles for Responsible Investment ("PRI") assessment[1]
- The Company offset its remaining operational greenhouse gas ("GHG") emissions through the purchase of carbon credits

The Company's standalone comprehensive Sustainability Report 2026 is available on the Company's website here: **www.seqi.fund/sustainability/publications/**, alongside its sustainability policy, framework methodology, regulatory disclosures, assurance report, and other sustainability-related documents.

1. The Investment Adviser's PRI scorecard is included within the standalone Sustainability Report 2026 and their public Transparency and Assessment Reports are available on the UN PRI website: **https://ctp.unpri.org/dataportalv2/transparency.**

# Sustainability continued

Over the period, the global backdrop to sustainability strategies has deepened in complexity, impacted by heightened geopolitical volatility, significant changes in trade dynamics and supply chain reliability, and the material reshaping of key sustainability regulation. The responsible investment landscape has been unsettled by this rising complexity and divergent stakeholder expectations. Despite this shifting terrain, the fundamentals have not changed: material environmental, social and governance factors remain integral to understanding asset performance, credit strength, and long-term resilience. Against this backdrop, the Company has undertaken a holistic review of its existing approach to sharpen its focus on the factors that genuinely drive value and risk.

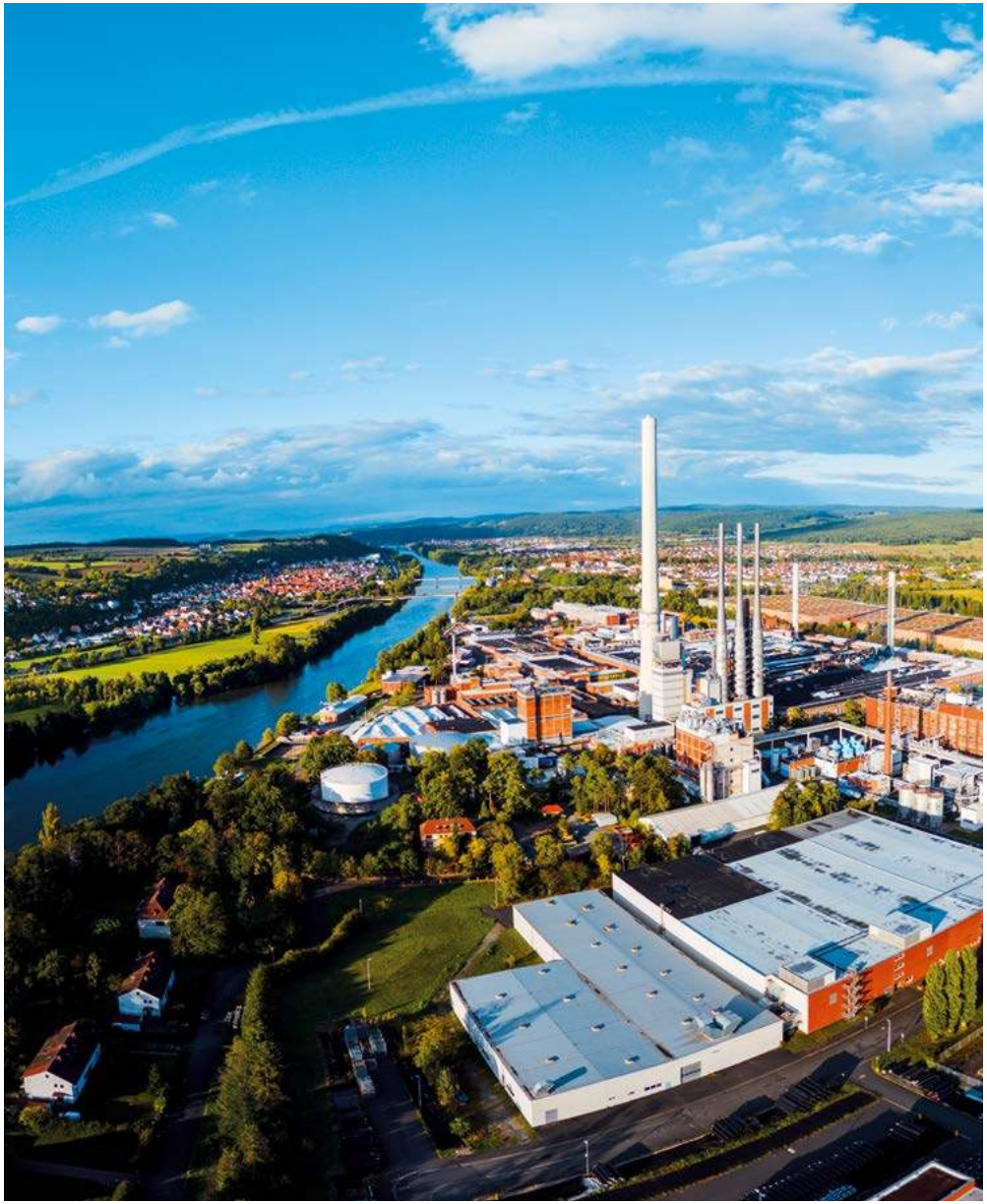
This wholesale review began with a detailed self-evaluation of the strengths and limitations of the Company's existing sustainability approach combined with an assessment of peer practices and the evolving regulatory landscape. The Company then conducted a stakeholder materiality assessment survey followed by engagement including an in-person discussion at the Company's second ESG roundtable event. The survey sought views on the importance, usefulness and effectiveness of different responsible investing activities (such as screening, scoring, different methods of engagement, external assurance, and voluntary initiatives and memberships). The survey also queried respondents on their priorities and views on the relative importance of various global sustainability impacts, to them personally, their firm, and for an infrastructure debt fund like SEQI, and involved ranking of certain impact topics. The results from the survey and follow-up engagement programme have directly informed the redesign of SEQI's updated sustainability framework.

The resultant changes in the sustainability framework are described on the next page.

SEQI continues to disclose as an Article 8 fund under SFDR. SEQI's TCFD report in the Appendix provides, for the second year, full emissions metrics and climate scenario analyses across the portfolio. In addition, it includes recalculated historic portfolio emissions data in order to facilitate comparisons over time. The Board was pleased to note improvement in the Investment Adviser's PRI scores across all applicable categories compared to its prior assessment[1].

The Board is proud of the progress achieved this year as SEQI has advanced, refined and strengthened its approach to sustainable investment integration. The Board believes these changes will enhance the discipline with which we assess risk and opportunity across the portfolio and is confident that these developments will support long-term value and resilience to deliver outcomes for the benefit of Shareholders and advance its pursuit of meaningful contribution to sustainable economies.

For more information on this, please refer to the Company's standalone Sustainability Report 2026 published on the Company's website: **www.seqi.fund/sustainability/publications/**.



1. The Investment Adviser's PRI scorecard is included within the standalone Sustainability Report 2026 and their public Transparency and Assessment Reports are available on the UN PRI website: **https://ctp.unpri.org/dataportalv2/transparency**

# Sustainability continued

## SEQI's updated sustainability framework

### Negative screening

Negative screening continues to represent a cornerstone of the Company's sustainability approach and was identified in the materiality assessment as the most important activity in a responsible investment framework.

Refinement has been made to the Company's previous broad military infrastructure exclusion so that it is targeted to specifically exclude **controversial weapons** (anti-personnel mines, cluster munitions, chemical and biological weapons) manufacturing and distribution.

The new framework also clarifies explicit exclusion of companies in severe violations of internationally recognised **human rights** standards, namely the United Nations Global Compact ("UNGC") principles and the OECD Guidelines for Multinational Enterprises.

These enhancements reinforce the Company's commitment to responsible investment and ensure that its negative screening approach remains both robust and aligned with prevailing regulatory guidance and investor and market views on defence.

### Thematic investing (positive screening)

The survey results also showed that thematic investing is a key component of the Company's sustainability approach, reflecting its role in directing capital towards assets and sectors that support demonstrable positive environmental and social outcomes. The Company continues to apply its positive screening framework to increase exposure to investments aligned with its defined sustainability themes, without compromising investment requirements on portfolio diversification and ensuring compliance with concentration limits.

Following the materiality assessment, a targeted enhancement has been made to the thematic framework to more explicitly recognise the role of **transition financing** in supporting real-world decarbonisation and contribution to the global transition pathway by formally incorporating it within the theme of "enabling the transition to a lower carbon economy". This refinement ensures that the framework captures assets that may not yet be fully sustainable but are on a pathway towards improved environmental performance.

## Scoring

The use of a scoring framework was highly valued across stakeholders who participated in the survey, highlighting the importance of a robust and transparent scoring framework as a means of quantitatively assessing sustainability across the portfolio. At the same time, respondents supported a strong focus on materiality within a sustainability scoring methodology. Feedback also supported the idea of a clearer separation of risk from impact factors.

Aligned with this, the Company has introduced a new dual-scoring framework effective 1 April 2026, comprising a new ESG Risk Score and a new Externality Score.

The **ESG Risk Score** assesses the extent to which ESG-related factors could present a risk to a borrower's financial performance and credit quality. The first stage is to determine which ESG risk factors are relevant and material for an asset. The methodology incorporates a materiality taxonomy based on the asset's sub-sector. These materiality classifications have been informed by the Sustainability Accounting Standards Board Standards but tailored to reflect the infrastructure credit asset class and the more granular sub-sectors considered by SEQI. The materiality classifications set the weighting of each factor in the ESG Risk Score calculation. Second, the borrower's performance in managing each of these risks is then assessed by identifying relevant supporting evidence (if any), such as policies and procedures in place at the company. The resultant ESG Risk Score is considered within the investment process and ongoing asset monitoring.

The **Externality Score** evaluates a borrower's effects or impacts on the external environment and society (i.e. impact materiality). To calculate the Externality Score, companies are assessed for their performance across a range of environmental and social externalities they create, both positive and negative. The specific externalities that are included within this assessment, and their respective weightings in the score calculation, have been informed by stakeholders' views and priorities expressed in the materiality survey and follow-up engagement. While the Externality Score does not determine an investment decision, it carries weight in shaping engagement priorities and is used in reporting.

Together, these two scores provide a more structured and balanced view of sustainability through a double materiality lens, enabling the Company to distinguish between ESG risks and opportunities that may affect financial returns and the wider impacts its investments are having on the world. The scores reflect different aspects of an asset and will be used in different ways across the investment process. Over the course of the year, the Company will work on fully embedding this new dual-scoring framework and rolling it out across the portfolio.

More detail on the new framework is included in SEQI's latest sustainability policy, dated 1 April 2026, with full accompanying methodology for the screening processes and scoring calculations in the Sustainability Framework: Evidence and Procedures document, both published on the Company's website here: **www.seqi.fund/sustainability/publications/**.

# 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. Provide transparent reporting on SEQI's scoring framework.

## For the year ended 31 March 2026, KPIs relating to the Company's first two sustainability goals have been independently assured by KPMG.

These data points are indicated with a (Δ) in this Annual Report. The reporting criteria and KPMG's limited assurance opinion are available in the Sustainability Publications section of our website: **www.seqi.fund/sustainability/**

Since the year ended 31 March 2021, the Company obtained limited assurance over the weighted average ESG score for the portfolio. In light of the reformation of the entire scoring framework for this financial year, SEQI will instead commission an independent pre-conditions review, assessing readiness for assurance and providing feedback to the Company on the new scoring methodology.

## 1. Comply with negative screening criteria

The following sub-sectors or asset types are excluded from investment:

- **Controversial weapons** (anti-personnel mines, cluster munitions, chemical and biological weapons) manufacturing and distribution
- **Violation of human rights** (companies in severe violation of the UNGC principles or OECD Guidelines for Multinational Enterprises)

As SEQI's investment criteria limits investment to only certain types of economic infrastructure, this means that in practice, many harmful or controversial asset types de facto will not fall for investment consideration, for example: **alcohol production, gambling operations, tobacco cultivation or production, pornography production and adult entertainment activities**.

Ancillary revenues arising from the following excluded activities would not normally constitute a material part of that business (i.e. more than 5% of its total revenues):

- **Thermal coal mining** and directly related infrastructure
- **Power generation from coal** and any asset using thermal coal
- **Upstream exploration or production of oil and gas**

**During the year, 100% of investments were compliant with the Company's negative screening criteria.**

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

During the year, the Fund did not finance any "transition projects", being projects that, whilst they 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, though that may be considered for future investment.

# Sustainability continued

## Progress report continued

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

SEQI has adopted a range of investment thematics, including, but not limited to, three with sustainability characteristics:

- **Renewable energy** (e.g. generation of solar, wind and geothermal energy and directly related businesses including renewable energy suppliers)
- **Enabling the transition to a lower-carbon world** (e.g. grid stabilisation, electric vehicles infrastructure, traffic congestion reduction solutions) and transition financing (i.e. companies or assets that are not yet sustainable but that are on a credible transition path, such as the substitution of coal by gas)
- **Infrastructure with social benefits**, which provides for basic or critical human needs and requirements (e.g. clean water and food security) or brings a positive change by addressing social challenges and inequalities (e.g. healthcare, education and affordable housing) or advancing society as a whole (e.g. progressing and facilitating telecommunications)

Positive screening will be employed to increase SEQI's exposure to these investment themes, subject to existing concentration limits.

**Thematic investing covers 74% of the Fund's investment portfolio for the year ended 31 March 2026, averaged across each quarter end.**

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

Below is the breakdown across each theme:

**Renewable energy**

10%

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

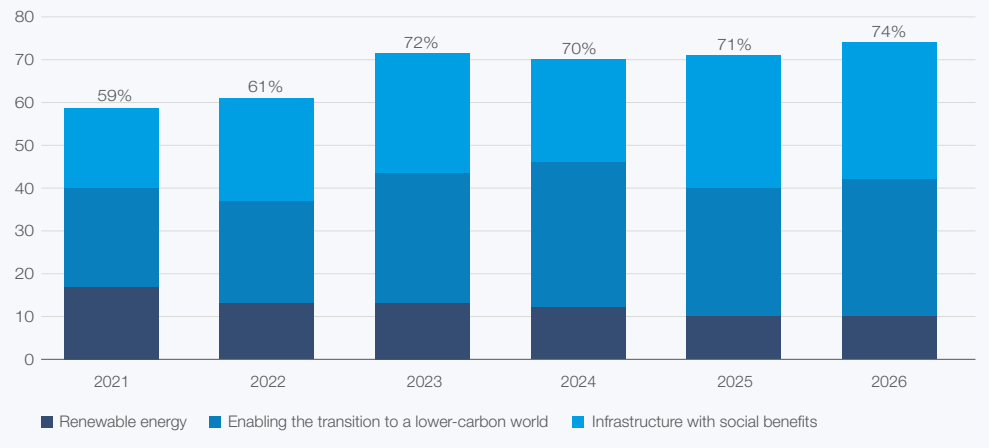
32%

**Infrastructure with social benefits**

32%

The remaining 26% of the portfolio sits within a diversified mix of infrastructure assets that do not necessarily fall within the scope of these three themes.

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




This year, the Fund invested in two new renewables projects within solar power and two other new projects that enable the transition to a lower-carbon world, which were a wind turbine service provider and an interconnector project.

# Sustainability continued

## Progress report continued

### 3. Provide transparent reporting on SEQI's scoring framework

Last year, under the prior scoring system, each investment in the portfolio was assessed using the Company's longstanding, single ESG scoring methodology. The Company has historically sought to increase the portfolio's weighted average ESG score over time, while balancing this objective against the need to maintain diversification across sectors, sub-sectors and investment stages, and meeting target returns. Diversification remains a core component of the Company's investment strategy and a key driver of long-term risk-adjusted returns.

This legacy ESG scoring framework has been embedded within the Company's investment process for the past seven years and has played a key role in supporting sustainability integration, portfolio monitoring, and reporting. The financial year ended 31 March 2026 marks the final period for which this methodology is applied. In line with prior years, the Company has set out below the portfolio's ESG score for the year and an analysis of the key drivers of its movement. This is intended to provide continuity and transparency ahead of the transition to reporting under the new dual-scoring framework from the next financial year.

The legacy ESG score was primarily driven by the environmental characteristics of the sub-sector in which the asset operates, with adjustments made to reflect the borrower's environmental, social and governance performance. These adjustments also took into account the direction of travel where relevant, recognising improvements or deterioration in the borrower's sustainability practices over time.

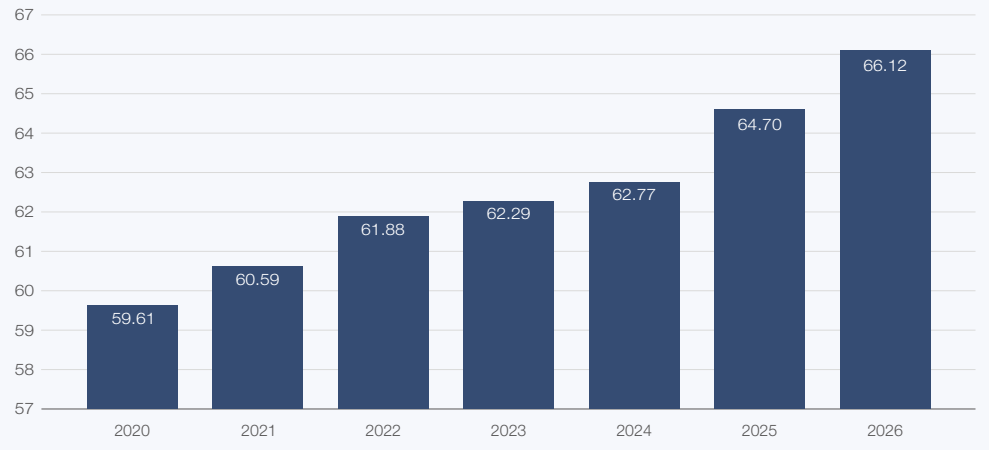
This ESG score was expressed on a scale from 0 to 100. At the upper end, assets such as renewable energy projects with strong social and governance practices would typically achieve the highest scores, while assets with more harmful environmental impacts and weaker ESG management would score on the lowest end (noting that certain high-impact sectors, such as thermal coal, are excluded from investment under the Company's negative screening criteria).

ESG analysis and scoring form an integral part of the investment process. Scores are calculated prior to submission to the Investment Committee and considered alongside, but independently from, traditional credit analysis. Following investment, ESG performance is monitored on an ongoing basis, with periodic score reviews supported by borrower engagement activities, including an annual sustainability questionnaire and direct dialogue with management teams of borrowers.

**The portfolio's weighted average ESG score was 66.12 as at 31 March 2026.**

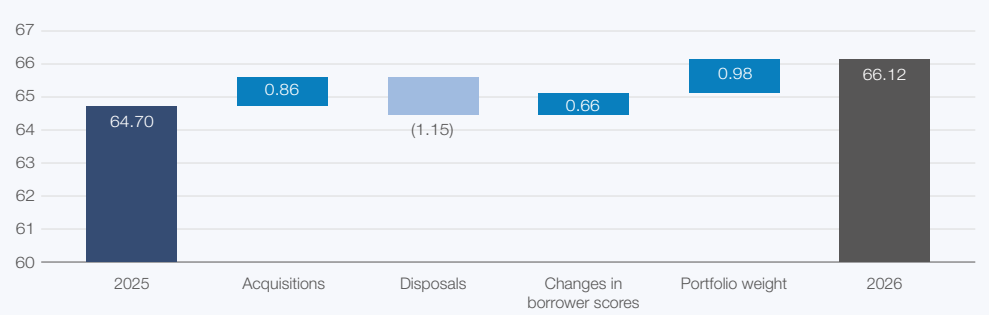
From 1 April 2026, the Company will move to a new methodology that will no longer be comparable with this scoring framework.

**Portfolio ESG score**




The different factors driving the change in the weighted average ESG score from 64.70 the previous year to this year's score of 66.12 are summarised in the waterfall chart below:

**ESG score change**



# Sustainability continued

## Progress report continued

### 3. Provide transparent reporting on SEQI's scoring framework continued

#### Acquisitions: The effect of new investments

- During the year, the Fund made £422.1 million worth of acquisitions with a weighted average ESG score of 66.25, signalling positive progress. During the year, SEQI increased its investment in the renewables sector, with two new loans being extended to solar PV portfolio projects in Europe with much higher-than-average ESG scores. SEQI also financed an interconnector project, which has favourable sustainability characteristics and enables the integration of more renewables and grid efficiencies in the US, reflected in the reasonably high ESG score for this asset. Lastly, a new loan was extended to a global industrial services provider specialising in onshore and offshore wind installation and maintenance, surface protection, scaffolding, insulation, welding and electrical services. The positive contribution from acquisitions was partially offset by the refinancings of an existing low-scoring power plant and a port infrastructure asset.

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

- Since March 2025, assets totalling over £474.7 million were repaid or were disposed of from the portfolio. These had a weighted average ESG score of 65.10. The net negative effect was mostly driven by the repayment of high-scoring assets such as Infinis (a waste-to-energy and battery storage company) and Techem (a service provider for smart metering, energy management and sustainable buildings). However, these negative movements were partially offset by SEQI exiting its lowest scoring asset during the year, a US-based aircraft lessor.

#### Changes in ESG scores: The effect of increases or decreases in borrower ESG scores

- Changes in the ESG scores of borrowers contributed 0.66 to the average score for the year. No borrowers ended the year with score downgrades, whereas seven borrowers improved their ESG scores over the course of the year. One example of a score improvement was a company that provides midstream and downstream solutions that made positive governance changes to its Board resulting in majority independence.

#### Portfolio weight: The effect of price changes, paydowns and changes in weights of loans in the portfolio

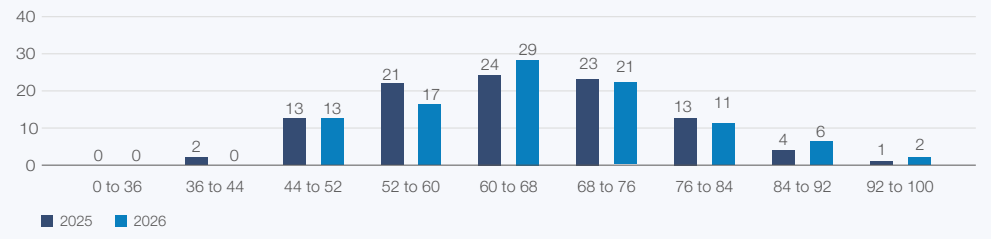
- There was a significant positive impact of 0.98 that came from the increased weighting of high-ESG-scoring loans, most notably upsizing of the highest scoring asset in the portfolio, a company that provides solar panels and battery storage products to homes across the US, together with another notable upsize of loan to a UK-based business that provides key services to the energy transition, utilities and digital infrastructure sectors.

**Note, there was also a small cross effect, which arises when two or more factors change at the same time.**

#### Portfolio ESG score

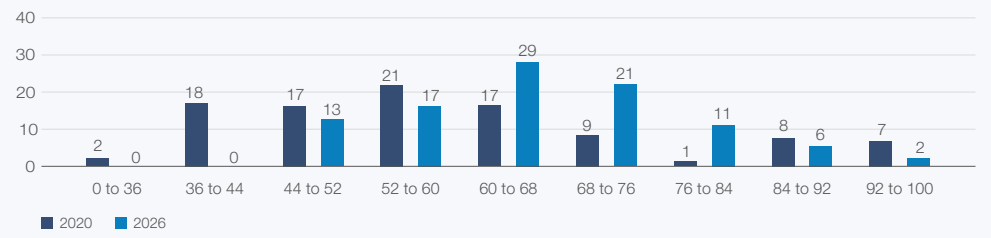
The chart below represents a comparison of the portfolio's ESG profile between 31 March 2025 and 31 March 2026:

**Year-on-year ESG score histogram** (% NAV)




As this prior legacy ESG scoring framework reaches the end of its life, a chart below has also been provided comparing the portfolio's ESG profile at 31 March 2020, when the framework was first fully implemented, versus today's portfolio as at 31 March 2026:

**ESG score histogram over time** (% NAV)




This illustrates a clear shift in the portfolio away from the least sustainable asset types. Notably, the reduction over the years of assets scoring at the very top end of the range reflects the enhancement in standards and increase in rigour and discipline of application and evidence requirements in order to award points.

# Sustainability continued

## Progress report continued

### 3. Provide transparent reporting on SEQI's scoring framework continued

#### Portfolio ESG score continued

With effect from 1 April 2026, the Company has transitioned to its new dual-scoring approach. As the new scoring framework is embedded and rolled out over the coming financial year, the Company considers it appropriate to take the period to assess, reflect on, and refine its application before tracking new metrics, setting new quantitative targets or seeking external assurance over any of these. In the interim, it remains committed to providing clear and transparent reporting on the implementation and outputs of the new scoring framework.

#### Climate mission

Over recent years, the Company has continued to enhance its climate-related reporting and analytical capabilities. SEQI reports estimates for both its operational emissions and its financed emissions, together with additional carbon intensity metrics relating to the SEQI investment portfolio. This year, in response to Shareholder feedback, prior period emissions data has been recalculated to improve consistency and comparability over time. Further detail on the Company's emissions profile and scenario analysis, including discussion of trends, explanatory notes, and underlying methodologies, is provided in the Company's TCFD report 2026. This can be found in the Appendix and is also published separately on the Company's website.

#### Emissions

| Company operational emissions ($tCO_2e$) | Year ended 31 March 2024 | Year ended 31 March 2025 | **Year ended 31 March 2026** |
|---|---|---|---|
| **Scope 1** | nil | nil | **nil** |
| **Scope 2** | nil | nil | **nil** |
| **Scope 3 (Operational)** | 44 | 44 | **48** |

| Portfolio emissions | Year ended 31 March 2024 | Year ended 31 March 2025[1] | **Year ended 31 March 2026** |
|---|---|---|---|
| **Scope 3: Financed emissions (tCO2e)** | 724,250 | 783,447 | **562,161** |
| PCAF Data Quality Score (1-5) | 2.09 | 2.03 | **2.02** |
| Carbon to investment ($tCO_2e$/£m) | 443 | 502 | **366** |
| Weighted Average Carbon Intensity ("WACI")[2] | | | |
| ($tCO_2e$/£m revenue) | 1,261 | 1,192 | **1,175** |
| (% portfolio applicable to) | (85%) | (94%) | **(88%)** |

1. In response to Shareholder feedback, historic portfolio emissions have been calculated in order to facilitate comparisons over time. Additionally, numbers for the year ended 31 March 2025 have been restated to exclude portfolio companies' Scope 3 emissions; the approach taken by SEQI this year is likely to result in more reliable data, less double counting, and better alignment with market practice for enhanced cross-fund comparability.
2. 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 percentage of the portfolio for which the WACI number could be calculated has been indicated in brackets.

The year-on-year fluctuations can largely be attributed to the rise in portfolio company reporting, meaning that over time reported figures increasingly replace estimates. It should also be noted that as there is meaningful, regular portfolio churn and movement, the 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. The decrease in financed emissions this year, for example, is mostly the result of the disposal of a high-emitting aircraft asset with no acquisition of an alternative asset in this sub-sector.

# 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 debt finance to the Company. In addition, the Board has a Sustainability 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.

ESG and sustainability factors are considered when assessing recipients of the Company's capital. For instance, the Company has requested information on suppliers' sustainability policies, transition plans and offsetting initiatives. The interests of borrowers, sponsors and relevant intermediaries involved in the credit process are also assessed and 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 Company, 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 Company'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.

### 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 engages with the Company's key stakeholders, monitors the outcome of decisions, and considers feedback as part of its 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 47 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 quality of engagement with local communities. Refer to the sustainability report on pages 24 to 31 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 47 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.

### 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 44 of the corporate governance statement.

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

The Board, in conjunction with the Investment Adviser and Broker, engages actively with Shareholders to understand their views and to ensure their interests are taken into account 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 the majority of Shareholders, and to inform the Board's future decision-making.

### How the Company engages

The Board, alongside the Investment Adviser and the Broker, 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 setting 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. Regular 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 seminar

The Company held a hybrid in-person and virtual capital markets seminar during the year, with guest speakers and the Investment Adviser's wider team, featuring a series of short presentations, panels and investor Q&A sessions. The aim of the event was to provide investors with an insight into international infrastructure and current credit investment themes, as well as an update on the positioning of the Company against the current market backdrop. Topics covered included the evolution of infrastructure debt as an asset class during the 10 years since SEQI's launch; trends and themes in a fast-expanding infrastructure universe; digitalisation and AI; challenges and opportunities in the market; and the value of active management in high-yield infrastructure investments.

### Sustainability materiality assessment and Investor roundtable

This year, the Company conducted a wholesale review of SEQI's approach to sustainability, stepping back to evaluate how we are integrating sustainability, the investment value of each initiative and activity in place at SEQI, and to identify areas where we can most effectively deepen and direct our efforts. As part of this, in September 2025, as outlined above, the Company conducted a wide-ranging stakeholder materiality survey to identify which key sustainability issues, initiatives and impacts are most valued and considered significant to SEQI's stakeholders: Shareholders, the Board of Directors, and key service providers such as the Investment Adviser and AIFM.

The Company hosted its second ESG Investor roundtable event in October 2025, bringing together members of the Sustainability and Stakeholder Engagement Committee, representatives from the Investment Adviser, and a range of engaged Shareholders and stakeholders. The event focused on presenting the results of the stakeholder materiality assessment survey and offered a valuable forum for open dialogue, with attendees providing constructive feedback on the proposed changes and reaffirming the importance of such continued engagement as SEQI further develops its sustainability approach.

This comprehensive stakeholder materiality assessment and engagement programme throughout the year has helped to support identification of priority areas for resource allocation, as well as directly informing the evolution of SEQI's revised sustainability strategy, as outlined in this report.

### Share buyback programme

Since July 2022, and in response to the macro-economic headwinds faced by investment companies from capital outflows, 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 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 infrastructure sector. 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.

### Scrip dividend scheme

On 10 July 2020, the Company published a Scrip Dividend Shareholder Circular describing the terms under which Shareholders could elect to receive shares, credited as fully paid, in lieu of cash in respect of interim dividends declared by the Company for the 2020/21 dividend cycle. The Scrip Dividend Shareholder Circular was re-issued in July 2021 in respect of the 2021/22 dividend cycle. In May 2022, following a period of significant market volatility, the Board took the decision to suspend the scrip dividend alternative as the quoted price of the Company's shares fell to a discount to the ex-dividend NAV per share. The suspension of the scrip alternative remains in force.

# Stakeholders continued

## Borrowers

### 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 and Independent Consultants.

All borrowers are screened and their eligibility is assessed against the Company'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 allow for 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

### 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 aimed at ensuring 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 2025 and March 2026, 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 47 for further information.

## Lenders

### Why engage?

The Company's lender, J.P. Morgan ("JPM"), provides an 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

### Why engage?

The Company'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 Company 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 Company's own long-term success.

### How the Company engages

Economic infrastructure is infrastructure that promotes socio-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 applies positive screening to these types of assets 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 impact upon and relationship with local communities.

# 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 53.

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 2026.

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.

### 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 currently 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

- The current US government added to the geopolitical uncertainty triggered last year by its tariff policy by threatening to seize Greenland, capturing and removing the Venezuelan president, and launching an attack on Iran that led to the closure of the Strait of Hormuz.
- The medium to long term macro-economic consequences of these actions are not yet clear but in the short term, significantly higher commodity prices, interest rates, inflation and other challenges will put additional strains on borrower operating models in most jurisdictions.

### 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 provides an expansive universe of potential targets.
- Any broadening of the investment mandate to include jurisdictions outside the current guidelines would further enhance SEQI's opportunity set.

#### Evolution

- Credit funds seeking alternatives to Software as a Service ("SaaS") and AI-linked debt products, and other investors drawn to the historical outperformance of infrastructure debt, have increased demand for the asset class.
- The Company's ability to meet borrower debt quantum objectives has been impacted by the shrinking of the Fund's portfolio.
- Infrastructure debt at attractive risk return levels became increasingly difficult to source as the year progressed, although spread widening linked to geopolitical turmoil in the closing months provided a boost to the origination pipeline.

# 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

- A slower than initially expected fall in risk-free rates followed by an end-of-year reversal has not significantly changed the attractiveness of SEQI shares relative to gilts and other liquid investment alternatives.
- Well-publicised problems in the Business Development Company ("BDC") sector in the US have heightened investor concern in all private credit-related products.
- Infrastructure debt, often backed by hard assets and contracted and/or predictable cash flows, continues to stand out as a haven when compared to many other competing credit products.

### 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 versus new investments is included as part of the investment process, with potential costs associated with any shrinkage of the portfolio taken into consideration (e.g. reduced diversification).

#### Evolution

- Geopolitical volatility, through its ongoing impact on trade, commodity prices and other macro-economic factors, continues to unevenly affect sector performance, thus maintaining the heightened relevance of the allocation decision noted 12 months ago.
- The persistence of a share price discount to NAV continues to add weight to the buyback versus new asset capital allocation 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.
- When needed, new resources are recruited to complement existing skills.
- The review process is constantly adapted to include the potential impact of new and emerging risks on credits under consideration.
- 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 Investment Adviser continues to adjust assumptions made in the underwriting process to accurately reflect current risks in the market.

### 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[1] recovered to 1.06x from 1.00x over the course of the year due to an increase in fee income from new lending activity and the repayment of capitalised PIK interest.
- Rising interest rates at year end helped increase cash flow available from floating rate assets in the portfolio.
- The presence of a few larger capitalised PIK payments in the portfolio can increase the lumpiness of cash flow and coverage ratio volatility if payments are not made as envisaged.

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

# 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 to both investors and potential borrowers 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 when possible to help 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

- The Company has remained locked out of the capital markets for another year, and share buybacks have continued to shrink the portfolio.
- Having limited funds to invest and smaller maximum transaction sizes can reduce the relevance of the platform to major infrastructure borrowers and have a corrosive impact on origination team morale.

### 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 factors leading to volatility in credit spreads have not changed significantly from last year end.
- Heightened geopolitical risks are expected to continue to engender uncertainty in the markets.

### 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 activity that may not be in the best interests of all Shareholders.**

#### Mitigation

- The Company is highly focused on its share price discount to NAV[1] and actively seeks out views on the issue from Shareholders and other market participants.
- The Company continues to focus on broadening distribution, working with Kepler Partners to increase demand from retail and smaller wealth management accounts, and J.P. Morgan Cazenove and Jefferies as joint Brokers to 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 price discounts to NAV on investment companies, particularly those backed by alternative assets, remain high.
- Gains made over the latter part of the year, where SEQI's discount shrunk to 9.3%, were wiped out at year end due to market concerns linked to the US-Iran war, though the discount to NAV has since recovered to 11.8%.
- Activist investors have increased their focus on and capital commitment to the sector, leading to increased corporate activity.

### 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.

#### Evolution

- The current US administration continues to disrupt the global political and economic order with multiple interventions, contributing to an increase in macro-economic uncertainty and volatility.
- Significant increases in commodity prices including oil and gas and other operating inputs are starting to impact many borrower business models.

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

# 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 and AIFM and at least annually by the Board. Loans having credit issues or of particular interest are placed under an enhanced level of surveillance.
- The impact of specific factors (e.g. exposure to SaaS) is looked at on a portfolio-wide basis as needed to help identify and limit correlation risk.

#### Evolution

- In general, borrower counterparty risk has increased as the volatility of macro-economic factors and higher input prices will stress many business operating models.
- With the additional capital contributed to support its turnaround strategy and the fall in total portfolio size due to share buybacks, ACG now represents a concentration risk at 7.1% of NAV.
- SaaS exposure has been reviewed and judged immaterial.

### Service provider risk

**Investment Adviser key-person/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-person 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

- While still fully committed, the senior partners are a year closer to retirement.
- All team members have built up additional experience, with certain key employees having further developed their management and leadership credentials.
- Investor interest in infrastructure assets has led to a pickup in demand for the Investment Adviser's investment advice and management services, providing a boost to team morale.

### 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 Company has remained unleveraged for most of the year, due to a larger than expected number of loan repayments, and as a consequence headroom under the RCF remains in place.
- The portfolio continues to generate a significant amount of liquidity from interest payments and loan repayments.
- While the full impact has not yet been felt, the current economic environment may reduce the ability of some borrowers to make scheduled interest payments due to operating stresses.

### Cyber risk

**Cyber risk**

**The risk of a third party gaining access to SEQI's systems and confidential data due to inadequate or non-existent cyber security prevention policies being in place.**

#### Mitigation

- Key service providers, as regulated entities, are required to have cyber risk prevention policies in place that are reviewed on engagement and periodically thereafter.
- Incidents linked to cyber-related breaches are reported to the AIFM with any serious incidents highlighted immediately to the Board.
- Business continuity policies are in place to help mitigate any impact should SEQI suffer a cyber incident or any information security breach.

#### Evolution

- The evolution of AI has led to its increased use in identifying and exploiting cyber vulnerabilities, enabling more sophisticated attempts to access sensitive data and perpetrate fraud.
- Phishing and other forms of cyber-crime continue to increase in both complexity and sophistication.
- Increasing reliance on digital infrastructure and interconnected systems across service providers heightens the risk of indirect exposure through third-party vulnerabilities.

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

# Principal and emerging risks and uncertainties continued

## 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.

### 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 Ordinary Shares. SEQI'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 organisational structure on an ongoing basis and has recently retained an external adviser to support its assessment of the viability of the structure and related processes.

### 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. No major issues were identified as a result of these reviews and further details can be found in the report of the Management Engagement Committee.

### Cyber, IT failure, money laundering, fraud

The Board remains vigilant to the prevalence and trajectory of risks associated with IT failures, money laundering and fraud that could lead to reputational damage, legal liability or financial losses due to disruption of SEQI'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. 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.

### Sustainability risk

Shareholders, regulators and the market in general are increasingly focused on sustainability-related risks and exposures. Failing to meet and maintain the standards and objectives set by the Board on sustainability-related matters, report and disclose as required under increasing mandatory regulations and directives, and screen and monitor investments to avoid adding undesirable assets can lead to reputational damage, legal liability and loss of income.

SEQI established the Sustainability and Stakeholder Engagement Committee to, amongst other things, promote its stated sustainability objectives and goals, monitor progress against these and verify that reporting and disclosure requirements and commitments 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 taken and further details can be found in the report of the Sustainability and Stakeholder Engagement Committee.

### Board governance

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

For any 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.

On 31 March 2026, Margaret Stephens, the Chair of our Audit Committee, stepped down. With Margaret's departure, the Board has reduced from six to five members. The Board is not planning to initiate an immediate recruitment process for a new Director, but will keep Board composition under review.

Andrea Finegan, our Independent Consultant, who had focused primarily on sustainability-related topics, also departed this year. Last autumn, the Board reviewed its workload and the support arrangements that were in place and concluded that it would be appropriate to appoint a new independent consultant with financial and risk expertise to provide enhanced support in a quasi-CFO capacity for the Company. As a result, Graeme McDonald joined the team on 1 January 2026.

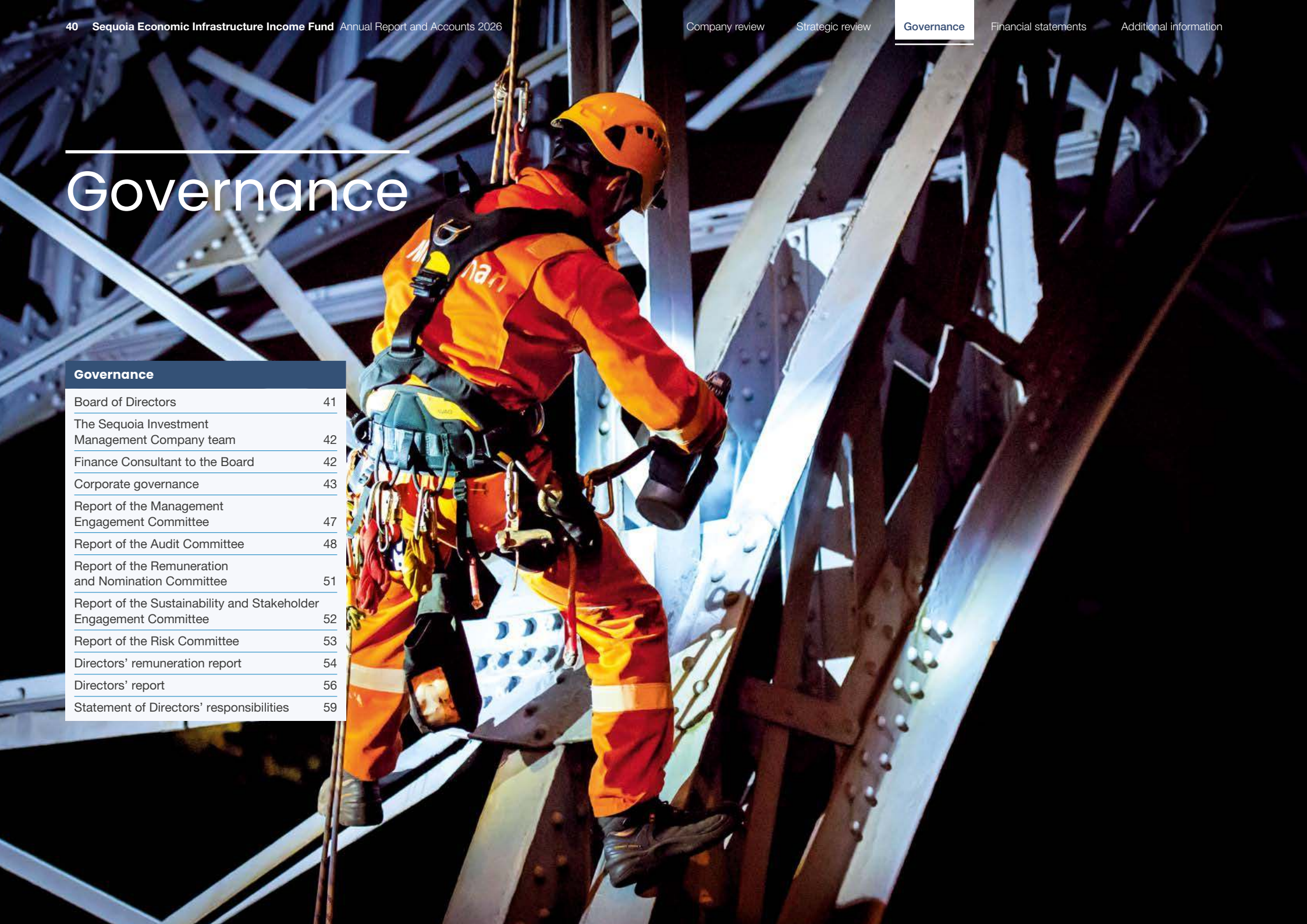
Board performance continues to be evaluated by an independent third party on a regular basis. During the year, the Company engaged Trust Associates to perform this review. Further details can be found in the report of the Remuneration and Nomination Committee and the corporate governance report.

## Emerging risks

SEQI is constantly alert to the possibility of emerging risks. Once a new emerging risk is identified, the Board will assess the likelihood and impact of that risk and will agree appropriate strategies to avoid, mitigate and/or manage it. Emerging risks are listed in the risk register and managed through discussion of their likelihood and impact at Risk Committee meetings, Board meetings and Board strategy days as appropriate. Currently, the Board remains vigilant against unexpected risks arising from ongoing geopolitical events, government responses to fiscal challenges and populist voter demands in the jurisdictions in which our borrowers operate, and unexpected consequences linked to the build-out of the AI ecosystem.

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



## Governance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# Board of Directors

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

**James Stewart**
Chair
M N R S

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 trustee of the Shaw Trust; chair and trustee of Power for the People.

Author of the Stewart Review on HS2 and wider lessons for major infrastructure projects.

**Tim Drayson**
Non-Executive Director
A M N R

Over 40 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.

**Paul Le Page**
Non-Executive Director
A M N 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 and 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.

**Nicola Paul**
Non-Executive Director
A M N R

Over 30 years of experience working in the finance industry in the Channel Islands.

Fellow of the Institute of Chartered Accountants in England and Wales.

Former associate partner of Deloitte LLP.

Specialist in advising on accounting, corporate governance and risk management and control matters.

Non-executive director of Partners Group Private Equity Limited.

**Selina Sagayam**
Non-Executive Director
A M N S

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

Former senior counsel and chair of ESG Practice at Gibson, Dunn & Crutcher. Law firm partner.

Former 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; chair of Cranstoun, vice chair of Refuge, trustee of Changeworks.

**Key**

- A Audit Committee
- M Management Engagement Committee
- N Remuneration and Nomination Committee
- R Risk Committee
- S Sustainability and Shareholder Engagement Committee
- ● Chair

# The Sequoia Investment Management Company team

Sequoia Investment Management Company Limited ("Sequoia") is an experienced investment adviser which has acted as Investment Adviser to the Company from its inception. Sequoia's management team and Investment Committee are as follows:

**Randall Sandstrom**
Director and CEO/CIO

Over 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

Over 40 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 25 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).

# Finance Consultant to the Board

**Graeme McDonald**

Chartered Accountant with over 25 years' post-qualified experience, mainly in FTSE-listed investment trusts.

Former CFO for a boutique private equity fund manager and Financial Controller for the Scottish National Investment Bank and Fund Finance Director for two FTSE-listed REITs working at Aberdeen/Standard Life.

Extensive experience advising investment trust boards on strategy in relation to finance, debt, dividend policy and risk management.

# 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 AIC Code of Corporate Governance (August 2024) (the "AIC Code"), which can be found at **https://www.theaic.co.uk**. 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 companies. 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 2026, the Company has complied with the provisions of the August 2024 version 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 2026, the Board of Directors comprised five (2025: 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 41.

James Stewart is the Chair of the Board.

Tim Drayson is the Chair of the Risk Committee.

Paul Le Page is the Chair of the Management Engagement Committee and of the Remuneration and Nomination Committee and is the SID.

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

Nicola Paul was appointed to the Board on 1 July 2025. She was appointed as Chair of the Audit Committee with effect from 1 April 2026.

Margaret Stephens was appointed as Chair of the Audit Committee with effect from 1 April 2025 and retired from the Board on 31 March 2026.

External executive search consultancy firms Sapphire Partners and OSA Recruitment ("OSA") were engaged in relation to the appointments of Selina Sagayam and Nicola Paul respectively. Neither Sapphire Partners nor OSA has any other connection to the Company.

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 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 and the Board as an additional point of contact and to act as a sounding board for the Chair whilst communicating any concerns from the Board and Shareholders to the Chair. The SID is also responsible for working closely with the Chair to develop the Board's succession planning.

In accordance with the AIC Code, all Directors are subject to re-election annually by Shareholders and will not serve for more than nine years. The Board has adopted a policy on tenure that it considers appropriate for an investment company.

In line with the AIC Principles, the Chair will remain independent throughout their tenure and should normally serve no more than nine years as a Director and Chair. To manage succession planning and where the Board considers it to be in the best interest of the Company as a whole, the Chair may, in certain circumstances, serve beyond this timeframe. In such circumstances, the independence of the other Directors will ensure that the Board as a whole remains independent.

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. Five 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 Board has now been fully refreshed, with all Directors having served for less than five years and two new Directors having been appointed during the year.

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 2026, the Board was 60% male and 40% female, following the retirement of Margaret Stephens on 31 March 2026. During the period between 1 July 2025 and 31 March 2026, the Board was 50% male and 50% female.

# Corporate governance continued

## Board diversity continued

In compliance with Listing Rule 6.6.6 ("LR 6.6.6"), 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) | 4 | 80 | 4 |
| Black/African/Caribbean/Black British | — | — | — |
| Other ethnic group | 1 | 20 | 1 |

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 6.6.6, 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 6.6.6 in respect of gender and 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 Company 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 by Trust Associates during the 2026 financial year and the findings were formally considered by the Board in June 2026. 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 2029.

## 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 32 to 34 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 Sustainability and Stakeholder Engagement Committee can be found on page 52.

Through designing an effective sustainability policy which reflects the Board's core values and the alignment of this with the Company'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.

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.

# Corporate governance continued

## Directors' remuneration continued

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 54 and 55.

## 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 32 to 34.

## Directors' meetings and attendance

The table below shows the Directors' attendance at Board and Committee meetings during the year.

| Committee | Number of meetings held | James Stewart | Tim Drayson | Margaret Stephens | Paul Le Page | Selina Sagayam | Nicola Paul |
|---|---|---|---|---|---|---|---|
| Board – scheduled | 4 | 4 (4) | 4 (4) | 4 (4) | 4 (4) | 4 (4) | 3 (3) |
| Board – ad hoc | 9 | 8 (9) | 7 (9) | 6 (9) | 9 (9) | 8 (9) | 7 (7) |
| Audit | 3 | N/A | 3 (3) | 3 (3) | 3 (3) | 3 (3) | 2 (2) |
| Risk | 4 | 4 (4) | 4 (4) | N/A | 4 (4) | N/A | 3 (3) |
| Remuneration and Nomination | 1 | 1 (1) | 1 (1) | 1 (1) | 1 (1) | 1 (1) | 1 (1) |
| Management Engagement | 2 | 2 (2) | 2 (2) | 2 (2) | 2 (2) | 2 (2) | 2 (2) |
| Sustainability and Stakeholder Engagement | 5 | 5 (5) | N/A | 5 (5) | N/A | 5 (5) | N/A |

The numbers in brackets indicate the number of meetings held during the tenure of the Director or their membership of the specified committee. Selina Sagayam and Nicola Paul joined the Board on 1 April 2025 and 1 July 2025 respectively, and Margaret Stephens retired on 31 March 2026.

During the year Andrea Finegan, the Company's Independent Consultant, attended a number of Risk Committee, Board and other meetings with the Directors until her retirement on 30 June 2025. Since his appointment on 1 January 2026, Graeme McDonald, the Company's Finance Consultant, has attended a number of Audit Committee, Board and other meetings with the Directors.

## 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 Company 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 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 48 to 50.

### 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 35 to 39.

# 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 Company'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 47.

### 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 51, and in the Directors' remuneration report on pages 54 and 55.

### Sustainability and Stakeholder Engagement Committee

The Sustainability 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 Sustainability and Stakeholder Engagement Committee on page 52.

## Management arrangements

### Investment Manager and Investment Adviser

The Directors are responsible for the determination of the Company'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 Company'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 Company.

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 Company'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 2026, the long-term credit rating of the Custodian as reported by S&P is AA- (2025: 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 (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 Financial Reporting Council ("FRC") to Provision 29 of their 2024 edition of the UK Code (together with the equivalent changes to the AIC Code), applicable to accounting periods beginning on or after 1 January 2026, relating to the effectiveness of material internal controls. It has taken a number of steps during the year towards enhancing its existing processes for identifying and 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.

# 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 is chaired by Paul Le Page, with James Stewart, Tim Drayson, Selina Sagayam (with effect from 1 April 2025), Nicola Paul (with effect from 1 July 2025) and Margaret Stephens (until her retirement on 31 March 2026) serving as Committee members. The Committee met twice during the year.

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 Company'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

The Committee undertook an extensive review of all the main service providers during the year, considering, among other matters, the service levels provided, risks and controls and value for money provided by each main service provider. No material issues arose from this review, with feedback provided to the service providers where required, and the Committee continues to work with the Joint Brokers to review the performance of the Company.

## 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. The Committee engaged the services of an independent actuary to review the performance and reporting of the Company. The review concluded that the Company offered a competitive yield within its peer group with an appropriate level of risk and the Committee was therefore happy to recommend the continued appointment of the Investment Adviser, with the continued retention of the Investment Adviser's services 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

10 June 2026

# Report of the Audit Committee

**Nicola Paul**
Audit Committee Chair

Terms of reference of the Audit Committee can be found here

## Chair and membership

During the year, the Audit Committee was chaired by Margaret Stephens (until her retirement as a Director on 31 March 2026), with Tim Drayson, Paul Le Page, Selina Sagayam (with effect from 1 April 2025) and Nicola Paul (with effect from 1 July 2025) serving as members of the Committee. Upon the retirement of Margaret Stephens, Nicola Paul was appointed as Chair with effect from 1 April 2026. The Committee met three 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 41 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 its subsidiary companies (the "Subsidiaries"), which hold all of the underlying investments.

The Company's investment in the Subsidiaries had a fair value of £1,396,025,452 as at 31 March 2026 (2025: £1,479,215,419), 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 review and onward 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 2026, as stated in the Financial Statements, the fair values of the Company's investments in the Subsidiaries are reasonable.

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 three-year period, and the underlying factors and assumptions which contributed to the Committee deciding that three years was an appropriate length of time to consider the Company's long-term viability. This reflects a change from the four-year period considered in previous years which, in the opinion of the Committee, better reflects the current maturity profile of the investment portfolio and inherent difficulties in projecting beyond a three-year period.

# Report of the Audit Committee continued

## Financial reporting and audit continued

The Committee received the 2025 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.

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.

## 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 first appointed as Auditor in respect of the year ended 31 March 2022 and has acted as external Auditor for five years. In addition to the steps taken by the Board to safeguard auditor objectivity, Grant Thornton operates a five-year rotation policy for audit engagement leaders on listed companies such as the Company, with the current audit engagement partner, Cyril Swale, being in the fifth year of his five-year engagement period. As such, following completion of the 2026 audit process, Grant Thornton has confirmed that a new partner will be introduced to the audit.

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 2026, 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 satisfactory.

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 2026, 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 2026 £ | Year ended 31 March 2025 £ |
|---|---|---|
| Annual audit of the Company | 196,128 | 197,950 |
| Annual audit of the Luxembourg Subsidiary | 92,234 | 80,300 |
| Interim review of the Company | 39,700 | 37,800 |
| | 328,062 | 316,050 |

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.

# Report of the Audit Committee continued

## Internal controls continued

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 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.

An area of focus for the Committee in the current year has been the Company's readiness activities relating to changes brought by the FRC to Provision 29 of their 2024 edition of the UK Code, and the corresponding changes to Provision 34 of the AIC Code, which are effective for accounting periods commencing on or after 1 January 2026. In this regard, during the reporting period, the Committee has taken a number of steps to identify the Company's material controls and considered enhancements to current processes for identifying and assessing the effectiveness of internal controls, including updating service provider questionnaires and improved reporting from service providers.

## 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 2026, 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.

**Nicola Paul**
Audit Committee Chair

10 June 2026

# 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 is chaired by Paul Le Page, with James Stewart, Tim Drayson, Selina Sagayam (with effect from 1 April 2025), Nicola Paul (with effect from 1 July 2025) and Margaret Stephens (until her retirement from the Board on 31 March 2026) serving as Committee members. The Committee met once during the year.

## 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 once 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.

Following the retirement of Fiona Le Poidevin on 31 March 2025, the Committee led an extensive independent search for a high-calibre director with a strong finance and audit background.

The search was implemented by OSA Recruitment. The Committee was delighted to announce during the year the appointment of Nicola Paul as a Non-Executive Director with effect from 1 July 2025. Nicola was formerly an Associate Partner at Deloitte LLP and has over 30 years' experience in the finance industry in the Channel Islands. She graduated from the University of Kent at Canterbury, achieving a BA (Hons) degree in Mathematics and Accounting and is a Fellow of the Institute of Chartered Accountants in England and Wales.

The Committee engaged the services of a leading governance consultant, Trust Associates, to review the performance of the Chair, the Board and its committees. The review concluded that the Board was effectively chaired and managed and made some constructive suggestions on how the Board could manage its growing workload.

The Committee was pleased to be able to support the Guernsey Training Agency's NED Development Programme during the 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. Mr Tang completed his tenure with the Company in December 2025.

Following a review of the Board's commitments and responsibilities, and third-party evidence for 2025, the Committee determined during the year that Directors' fees should be increased in line with inflation with effect from 1 January 2026. For details, please refer to the Directors' remuneration report on pages 54 and 55.

**Paul Le Page**
Remuneration and Nomination Committee Chair

10 June 2026

# Report of the Sustainability and Stakeholder Engagement Committee

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

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

## Chair and membership

The Sustainability and Stakeholder Engagement Committee is chaired by Selina Sagayam, with James Stewart and Margaret Stephens (until her retirement from the Board on 31 March 2026) serving as members of the Committee during the year. Nicola Paul joined the Committee on 1 April 2026. 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 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 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 Company's investment objective and investment policy.

## Main activities during the year

The Committee met five times during the financial year. The principal matters considered included, but were not limited to:

- KPMG's 2025 ESG Assurance Report and feedback report for continuous improvement;
- updating and reviewing the 2025 Sustainability Report for the Company;
- updating and reviewing the overall sustainability policy, including the refinements made this year to the negative screening criteria and positive screening themes, and the major updates to the scoring methodology, to ensure the approach remains fit for purpose in the context of emerging sustainability themes and the fast-moving environment;
- enhancing the stakeholder engagement plan to bolster forward planning of the Company's engagement activities;
- the impact of ongoing regulatory developments including Sustainable Disclosure Requirements ("SDR"), Sustainable Finance Disclosure Regulation ("SFDR") 2.0, IFRS Sustainability Disclosure Standards and the Taskforce on Nature-related Financial Disclosures ("TNFD"); and
- organising and co-ordinating ESG/sustainability training for the Board.

During the year, the Committee played a key role in the Company's wholesale review of its approach to sustainability in the investment process. As part of this, in September 2025, the Company conducted a wide-ranging stakeholder materiality survey to identify which key sustainability issues, initiatives and impacts are most valued and considered significant to SEQI's stakeholders: Shareholders, the Board of Directors, and key service providers such as the Investment Adviser and AIFM.

Then, building on the success of the inaugural event last year, the Company hosted its second ESG Investor roundtable event in October, bringing together members of the Committee, representatives from the Investment Adviser, and a range of engaged Shareholders and stakeholders. The roundtable focused on presenting the results of the stakeholder materiality assessment, engaging in dialogue on the issues covered by the survey, how the findings would inform the ongoing evolution of SEQI's sustainability strategy and possible options under consideration by the Company in this regard.

The Committee has continued to monitor the development of other key ESG regulations including the rollout of the FCA's 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 and GFSC's anti-greenwashing regulations.

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/**, with a summary of this set out on pages 24 to 31.

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

10 June 2026

# 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 is chaired by Tim Drayson, with James Stewart, Paul Le Page and Nicola Paul (with effect from 1 July 2025 until 1 April 2026) serving as members of the Committee during the year, and was supported by Andrea Finegan as Independent Consultant until her retirement on 30 June 2025. The Committee met four times during the year.

The Risk Committee works closely with the Investment Manager 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 Sustainability 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.

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 Company's NPL positions, as well as the ACG 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.

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

- consideration of the risk management and counterparty risk assessments carried out by the Investment Manager;
- reviews of credit risk, liquidity targets, cash flow projection methods and swap duration management;
- consideration of high risk loans;
- semi-annual loan and bond portfolio review days;
- semi-annual updates of the Risk Matrix, including consideration of emerging risks;
- participation in the development of the Company's risk mitigation report led by the Audit Committee;
- participation in the review of key-person risk and succession planning of the Investment Adviser led by the Management Engagement Committee;
- participation in the review of the Company's tax position led by the Audit Committee;
- consideration of the Investment Adviser's portfolio modelling and asset valuation processes and procedures;
- review of the valuation policies of the Company;
- consideration of the 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

10 June 2026

# 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 reviewed the Directors' remuneration during the year and determined that, with effect from 1 January 2026, fees should be subject to the following inflationary increases:

- Chair of the Board: £93,150 per annum (2025: £90,000 per annum);
- Base Director's fee: £56,930 per annum (2025: £55,000 per annum);
- SID: £5,180 per annum (2025: £5,000 per annum);
- Chair of the Audit Committee: £13,460 per annum (2025: £13,000 per annum);
- Chair of the Risk Committee: £7,770 per annum (2025: £7,500 per annum);
- Chair of the Sustainability and Stakeholder Engagement Committee: £7,770 per annum (2025: £7,500 per annum);
- Chair of the Management Engagement Committee: £3,885 per annum (2025: £3,750 per annum); and
- Chair of the Remuneration and Nomination Committee: £3,885 per annum (2025: £3,750 per annum).

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

| | **Year ended 31 March 2026 £** | Year ended 31 March 2025 £ |
|---|---|---|
| James Stewart | **90,788** | 81,000 |
| Margaret Stephens | **68,597** | 57,850 |
| Tim Drayson | **63,050** | 57,850 |
| Paul Le Page | **68,095** | 50,656 |
| Selina Sagayam | **63,050** | — |
| Nicola Paul | **41,733** | — |
| Fiona Le Poidevin | **—** | 62,000 |
| Sandra Platts | **—** | 11,894 |
| | **395,313** | 321,250 |

James Stewart was appointed as a Non-Executive Director with effect from 1 January 2022 and served as Chair of the Board throughout the year.

Margaret Stephens was appointed as a Non-Executive Director with effect from 1 January 2024 and served as Chair of the Audit Committee during the year until her retirement from the Board on 31 March 2026.

Tim Drayson was appointed as a Non-Executive Director with effect from 1 January 2022 and served as Chair of the Risk Committee throughout the year.

Paul Le Page was appointed as a Non-Executive Director with effect from 7 June 2024 and served as SID and as Chair of the Management Engagement Committee and of the Remuneration and Nomination Committee throughout the year.

Selina Sagayam was appointed as a Non-Executive Director with effect from 1 April 2025 and served as Chair of the Sustainability and Stakeholder Engagement Committee throughout the year.

Nicola Paul was appointed as a Non-Executive Director with effect from 1 July 2025 and as Chair of the Audit Committee with effect from 1 April 2026.

# Directors' remuneration report continued

During the year, until 28 February 2026, all Directors contributed 1% of their fees to support the Company's carbon offsetting initiatives, described in the Company's TCFD report.

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

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 Association (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 12 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 is subject to re-election at the first AGM following their appointment 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 2026 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

10 June 2026

# Directors' report

The Directors of Sequoia Economic Infrastructure Income Fund Limited are pleased to submit their Annual Report and the Audited Financial Statements (the "Financial Statements") for the year ended 31 March 2026.

## Results and dividends

The results for the year are shown in the statement of comprehensive income on page 69.

The Directors have declared and paid dividends of £105,187,386 during the year ended 31 March 2026 (2025: £109,035,152). 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 Shareholders at 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 41.

Selina Sagayam and Nicola Paul were appointed as Non-Executive Directors on 1 April 2025 and 1 July 2025 respectively. Margaret Stephens retired from the Board on 31 March 2026.

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 ongoing conflict in Ukraine, the US-Iran war and the resulting closure of the Strait of Hormuz, and the ongoing effect of the tariff 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 and interest rate swap positions.

In conducting this review, the Board has also considered the sustainability of the environmental and social impact of the Company's activities. 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 has a very low level of gearing, with its RCF unutilised at the year end.

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 three-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 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 three-year period to March 2029 is an appropriate period over which to provide its viability statement as this approximates to the weighted average life of the Fund's portfolio of investments of 3.4 years and substantially all of the Company's hedging portfolio, and also extends 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 scenarios:

- a 15% shock to the value of Sterling in September 2026, 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 the Board therefore believes 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 0.5% decrease in cash margins in the first six months and 1% for following periods 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 £112.3 million in the downside scenarios, whilst still supporting the Company's target dividend and meeting its financial targets.

No stresses have been run around the Company's ability to refinance its RCF, which is currently undrawn and matures in July 2027. Should the existing lender decline to extend or refinance the facility before it falls due (which the Board believes is unlikely), and should the Investment Adviser be unable to find other banks to replace the existing lender, then the RCF could be repaid in relatively short order by a combination of using the proceeds of loans that repay 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 maintains positive 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
- 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 are required to propose an ordinary resolution that the Company continues its business as an investment company ("continuation vote") every three years. For the purposes of this viability statement and taking account of the result of the August 2024 continuation vote, where 96.43% of votes cast were in favour of continuation, together with more recent discussions with Shareholders, the Directors consider it likely that the vote due in August 2027 will be passed. However, if the continuation vote did not pass, the Directors would be 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 an orderly winding up of the Company, which, based on the maturity profile of the current investments, would likely take a number of years to complete.

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.

## Substantial shareholdings

As at 31 March 2026, the Company had the following shareholdings in excess of 5% of the issued share capital:

| Name | Number of Ordinary Shares | Percentage % |
|---|---|---|
| Rathbones | 99,540,261 | 6.72 |
| Evelyn Partners | 93,137,316 | 6.29 |

## Related parties

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

## Listing requirements

Since its listing on the Main Market of the London Stock Exchange, 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 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. 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 29 July 2025.

When appropriate, the Directors consider the acquisition of Ordinary Shares as part of the Company's 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 75,330,021 of its Ordinary Shares at a cost of £59,504,314 (2025: 70,422,338 of its Ordinary Shares at a cost of £55,858,674), representing a discount to NAV that has been accretive to NAV per Ordinary Share for remaining Shareholders.

### Changes in the Company's Articles and investment policy

#### Investment policy

Following continued growth in investment opportunities in thematic infrastructure, especially in energy transition and digitalisation, the global infrastructure debt market has since expanded significantly in both scale and geographic scope. This has reduced the reliance of the Company and its peers on financing opportunities in individual countries such as the United States and the United Kingdom, and has resulted in a broadening and deepening of capital markets in a wider range of jurisdictions, especially in developed Europe and Asia-Pacific. The Board intends to consult with major Shareholders on expanding the jurisdictions in which the Company can operate and, if thought appropriate, further details will be set out in the AGM notice.

#### Articles of Association

The Company has carried out a recent review of its Articles and identified that certain amendments should be introduced to strengthen the position of the Company from a corporate governance perspective, including the Directors' powers in relation to regulatory and tax compliance matters (in particular as regards US-related tax and securities legislation), and to introduce updated provisions concerning the appointment and retirement of Directors. Accordingly, proposals will be set out in the AGM notice detailing the proposed changes.

### 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

10 June 2026

# 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 International Accounting Standards Board ("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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- prepare the Financial Statements on the going concern basis of accounting, unless they either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

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 41, 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 or loss 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

10 June 2026

# Financial statements

## Financial statements


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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 2026, 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 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 2026 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS Accounting Standards 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 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 cashflow forecasts on top of discussions held with the Investment Adviser and the Board 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 10 June 2027, 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 14 months away from the audit report date. 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. 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 a 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 the applicable provisions of the AIC Code of Corporate Governance.

# Independent Auditor's report continued

to the members of Sequoia Economic Infrastructure Income Fund Limited

### Conclusions relating to going concern continued

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Company's business model. This included macro-economic uncertainties arising from the ongoing conflicts in Ukraine and the Middle East, including escalating tensions between Iran and the United States, and the resulting inflationary pressures and volatility in global financial markets. We also considered the ongoing impact of the current US administration's economic and trade policies, 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.

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 up until 10 June 2027, 12 months from the date of approval of the Financial Statements.

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

Grant Thornton

#### Overview of our audit approach

The materiality that we used for the financial statement audit was £27.6 million, which was determined on the basis of approximately 2% of the Company's net asset value as at 31 March 2026.

Key audit matters were identified as:

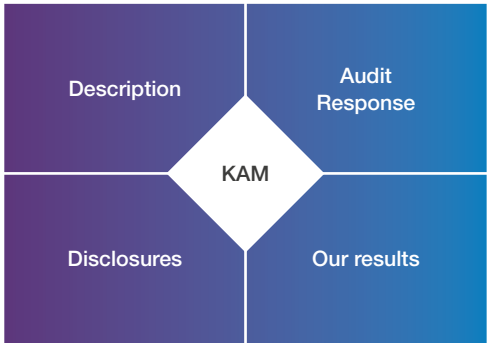
- Valuation of non-derivative financial assets at fair value through profit or loss (same as previous year).

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

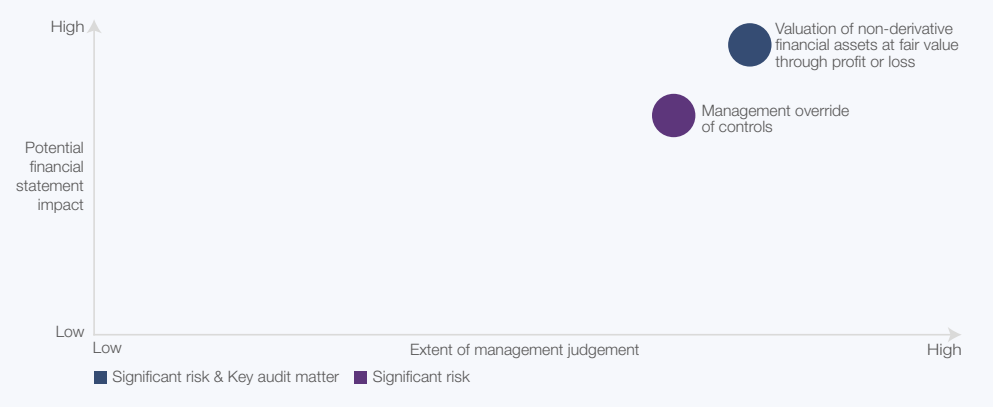
There has been no change in the audit scope from the prior year.

### 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 and significant 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 £1,396 million (2025: £1,479 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 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 Wigeon Holdings Limited (the "UK subsidiaries") (all together the "Fund").

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 asset value. The Luxembourg Subsidiary's net asset value (after the conversion from Luxembourg GAAP to IFRS Accounting Standards as issued by the IASB) 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 investments within the 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 were appropriate and relevant.
- We assessed the independence, competence and objectivity of the Company's Valuation Agent.
- We engaged our internal valuation expert 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 value 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 selected items, the internal valuation expert assessed the reasonableness of key assumptions used in the valuation models. This included the discount rates applied in the discounted cash flow models for performing loans, as well as assumptions such as distressed rates, haircuts, and probabilities of collection used in estimating the net present value of future cash flows for non-performing and underperforming portfolios. These assumptions were corroborated through supporting documentation and benchmarking against relevant market data.
- 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 memorandums) 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 memorandums 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.
  - Assessed the appropriateness of the inputs used in the valuation by tracing them to supporting documentation, including facility agreements, borrowers' financial statements and cash flow forecasts, and related property valuation report, as applicable.
  - Performed research on publicly available information to corroborate the facts and circumstances set out in the valuation report used by Investment Adviser as a basis for the valuation.

# 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 £1,396 million (2025: £1,479 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

- Report of the Audit Committee on pages 48 to 50;
- 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

- For the investments within the Portfolio valued using broker quotes from pricing syndicate desks, 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.
- We assessed whether the fair value disclosures in the financial statements are appropriate, complete and in accordance with the requirement of IFRS 13 Fair Value Measurement.

### 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 IFRS Accounting Standards as issued by the IASB.
  - 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:

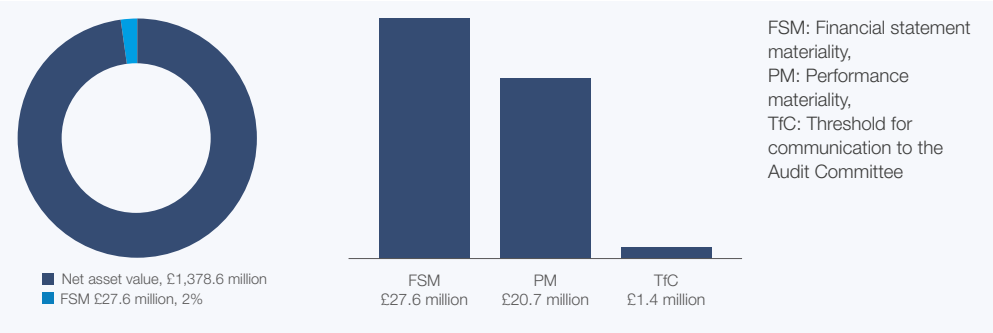
| Materiality measure | Company |
|---|---|
| **Materiality for financial statements as a whole** | We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work. |
| Materiality threshold | £27.6 million (2025: £28.8 million), which represents 2% of the Company's net asset value as at 31 March 2026. |
| Significant judgements made by auditor in determining materiality | In determining materiality, we considered Net Assets value as the most appropriate benchmark as the Company's primary performance measures for internal and external reporting are based on net assets value.<br>Materiality for the current year is lower than the level that we determined for the year ended 31 March 2025 driven mainly by asset repayments and portfolio realisations, with repayments exceeding new investment activities, alongside returns of capital to shareholders through share buybacks and distributions through dividends. |
| **Performance materiality used to drive the extent of our testing** | 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. |
| Performance materiality threshold | £20.7 million (2025: £21.6 million), which is 75% (2025: 75%) of financial statement materiality. |
| Significant judgements made by auditor in determining performance materiality | In determining performance materiality, we made the following significant judgements:<br>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. |
| **Specific materiality** | 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. |
| Specific materiality | We determined a lower level of specific materiality for related party transactions, including Directors' remuneration and related disclosures. |
| **Communication of misstatements to the audit committee** | We determine a threshold for reporting unadjusted differences to the audit committee. |
| Threshold for communication | £1.4 million (2025: £1.4 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 ("Investment Manager") to manage the investment portfolio, which in turn engages the 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 subsidiaries, primarily through the wholly owned Luxembourg 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; and
- For judgements made by the Directors on assessing the appropriateness of preparing the financial statements on a going concern basis, we challenged management's cashflow 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, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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 the relevant section 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 56;
- 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 56 and 57;
- the Directors' statement on fair, balanced and understandable set out on page 59;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 35;
- the section of the annual report that describes the review of the effectiveness of risk management and internal control systems set out on page 46; and
- the section describing the work of the audit committee set out on pages 48 to 50.

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 59, 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 as issued by the 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 the selected journal entries 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**. This description forms part of our auditor's report.

### Other matters

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 5 years, covering the years ended 31 March 2022 to 31 March 2026.

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: 10 June 2026

# Statement of comprehensive income

for the year ended 31 March 2026

| | Note | Year ended 31 March 2026 £ | Year ended 31 March 2025 £ |
|---|---|---|---|
| **Revenue** | | | |
| Net gains/(losses) on non-derivative financial assets at fair value through profit or loss | 6 | **8,464,952** | (4,073,438) |
| Net (losses)/gains on derivative financial assets at fair value through profit or loss | 7 | **(2,122,832)** | 21,885,607 |
| Investment income | 9 | **116,701,476** | 78,766,311 |
| Net foreign exchange gains | | **655,607** | 2,588,001 |
| **Total revenue** | | **123,699,203** | 99,166,481 |
| **Expenses** | | | |
| Investment Adviser's fees | 10 | **9,549,873** | 9,837,744 |
| Investment Manager's fees | 10 | **440,385** | 427,098 |
| Directors' fees and expenses | 10 | **408,807** | 333,969 |
| Administration fees | 10 | **641,859** | 505,738 |
| Auditor's fees | | **256,638** | 246,112 |
| Legal and professional fees[1] | | **623,758** | 1,850,074 |
| Valuation fees | | **708,000** | 725,500 |
| Custodian fees | | **216,951** | 219,056 |
| Listing, regulatory and statutory fees | | **160,782** | 167,894 |
| Other expenses | | **813,747** | 720,827 |
| **Total operating expenses** | | **13,820,800** | 15,034,012 |
| Loan finance costs | 15 | **5,734,997** | 4,332,589 |
| **Total expenses** | | **19,555,797** | 19,366,601 |
| **Profit and total comprehensive income for the year** | | **104,143,406** | 79,799,880 |
| **Basic and diluted earnings per Ordinary Share** | 13 | **6.83p** | 5.04p |

1. Legal and professional fees in the prior year included an amount of £1,025,463 in respect of fees relating to the Fund's investment in Bulb Energy. During the year, the Company's Luxembourg Subsidiary received an amount of £4,476,861 in costs recovered in relation to the Bulb litigation.

All items in the above statement are from continuing operations.

The accompanying notes on pages 73 to 102 form an integral part of the Financial Statements.

# Statement of changes in Shareholders' equity

for the year ended 31 March 2026

| Year ended 31 March 2026 | Note | Share capital £ | Retained losses £ | Total £ |
|---|---|---|---|---|
| **At 1 April 2025** | | **1,664,593,419** | **(225,404,819)** | **1,439,188,600** |
| Ordinary Share buybacks during the year | 12 | **(59,504,805)** | **—** | **(59,504,805)** |
| Total comprehensive income for the year | | **—** | **104,143,406** | **104,143,406** |
| Dividends paid during the year | 4 | **—** | **(105,187,386)** | **(105,187,386)** |
| **At 31 March 2026** | | **1,605,088,614** | **(226,448,799)** | **1,378,639,815** |

| Year ended 31 March 2025 | Note | Share capital £ | Retained losses £ | Total £ |
|---|---|---|---|---|
| **At 1 April 2024** | | 1,720,452,093 | (196,169,547) | 1,524,282,546 |
| Ordinary Share 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) |
| **At 31 March 2025** | | 1,664,593,419 | (225,404,819) | 1,439,188,600 |

The accompanying notes on pages 73 to 102 form an integral part of the Financial Statements.

# Statement of financial position

as at 31 March 2026

| | Note | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|---|
| **Non-current assets** | | | |
| Non-derivative financial assets at fair value through profit or loss | 6 | **1,396,025,452** | 1,479,215,419 |
| **Current assets** | | | |
| Cash and cash equivalents | 8 | **2,076,117** | 7,523,136 |
| Trade and other receivables | 14 | **1,566,407** | 2,411,179 |
| Derivative financial assets at fair value through profit or loss | 7 | **4,732,642** | 17,669,291 |
| **Total current assets** | | **8,375,166** | 27,603,606 |
| **Total assets** | | **1,404,400,618** | 1,506,819,025 |
| **Current liabilities** | | | |
| Trade and other payables | 16 | **4,057,973** | 3,596,055 |
| Derivative financial liabilities at fair value through profit or loss | 7 | **21,702,830** | 7,181,087 |
| **Total current liabilities** | | **25,760,803** | 10,777,142 |
| **Non-current liabilities** | | | |
| Loan payable | 15 | **—** | 56,853,283 |
| **Total liabilities** | | **25,760,803** | 67,630,425 |
| **Net assets** | | **1,378,639,815** | 1,439,188,600 |
| **Equity** | | | |
| Share capital | 12 | **1,605,088,614** | 1,664,593,419 |
| Retained losses | | **(226,448,799)** | (225,404,819) |
| **Total equity** | | **1,378,639,815** | 1,439,188,600 |
| | | | |
| **Number of Ordinary Shares** | 12 | **1,479,731,915** | 1,555,061,936 |
| **Net asset value per Ordinary Share** | | **93.17p** | 92.55p |

The Financial Statements on pages 69 to 102 were approved and authorised for issue by the Board of Directors on 10 June 2026 and signed on its behalf by:

**James Stewart**
Chair

The accompanying notes on pages 73 to 102 form an integral part of the Financial Statements.

# Statement of cash flows

for the year ended 31 March 2026

| | Note | Year ended 31 March 2026 £ | Year ended 31 March 2025 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | **104,143,406** | 79,799,880 |
| Adjusted for: | | | |
| Net (gains)/losses on non-derivative financial assets at fair value through profit or loss | 6 | **(8,464,952)** | 4,073,438 |
| Net losses/(gains) on derivative financial assets at fair value through profit or loss | 7 | **2,122,832** | (21,885,607) |
| Investment income | 9 | **(116,701,476)** | (78,766,311) |
| Net foreign exchange gains | | **(655,607)** | (2,588,001) |
| Loan finance costs | 15 | **5,734,997** | 4,332,589 |
| Increase in trade and other receivables (excluding prepaid finance costs and investment income) | 14 | **(148,562)** | (59,360) |
| Increase/(decrease) in trade and other payables (excluding accrued finance costs, investment income and Ordinary Share buybacks) | 16 | **101,822** | (58,883) |
| | | **(13,867,540)** | (15,152,255) |
| Cash received on settled forward contracts | | **30,138,563** | 36,116,611 |
| Cash paid on settled forward contracts | | **(3,760,216)** | (1,682,966) |
| Cash investment income received | | **96,420,734** | 107,906,897 |
| Cash received on disposal of interest rate swaps | 7 | **—** | 5,323,394 |
| Interest rate swap interest paid | 7 | **(1,042,787)** | (1,036,423) |
| Purchases of investments | 6 | **(412,220,987)** | (304,401,710) |
| Sales of investments | 6 | **524,156,648** | 285,143,942 |
| **Net cash inflow from operating activities** | | **219,824,415** | 112,217,490 |

| | Note | Year ended 31 March 2026 £ | Year ended 31 March 2025 £ |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from loan drawdowns | 15 | **129,694,283** | 92,493,120 |
| Loan repayments | 15 | **(186,683,533)** | (35,538,975) |
| Payment of loan finance costs | 15 | **(4,937,882)** | (5,030,210) |
| Ordinary Share buybacks | | **(58,960,785)** | (57,033,497) |
| Dividends paid | | **(105,187,386)** | (109,035,152) |
| **Net cash outflow from financing activities** | | **(226,075,303)** | (114,144,714) |
| **Net decrease in cash and cash equivalents** | | **(6,250,888)** | (1,927,224) |
| **Cash and cash equivalents at beginning of year** | | **7,523,136** | 7,507,495 |
| Effect of foreign exchange rate changes on cash and cash equivalents during the year | | **803,869** | 1,942,865 |
| **Cash and cash equivalents at end of year** | | **2,076,117** | 7,523,136 |

The accompanying notes on pages 73 to 102 form an integral part of the Financial Statements.

# Notes to the Financial Statements

for the year ended 31 March 2026

## 1. General information

Sequoia Economic Infrastructure Income Fund Limited 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 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 Company has also established two direct subsidiaries domiciled in the United Kingdom, Yotta Bidco Limited and Wigeon Holdings Limited (the "UK Subsidiaries") in order to hold equity stakes arising from restructuring of borrower groups in which the Luxembourg Subsidiary had invested. The Company controls these subsidiaries through direct and indirect 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. For further details of the Company's unconsolidated subsidiaries, please refer to note 17.

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.

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 conflict in Ukraine, the US-Iran war and the resulting closure of the Strait of Hormuz, and the ongoing effect of the tariff 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 and interest rate swap positions.

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 2. Material accounting policies continued

### Going concern continued

In conducting this review, the Board has also considered the sustainability of the environmental and social impact of the Company's activities. The 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 has a very low level of gearing, with its RCF unutilised at the year end.

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 21 (amended), "The Effects of Changes in Foreign Exchange Rates" (Lack of Exchangeability): the amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not (effective for accounting periods commencing on or after 1 January 2025).

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 was issued in April 2024 and replaces IAS 1, "Presentation of Financial Statements". The new standard introduces revised presentation requirements for the primary financial statements, including new categories and required subtotals in the statement of profit or loss, enhanced aggregation and disaggregation principles, and new disclosure requirements for management defined performance measures. The Company will apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027. The Company does not plan to adopt the standard early. The Directors anticipate that the adoption of this new standard may have an impact on the Company's Financial Statements in future periods. IFRS 18 does not alter the measurement of financial performance, however it significantly impacts how results are presented and structured, aiming to reduce inconsistency in reported figures.

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 were endorsed for use in the UK in February 2026 as the UK Sustainability Reporting Standards ("SRS"). Whilst currently available for adoption on a voluntary basis, UK SRS has yet to be mandated for application by UK-listed companies such as SEQI and, accordingly, the Company has not early adopted UK SRS.

### 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. Interest on VFNs is recognised within investment income in the Company's statement of comprehensive income and 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 2026

## 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 is 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 2026

## 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 2026 and 31 March 2025, 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 currency in which the original finance was raised; the currency in which distributions are made; the currency in which the Company's expenditure is incurred; 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. The Company invests in its Luxembourg Subsidiary via VFNs denominated in Sterling, US Dollar, Euro, Australian Dollar and Swiss Francs, and the Luxembourg Subsidiary in turn invests in assets denominated in these currencies. However, these currency exposures, including future income streams, are hedged back into Sterling via the use of forward foreign currency exchange contracts.

The Directors note that all of the Company's capital was raised in Sterling; all of the Company's dividends have been paid in Sterling; a large majority of the Company's expenditure is incurred and paid in Sterling; and, in the case of a winding up of the Company, any redemptions proceeds would be settled in Sterling.

As a result, 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.

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 2. Material accounting policies continued

### 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.

## 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 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.

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 required criteria 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 (see note 17).

### 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 their 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 2026

## 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 2026:

| Period to | Payment date | Dividend rate per Ordinary Share (p) | Net dividend payable (£) | Record date | Ex-dividend date |
|---|---|---|---|---|---|
| 31 March 2025 | 30 May 2025 | 1.71875 | 26,636,577 | 2 May 2025 | 1 May 2025 |
| 30 June 2025 | 22 August 2025 | 1.71875 | 26,503,150 | 25 July 2025 | 24 July 2025 |
| 30 September 2025 | 22 November 2025 | 1.71875 | 26,405,311 | 24 October 2025 | 23 October 2025 |
| 31 December 2025 | 27 February 2026 | 1.71875 | 25,642,348 | 30 January 2026 | 29 January 2026 |

On 17 April 2026, the Company declared an interim dividend of 1.71875p per Ordinary Share in respect of the quarter ended 31 March 2026. The dividend was paid on 22 May 2026.

The Company 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 |

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, in May 2022, following a period of significant market volatility, the Board took the decision to suspend the scrip dividend alternative, as the quoted price of the Company's shares fell to a discount to the ex-dividend NAV per share. The suspension of the scrip alternative remains in force and hence, during the current and prior years, 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 2026 £ | Year ended 31 March 2025 £ |
|---|---|---|
| Subsidiaries' non-derivative financial assets at fair value through profit or loss | 1,320,572,802 | 1,423,647,101 |
| Subsidiaries' net current assets | 75,452,650 | 55,568,318 |
| **Company's non-derivative financial assets at fair value through profit or loss** | **1,396,025,452** | 1,479,215,419 |

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 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, balances payable on its RCF 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 2026 | | 31 March 2025 | |
|---|---|---|---|---|
| | Range of interest rates | £ | Range of interest rates | £ |
| Investments with floating interest rates | 0.00% to 21.20% | 706,277,376 | 0.00% to 18.68% | 667,191,402 |
| Investments with fixed interest rates | 0.00% to 12.00% | 605,510,531 | 0.00% to 12.00% | 736,848,296 |
| Non-interest-bearing investments | N/A | 8,784,895 | N/A | 19,607,403 |
| **Financial assets at fair value through profit or loss (note 6)** | | **1,423,647,101** | | 1,423,647,101 |

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 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 2026 effect on net assets and profit or loss £ | 31 March 2025 effect on net assets and profit or loss £ |
|---|---|---|
| Fixed-rate investments +3% | (51,753,077) | (69,640,307) |
| Floating rate investments +3% | 23,359,327 | 24,985,824 |
| Interest rate swaps +3% | (34,410,787) | (12,945,299) |
| | (62,804,537) | (57,599,782) |
| Fixed-rate investments -3% | 59,111,942 | 80,467,416 |
| Floating rate investments -3% | (22,685,392) | (23,787,614) |
| Interest rate swaps -3% | 35,264,976 | 8,825,683 |
| | 71,691,526 | 65,505,485 |

The possible change in the interest rate of 3% (2025: 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. The Company has entered into various interest rate swap transactions to lock in existing levels of interest rates for periods of between six and 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 (2025: 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 2026

## 5. Financial risk management continued

### Market risk continued

### Currency risk continued

| | 31 March 2026 £ |
|---|---|
| **USD exposure** | |
| Financial assets at fair value through profit or loss | 509,834,857 |
| Forward foreign exchange contracts | (619,706,263) |
| Cash and cash equivalents | 15,200,930 |
| Trade and other receivables | 7,545,527 |
| Loan payable | — |
| **Net USD exposure** | (87,124,949) |
| **EUR exposure** | |
| Financial assets at fair value through profit or loss | 465,447,536 |
| Forward foreign exchange contracts | (522,478,816) |
| Cash and cash equivalents | 26,995,906 |
| Trade and other receivables | 17,884,631 |
| Trade and other payables | (323,657) |
| Loan payable | — |
| **Net EUR exposure** | (12,474,400) |
| **CHF exposure** | |
| Financial assets at fair value through profit or loss | 42,262,939 |
| Forward foreign exchange contracts | (42,014,453) |
| Cash and cash equivalents | 774,578 |
| Trade and other receivables | 8,489 |
| **Net CHF exposure** | 1,031,553 |
| **Total exposure** | (98,567,796) |

| | 31 March 2025 £ |
|---|---|
| **USD exposure** | |
| 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) |
| **Net USD exposure** | (36,274,014) |
| **EUR exposure** | |
| 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) |
| **Net EUR exposure** | (22,908,143) |
| **CHF exposure** | |
| 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 |
| **Net CHF exposure** | (1,818,000) |
| **AUD exposure** | |
| Cash and cash equivalents | 352,583 |
| **Net AUD exposure** | 352,583 |
| **Total exposure** | (60,647,574) |

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 5. Financial risk management continued

### Market risk continued

### Currency risk continued

| | Possible reasonable change in exchange rate | 31 March 2026 net exposure £ | 31 March 2026 effect on net assets and profit or loss £ | Possible reasonable change in exchange rate | 31 March 2025 net exposure £ | 31 March 2025 effect on net asset and profit or loss £ |
|---|---|---|---|---|---|---|
| USD/GBP | +/- 10% | **(87,124,949)** | **(8,712,495)** | +/- 10% | (36,274,014) | -/+ 3,627,401 |
| EUR/GBP | +/- 10% | **(12,474,400)** | **(1,247,440)** | +/- 10% | (22,908,143) | -/+ 2,290,814 |
| CHF/GBP | +/- 10% | **1,031,553** | **103,155** | +/- 10% | (1,818,000) | -/+ 181,800 |
| AUD/GBP | +/- 10% | **—** | **—** | +/- 10% | 352,583 | +/- 35,258 |

The possible change in exchange rates of 10% (2025: 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 2026 £ | 31 March 2025 £ |
|---|---|---|
| Sterling | **303,027,470** | 338,503,113 |
| US Dollar | **509,834,857** | 615,774,220 |
| Euro | **465,447,536** | 429,951,408 |
| Swiss Franc | **42,262,939** | 39,418,360 |
| **Total** | **1,320,572,802** | 1,423,647,101 |

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 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 S&P, Moody's and Fitch.

| S&P rating (or equivalent) | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|
| BB- to BB+ | 30,565,016 | 21,548,307 |
| B- to B+ | 52,082,712 | 141,355,748 |
| Unrated | 1,237,925,074 | 1,260,743,046 |
| | 1,320,572,802 | 1,423,647,101 |

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. Three investments (2025: none) were downgraded during the year from a Sequoia rating of BB to B.

The table below analyses the Company's maximum exposure to credit risk for the components of the statement of financial position.

| | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|
| Non-derivative financial assets at fair value through profit or loss | 1,396,025,452 | 1,479,215,419 |
| Cash and cash equivalents | 2,076,117 | 7,523,136 |
| Derivative financial assets at fair value through profit or loss | 4,732,642 | 17,669,291 |
| | 1,402,834,211 | 1,504,407,846 |

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 S&P, 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 S&P short-term credit rating of Bank of New York Mellon was A-1+ (2025: 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 S&P, 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 (S&P unless otherwise specified): GSI: A-1; ING: A-1; Macquarie: A-1; Morgan Stanley: A-2; Nomura: A-2; and RBSI: A-1 (2025: GSI: A-1; 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 2026

## 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 2026 £ | 31 March 2025 £ |
|---|---|---|
| United States of America/Canada | 572,143,086 | 647,674,936 |
| Europe | 445,402,246 | 407,670,076 |
| United Kingdom | 303,027,470 | 368,302,089 |
| **Subsidiaries' non-derivative financial assets at fair value through profit or loss (note 6)** | **1,320,572,802** | 1,423,647,101 |

The table below summarises the Subsidiaries' portfolio concentrations:

| | Largest portfolio holding of a single asset % of total portfolio | Average portfolio holding % of total portfolio |
|---|---|---|
| **31 March 2026** | **4.72** | **2.00** |
| | Largest portfolio holding of a single asset % of total portfolio | Average portfolio holding % of total portfolio |
| 31 March 2025 | 4.34 | 1.69 |

The following table summarises the Subsidiaries' exposure to market risk, based on its concentration by industry:

| | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|
| Accommodation | 117,401,863 | 89,768,829 |
| Power | 252,777,586 | 201,636,778 |
| Renewable energy | 111,408,883 | 127,693,512 |
| Digitalisation | 348,743,218 | 349,605,969 |
| Transport | 73,342,127 | 118,892,647 |
| Transportation equipment | 157,030,542 | 174,637,095 |
| Utilities | 108,866,042 | 205,966,206 |
| Other | 151,002,541 | 155,446,065 |
| **Subsidiaries' non-derivative financial assets at fair value through profit or loss (note 6)** | **1,320,572,802** | 1,423,647,101 |

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 2026

## 5. Financial risk management continued

### Liquidity 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 2026 | Less than 1 year £ | Between 1 and 3 years £ | More than 3 years £ | Total £ |
|---|---|---|---|---|
| Derivative financial liabilities at fair value through profit or loss | 4,749,334 | 15,363,540 | 5,913,840 | 26,026,714 |
| Loan payable | — | — | — | — |
| Trade and other payables | 4,057,973 | — | — | 4,057,973 |
| **Total financial liabilities** | **8,807,307** | **15,363,540** | **5,913,840** | **30,084,687** |

| As at 31 March 2025 | Less than 1 year £ | Between 1 and 3 years £ | More than 3 years £ | Total £ |
|---|---|---|---|---|
| Derivative financial liabilities at fair value through profit or loss | 2,449,176 | 1,584,841 | 3,147,070 | 7,181,087 |
| Loan payable | 3,163,539 | 60,952,882 | — | 64,116,421 |
| Trade and other payables | 3,596,055 | — | — | 3,596,055 |
| **Total financial liabilities** | 9,208,770 | 62,537,723 | 3,147,070 | 74,893,563 |

### 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[1] 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 of £300 million (with a £50 million accordion facility) 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 2026

## 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 2026 £ | 31 March 2025 £ |
|---|---|---|
| VFNs issued by the Luxembourg Subsidiary | **1,461,237,403** | 1,572,602,915 |
| Luxembourg Subsidiary equity at fair value through profit or loss | **112,242,487** | 104,402,452 |
| UK Subsidiaries equity at fair value through profit or loss | **1,021,856** | 967,088 |
| VFN interest paid in advance by the Luxembourg Subsidiary to the Company | **(178,476,294)** | (198,757,036) |
| **Non-derivative financial assets at fair value through profit or loss at the end of the year** | **1,396,025,452** | 1,479,215,419 |

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 2026 £ | Year ended 31 March 2025 £ |
|---|---|---|
| Cost at the start of the year | **1,525,193,587** | 1,505,935,819 |
| VFNs purchased during the year | **412,220,987** | 302,401,710 |
| VFNs redeemed during the year | **(524,156,648)** | (285,143,942) |
| Investment in UK Subsidiary | **—** | 2,000,000 |
| Cost at the end of the year | **1,413,257,926** | 1,525,193,587 |
| Cumulative net unrealised losses of the Fund on non-derivative financial assets at the end of the year (see table on page 87) | **(17,232,474)** | (45,978,168) |
| **Non-derivative financial assets at fair value through profit or loss at the end of the year** | **1,396,025,452** | 1,479,215,419 |

For 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, please refer to note 5.

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 on non-derivative financial assets at fair value through profit or loss in the year comprise the following:

| | Year ended 31 March 2026 £ | Year ended 31 March 2025 £ |
|---|---|---|
| Unrealised foreign exchange gains/(losses) on VFNs | **570,149** | (23,699,579) |
| Unrealised gains on revaluation of the Subsidiaries | **7,894,803** | 19,626,141 |
| **Net gains/(losses) on non-derivative financial assets at fair value through profit or loss** | **8,464,952** | (4,073,438) |

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 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 2026 comprises the following:

| | Year ended 31 March 2026 £ | Year ended 31 March 2025 £ |
|---|---|---|
| **Subsidiaries** | | |
| Investment income during the year | **116,174,128** | 121,564,594 |
| Net return on financial assets and liabilities during the year, including foreign exchange and VFN interest payable | **(102,598,672)** | (142,086,376) |
| Net other income during the year | **14,600,089** | 11,007,337 |
| Subsidiaries' gains/(losses) during the year | **28,175,545** | (9,514,445) |
| Subsidiaries' losses brought forward | **(95,387,497)** | (85,873,052) |
| **Subsidiaries' losses carried forward at the end of the year** | **(67,211,952)** | (95,387,497) |
| **Company** | | |
| Unrealised foreign exchange gains on VFNs brought forward | **49,409,329** | 73,108,908 |
| Unrealised foreign exchange gains/(losses) on VFNs during the year | **570,149** | (23,699,579) |
| **Net losses on non-derivative financial assets at fair value through profit or loss carried forward at the end of the year** | **(17,232,474)** | (45,978,168) |

### 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.

# Notes to the Financial Statements continued

for the year ended 31 March 2026

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

### Fair value measurement continued

The Company's investment in the Subsidiaries, through the acquisition of shares and the issue of VFNs, is classified within Level 3, as it is not traded and contains unobservable inputs. The Board considers that the NAVs of the Subsidiaries are representative of their fair value, as the vast majority of the Subsidiaries' underlying assets are measured at fair value in accordance with IFRS 13, as described later in this note.

| 31 March 2026 | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|---|---|---|---|---|
| **Assets** | | | | |
| Non-derivative financial assets at fair value through profit or loss | — | — | 1,396,025,452 | 1,396,025,452 |
| Derivative financial assets at fair value through profit or loss | — | 9,056,526 | — | 9,056,526 |
| **Total** | — | 9,056,526 | 1,396,025,452 | 1,405,081,978 |
| **Liabilities** | | | | |
| Derivative financial liabilities at fair value through profit or loss | — | 26,026,714 | — | 26,026,714 |
| **Total** | — | 26,026,714 | — | 26,026,714 |

| 31 March 2025 | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|---|---|---|---|---|
| **Assets** | | | | |
| 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 |
| **Total** | — | 17,669,291 | 1,479,215,419 | 1,496,884,710 |
| **Liabilities** | | | | |
| Derivative financial liabilities at fair value through profit or loss | — | 7,181,087 | — | 7,181,087 |
| **Total** | — | 7,181,087 | — | 7,181,087 |

During the year there have been no transfers between levels of the fair value hierarchy. Any such transfers would be recognised at the end of the reporting period in which the change occurred.

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 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 2026 £ | Year ended 31 March 2025 £ |
|---|---|---|
| Opening balance | 1,479,215,419 | 1,493,171,675 |
| Purchases of VFNs | 412,220,987 | 302,401,710 |
| Sales of VFNs | (524,156,648) | (285,143,942) |
| Investment in UK Subsidiary | — | 2,000,000 |
| Net gains/(losses) on non-derivative financial assets in the year | 8,464,952 | (4,073,438) |
| Movement in VFN interest balance during the year | 20,280,742 | (29,140,586) |
| **Closing balance** | 1,396,025,452 | 1,479,215,419 |

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

| 31 March 2026 | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|---|---|---|---|---|
| **Assets** | | | | |
| Non-derivative financial assets at fair value through profit or loss | — | 78,477,627 | 1,242,095,175 | 1,320,572,802 |

| 31 March 2025 | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|---|---|---|---|---|
| **Assets** | | | | |
| Non-derivative financial assets at fair value through profit or loss | — | 130,364,306 | 1,293,282,795 | 1,423,647,101 |

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.

# Notes to the Financial Statements continued

for the year ended 31 March 2026

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

### Fair value measurement continued

During the year, no investments were transferred between levels of the fair value hierarchy (2025: no investments were transferred between levels of the fair value hierarchy). Any such transfers would be recognised at the end of the reporting period in which the change 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 2026. The table is not intended to be all-inclusive but instead captures the significant unobservable inputs relevant to our determination of fair values.

| 31 March 2026<br>Type | Sector | Fair value<br>£ | Primary valuation technique | Significant unobservable inputs | Range input |
|---|---|---|---|---|---|
| Private debt | Accommodation | 117,401,863 | Discounted cash flow | Discount rate | 7.2%-19.4% |
| Private debt | Power | 252,777,586 | Discounted cash flow | Discount rate | 4.4%-17.5% |
| Private debt | Renewable energy | 111,408,883 | Discounted cash flow | Discount rate | 4.5%-10.6% |
| Private debt | Digitalisation | 348,743,218 | Discounted cash flow | Discount rate | 4.2%-8.7% |
| Private debt | Transport | 73,342,127 | Discounted cash flow | Discount rate | 4.4%-8.1% |
| Private debt | Transport assets | 130,636,627 | Discounted cash flow | Discount rate | 5.8%-7.7% |
| Private debt | Utilities | 56,783,330 | Discounted cash flow | Discount rate | 11.6%-17.2% |
| Private debt | Other | 150,794,460 | Discounted cash flow | Discount rate | 4.2%-12.0% |
| Private debt | Other | 208,081 | Binding offer received | Offer value | N/A |
| | | 1,242,095,175 | | | |

# Notes to the Financial Statements continued

for the year ended 31 March 2026

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

### Fair value measurement continued

| 31 March 2025<br>Type | Sector | Fair value<br>£ | 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 | | | |

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

| | Possible reasonable change in discount rate | **31 March 2026 effect on net assets and profit or loss £** | 31 March 2025 effect on net assets and profit or loss £ |
|---|---|---|---|
| Fixed-rate investments | +3% | **(49,415,842)** | (62,809,544) |
| Floating rate investments | +3% | **21,788,994** | 23,044,469 |
| | | **(27,626,848)** | (39,765,075) |
| Fixed-rate investments | -3% | **56,492,513** | 72,608,289 |
| Floating rate investments | -3% | **(21,115,059)** | (21,846,259) |
| | | **35,377,454** | 50,762,030 |

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 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 discount rates of 3% (2025: 3%), with all other variables unchanged. This possible change in the discount 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 regard to, for example, interest or principal recoveries and timing. The Investment Adviser will work closely with the Valuation Agent and they will have access to the Investment Adviser's own model, analysis and internal valuations. These valuations are subject to a high degree of management oversight and ultimate approval by the Investment Manager.

In the opinion of the Investment Adviser, as at 31 March 2026, there are two non-performing assets in the portfolio (2025: two), with a total value of £4.4 million (2025: £15.1 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 (liabilities)/assets 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 2026 £ | 31 March 2025 £ |
|---|---|---|
| Forward foreign exchange contract assets | **4,732,642** | 17,669,291 |
| Forward foreign exchange contract liabilities | **(15,788,990)** | (4,034,017) |
| Interest rate swap liabilities | **(5,913,840)** | (3,147,070) |
| **Net derivative (liabilities)/assets at fair value through profit or loss** | **(16,970,188)** | 10,488,204 |

# Notes to the Financial Statements continued

for the year ended 31 March 2026

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

### Forward foreign exchange contracts

As at 31 March 2026, the Company had the following outstanding commitments in respect of open forward foreign exchange contracts, by currency and by counterparty.

| 31 March 2026 | Currency amount | Buying currency £ | GBP amount £ | Unrealised gains £ | Unrealised losses £ | Net unrealised gains £ |
|---|---|---|---|---|---|---|
| **Selling currency** | | | | | | |
| USD | 808,178,878 | GBP | 607,166,909 | 1,605,794 | (10,050,049) | (8,444,255) |
| EUR | 607,674,000 | GBP | 533,843,866 | 1,605,521 | (4,379,553) | (2,774,032) |
| CHF | 45,000,000 | GBP | 42,014,453 | — | (806,212) | (806,212) |
| | | | 1,183,025,228 | 3,211,315 | (15,235,814) | (12,024,500) |
| **Buying currency** | | | | | | |
| USD | 127,600,000 | GBP | 95,251,587 | 1,515,427 | (553,176) | 962,251 |
| EUR | 13,000,000 | GBP | 11,365,050 | 5,900 | — | 5,900 |
| | | | 106,616,637 | 1,521,327 | (553,176) | 968,152 |
| | | | 1,076,408,591 | 4,732,642 | (15,788,990) | (11,056,348) |

| Counterparty | Unrealised gains £ | Unrealised losses £ | Net unrealised gains/(losses) £ |
|---|---|---|---|
| GSI | — | (4,547,367) | (4,547,367) |
| ING | 1,116,240 | (1,622,385) | (506,145) |
| Macquarie | 1,923,715 | (2,464,677) | (540,962) |
| Morgan Stanley | 919,943 | (3,203,138) | (2,283,195) |
| Nomura | 610,558 | (3,747,167) | (3,136,609) |
| RBSI | 162,186 | (204,256) | (42,070) |
| | 4,732,642 | (15,788,990) | (11,056,348) |

# Notes to the Financial Statements continued

for the year ended 31 March 2026

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

### Forward foreign exchange contracts continued

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/(losses) £ |
|---|---|---|---|---|---|---|
| **Selling currency** | | | | | | |
| 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 |
| **Buying currency** | | | | | | |
| 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 £ |
|---|---|---|---|
| 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 2026

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

### Forward foreign exchange contracts continued

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 14 April 2026 to 10 March 2028 (2025: 10 April 2025 to 10 February 2027).

### Interest rate swaps

On 23 October 2023, the Fund entered into an interest rate swap transaction with Macquarie to receive a fixed rate of 4.512% on an amount of USD 90 million against three-month CME Term SOFR, commencing on 29 December 2023 and continuing quarterly until the termination date of 20 October 2030. This transaction was repriced on 17 September 2024 with the Fund receiving a fixed rate of 2.948%. On 12 December 2024, the transaction was fully offset by a transaction on the same amount with the Fund paying Macquarie 3.8429% and receiving three-month CME Term SOFR, commencing on 31 December 2024 and continuing quarterly until the termination date of 20 October 2030.

On 7 May 2024, the Company entered into an interest rate swap transaction with Macquarie to receive a fixed rate of 4.320% on an amount of £30 million against three-month compounded SONIA, commencing on 30 June 2024 and continuing quarterly until the termination date of 7 November 2030.

On 28 March 2025, the Company entered into an interest rate swap transaction with Macquarie to receive a fixed-rate of 3.617% on USD70 million against weighted average SOFR, commencing on 30 June 2025 and continuing quarterly until the termination date of 31 March 2032.

On 30 June 2025, the Fund entered into an interest rate swap transaction with Macquarie to receive a fixed rate of 2.1975% on EUR 30 million against three-month EURIBOR, commencing on 30 June 2025 and continuing quarterly until the termination date of 30 June 2032.

On 26 September 2025, the Company entered into an interest rate swap transaction with Macquarie to receive a fixed rate of 4.026% on an amount of £50 million against three-month compounded SONIA, commencing on 30 September 2025 and continuing quarterly until 30 September 2035. The contract contains a mandatory early termination break effective on 30 September 2032, meaning that on this date the present value of the remaining cash flows is exchanged in lieu of the remaining three years of cash flows.

On 17 October 2025, the Fund entered into an interest rate swap transaction with Macquarie to receive a fixed rate of 4.645% on an amount of £70 million against three-month compounded SONIA, commencing on 29 October 2032 and continuing quarterly until 31 October 2040. The contract contains a mandatory early termination break effective on 29 October 2032, meaning that on this date the present value of the remaining cash flows is exchanged in lieu of the remaining eight years of cash flows.

As at 31 March 2026, the interest rate swaps were valued at -£5,913,840 (2025: -£3,147,070), in accordance with valuations provided by the counterparty.

### Net (losses)/gains on derivative financial instruments

The net (losses)/gains on derivative financial instruments in the year comprises both realised and unrealised gains and losses as follows:

| | Year ended 31 March 2026 £ | Year ended 31 March 2025 £ |
|---|---|---|
| Net realised gains on forward foreign exchange contracts | 26,378,347 | 34,433,645 |
| Net unrealised losses on forward foreign exchange contracts | (24,691,622) | (11,126,874) |
| Realised gain on interest rate swap | — | 5,323,394 |
| Unrealised losses on interest rate swaps | (2,766,770) | (5,708,135) |
| Interest rate swap interest paid | (1,042,787) | (1,036,423) |
| **Net (losses)/gains on derivative financial instruments during the year** | **(2,122,832)** | 21,885,607 |

## 8. Cash and cash equivalents

| | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|
| Cash held on call or overnight deposit accounts | 2,076,117 | 7,523,136 |
| | 2,076,117 | 7,523,136 |

Under the terms of its forward foreign exchange and interest rate swap 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 2026, £nil (2025: £nil) was held in collateral accounts.

## 9. Investment income

| | 31 March 2026 £ | 31 March 2025 £ |
|---|---|---|
| Investment income on financial assets at amortised cost | | |
| Cash and cash equivalents | 248,831 | 250,320 |
| Investment income on non-derivative financial assets at fair value through profit or loss | | |
| Cash VFN interest income received | 96,171,903 | 107,656,577 |
| Movement in VFN interest balance (see note 6) | 20,280,742 | (29,140,586) |
| | 116,452,645 | 78,515,991 |
| **Total investment income** | **116,701,476** | 78,766,311 |

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 9. Investment income continued

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.

Movements in the balance of impairments recognised in the Luxembourg Subsidiary to the book costs of certain non-performing and underperforming loans have an impact upon the amount of VFN interest income recognised in the books of the Company. It should be noted, however, that increases or decreases in the balance of such book cost impairments in the books of the Luxembourg Subsidiary 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.

## 10. Related parties and other material contracts

### Transactions with Investment Adviser and Investment Manager

#### 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.

During the year, the Investment Adviser also received reimbursements from the Company totalling £238,872 (2025: £179,462) relating to marketing, travel and other expenses incurred by the Investment Adviser on behalf of the Company.

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.

On 7 July 2025, the Investment Adviser sold 3,200,000 Ordinary Shares in the Company.

On 29 July 2025, the Investment Adviser acquired 308,300 Ordinary Shares in the market in relation to fees payable for the quarter ended 30 June 2025.

On 23 October 2025, the Investment Adviser acquired 305,000 Ordinary Shares in the market in relation to fees payable for the quarter ended 30 September 2025.

On 23 January 2026, the Investment Adviser acquired 291,800 Ordinary Shares in the market in relation to fees payable for the quarter ended 31 December 2025.

On 1 May 2026, the Investment Adviser acquired 282,750 Ordinary Shares in the market in relation to fees payable for the quarter ended 31 March 2026.

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 2026: £459,119; with effect from 1 May 2025: £441,460).

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 2026

## 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:

| | As at 31 March 2026 | | As at 31 March 2025 | |
|---|---|---|---|---|
| Name | 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) | 93,658 | 0.01% | 80,815 | 0.01% |
| Tim Drayson | 207,000 | 0.01% | 207,000 | 0.01% |
| Paul Le Page | 30,000 | 0.00% | — | — |
| Selina Sagayam | 28,000 | 0.00% | N/A | N/A |
| Nicola Paul | — | — | N/A | N/A |
| Margaret Stephens | N/A | N/A | 24,519 | 0.00% |

As at 31 March 2026, the Investment Adviser held an aggregate of 4,967,612 Ordinary Shares (2025: 6,944,131 Ordinary Shares), which is 0.34% (2025: 0.45%) of the issued share capital.

As at 31 March 2026, the members of the Investment Adviser's founding team held an aggregate of 835,656 Ordinary Shares (2025: 835,656 Ordinary Shares), which is 0.06% (2025: 0.05%) of the issued share capital.

As at 31 March 2026, the Investment Manager held an aggregate of 50,000 Ordinary Shares (2025: 50,000 Ordinary Shares), which is 0.00% (2025: 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 £395,313 (2025: £321,250) and were reimbursed by the Company for expenses of £13,494 (2025: £12,719) incurred in the execution of their duties. As at 31 March 2026, there were no Directors' fees outstanding (2025: £nil). For details of the structuring of the Directors' remuneration, please refer to the Directors' remuneration report on pages 54 and 55.

### Administrator

With effect from 28 January 2015, Apex Fund and Corporate Services (Guernsey) Limited (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 2026: £408,510; with effect from 1 May 2025: £392,798). 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.

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 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 2026, the Subsidiary Administrator will receive an estimated amount in recurring and ad hoc fees from the Luxembourg Subsidiary of €93,420 per annum (£81,582) (2025: €92,545 per annum (£77,521) during the calendar year 2025).

### 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 2026 and outstanding at 31 March 2026 are as follows:

| Year ended 31 March 2026 | Charge for the year £ | Amounts outstanding at 31 March 2026 £ |
|---|---|---|
| Investment Adviser's fees | 9,549,873 | 2,303,560 |
| Administration fees | 641,859 | 165,000 |
| Investment Manager's fees | 440,385 | — |
| Directors' fees and expenses | 408,807 | — |
| Sub-administration fee[1] | 186,951 | 457 |
| Fees payable to the Custodian[1] | 718,609 | 184,434 |
| | 11,946,484 | 2,653,451 |

| 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[1] | 117,515 | 780 |
| Fees payable to the Custodian[1] | 335,905 | 143,362 |
| | 11,557,969 | 2,609,809 |

1. Includes expenses of both the Company and the Subsidiaries

### Loan collateral

During the year, 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 (2025: £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;

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.

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 12. Share capital continued

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.

| Issued share capital | 31 March 2026 Ordinary Shares Number | 31 March 2025 Ordinary Shares Number |
|---|---|---|
| Share capital at the beginning of the year | 1,555,061,936 | 1,625,484,274 |
| Share buybacks | (75,330,021) | (70,422,338) |
| | 1,479,731,915 | 1,555,061,936 |

| Issued share capital | 31 March 2026 Ordinary Shares £ | 31 March 2025 Ordinary Shares £ |
|---|---|---|
| Share capital at the beginning of the year | 1,664,593,419 | 1,720,452,093 |
| Share buybacks | (59,504,805) | (55,858,674) |
| | 1,605,088,614 | 1,664,593,419 |

The number of Ordinary Shares in issue disclosed in the above table excludes Ordinary Shares bought back into treasury.

As at 31 March 2026, the Company had a total of 1,614,192,555 Ordinary Shares in issue (2025: 1,614,192,555), of which 134,460,640 Ordinary Shares were held in treasury (2025: 59,130,619).

During the year, no Ordinary Shares have been issued to the Investment Adviser in relation to fees payable (2025: no Ordinary Shares issued).

During the year, no Ordinary Shares were issued in respect of scrip dividends (2025: no Ordinary Shares issued).

Subsequent to the year end, the Company has bought back a further 12,398,637 Ordinary Shares at a cost of £9,817,324.

## 13. Basic and diluted earnings per share

| Issued share capital | Year ended 31 March 2026 | Year ended 31 March 2025 |
|---|---|---|
| Profit for the year | £104,143,406 | £79,799,880 |
| Weighted average number of Ordinary Shares | 1,524,450,295 | 1,582,817,987 |
| **Basic and diluted earnings per Ordinary Share** | **6.83p** | 5.04p |

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 2026 or 31 March 2025.

## 14. Trade and other receivables

| | Year ended 31 March 2026 £ | Year ended 31 March 2025 £ |
|---|---|---|
| Prepaid finance costs | 1,299,817 | 2,293,151 |
| Other prepaid expenses | 266,590 | 118,028 |
| | 1,566,407 | 2,411,179 |

## 15. Loan payable

The Company has a multi-currency RCF of £300 million, provided by JPMorgan Chase Bank, N.A., London Branch ("JPM"), with an accordion facility of £50 million, maturing in July 2027. The proceeds of the RCF are to be used in or towards the making of investments in accordance with the Company's investment policy. The RCF was previously held with the Royal Bank of Scotland International until it was refinanced with JPM in the prior year.

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 2026

The following table represents a reconciliation of the liabilities arising from financing activities during the year, as required by IAS 7.

## 15. Loan payable continued

| For the year ended 31 March 2026 | EUR facility £ | GBP facility £ | USD facility £ | Total £ |
|---|---|---|---|---|
| **JPM RCF** | | | | |
| Balance brought forward | 20,438,934 | — | 36,414,349 | 56,853,283 |
| Cash flows | | | | |
| Drawdowns | 116,232,654 | 4,000,000 | 9,461,629 | 129,694,283 |
| Repayments | (138,207,549) | (4,000,000) | (44,475,984) | (186,683,533) |
| Non-cash changes | | | | |
| Foreign exchange revaluations | 1,535,961 | — | (1,399,994) | 135,967 |
| **Balance carried forward** | — | — | — | — |

| For the year ended 31 March 2025 | EUR facility £ | GBP facility £ | USD facility £ | Total £ |
|---|---|---|---|---|
| **RBSI RCF** | | | | |
| Balance brought forward | — | — | — | — |
| Cash flows | | | | |
| Drawdowns | — | 15,000,000 | — | 15,000,000 |
| Repayments | — | (15,495,491) | — | (15,495,491) |
| Non-cash changes | | | | |
| Capitalised interest and loan fees | — | 495,491 | — | 495,491 |
| **Closing balance** | — | — | — | — |
| **JPM RCF** | | | | |
| Cash flows | | | | |
| Drawdowns | 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) |
| **Balance carried forward** | 20,438,934 | — | 36,414,349 | 56,853,283 |

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 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 (2025: SONIA (for Sterling), SOFR (for US Dollars) or EURIBOR (for Euro) (or equivalents) plus 1.9% per annum). Loan interest of £4,741,663 (2025: £3,022,901) and upfront and facility fees of £993,334 (2025: £1,309,688) have been charged on the loans during the year. A total of £4,937,882 (2025: £5,030,210) 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 2026 £ | 31 March 2025 £ |
|---|---|---|
| Investment Adviser's fee payable | 2,303,560 | 2,445,667 |
| Ordinary Share buybacks payable | 544,020 | — |
| Loan interest payable | 616,438 | 800,362 |
| Other payables | 593,955 | 350,026 |
| **Balance carried forward** | **4,057,973** | 3,596,055 |

## 17. Unconsolidated subsidiaries

As set out in the IFRS 10 assessment in note 3, the Company has a number of unconsolidated subsidiaries which it, as an investment entity, measures at fair value through profit or loss.

Details of these unconsolidated subsidiaries are as follows:

### Luxembourg Subsidiary

Sequoia IDF Asset Holdings S.A. (the "Luxembourg Subsidiary") is the principal subsidiary that directly provides the loans on behalf of the Fund that make up the underlying investment portfolio. It is 100% owned and is domiciled in Luxembourg. The Company invests in the Luxembourg Subsidiary through the acquisition of share capital and Variable Funding Notes ("VFNs") issued by the Luxembourg Subsidiary. The details of all such VFNs issued and redeemed by the Luxembourg Subsidiary, the interest on these VFNs and movements in their fair value, including any gains and losses, are set out in notes 5 and 6 of these Financial Statements.

### US subsidiaries

The Luxembourg Subsidiary itself has three wholly owned Delaware, US-domiciled holding entities, namely:

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

together the "US subsidiaries".

The US subsidiaries were set up to hold equity instruments (preferred equity, common equity and warrants) received as part of the restructuring of the original Salt Creek debt investments in July 2020.

During the year, Bajtos sold its minority interest of 9.37% of the shares in SCM Aggregator HoldCo, which held EPIC Midstream assets, for c.USD19.7 million. These proceeds, net of c.USD1.6 million of income tax, were repatriated to the Luxembourg Subsidiary, with Bajtos holding back an additional USD0.2 million to cover any remaining potential tax liabilities and expenses, after which it is intended that Bajtos be liquidated. This corresponds to a realisation of the asset in the Luxembourg Subsidiary of USD17.9 million, against a valuation at the prior year end of USD18.9 million.

Fussell continues to hold 0.937% of the Series C common equity of SCM TopCo LLC, plus 9.37% of newly issued warrants. The total of the new warrants was structured for 5% of the initial share count struck at an equity value of USD750 million. A value of USD1,000 has been attributed to these holdings at the year end (2025: USD1,000) and there was no change to these holdings in the year.

Mears holds USD13.1 million of the original Series B preferred equity in SCM TopCo LLC. A value of USD10.3 million has been attributed to this holding at the year end (2025: USD5.2 million) and there was no change to this holding in the year. This holding also has 5% PIK interest from July 2025.

### UK Subsidiaries

Yotta Bidco Limited ("Yotta") is 100% owned and is incorporated in the UK. This company was set up as a qualifying asset holding company to hold the equity received via the debt-to-equity swap on the Bulb loan, which comprised 11.3 trillion redeemable preference shares, 660,000 A ordinary shares and 125,000 deferred shares in Zoa Technologies Limited, now renamed Clean Energy Labs Limited ("CEL"). The equity is currently valued at £nil (2025: £nil).

Yotta has inter-company loans payable to both the Company and the Luxembourg Subsidiary.

The loan payable to the Luxembourg Subsidiary effectively represents the transfer to Yotta of the equity holding in CEL and stood at £11.3 million at 31 March 2026 plus loan interest of £3.4 million (2025: £11.3 million plus loan interest of £2.4 million). The equity holding in CEL has been written down to zero in Yotta's books, though the loan payable to the Luxembourg Subsidiary remains.

The loan payable to the Company was for an amount of £2.0 million, transferred in cash, which was in turn loaned down to CEL. As at 31 March 2026, this stood at £2.0 million plus loan interest of £0.3 million (2025: £2.0 million plus loan interest of £0.1 million). This loan is in the Company's balance sheet and was valued at £1.0 million as at 31 March 2026 (2025: £1.0 million).

# Notes to the Financial Statements continued

for the year ended 31 March 2026

## 17. Unconsolidated subsidiaries continued

### UK Subsidiaries continued

Wigeon Holdings Limited ("Wigeon") is the ultimate UK parent of the Fund's investment in the ACG Group and the equity is 100% owned by the Company. Wigeon in turn owns 100% of Pochard Holdings Limited ("Pochard"). Pochard owns 100% of Gadwall Holdings Limited ("Gadwall"). Gadwall owns 100% of ACG Midco Limited, which in turn owns 100% of ACG BidCo Limited. All of these subsidiaries relate to the overall investment in ACG, further details of which are set out in the Investment Adviser's report on page 23. ACG has several further subsidiary companies in which the Company has no direct involvement. A full list of these subsidiaries can be found in the financial statements of ACG BidCo Limited and on the Companies House register. No value is attributed to the equity held in the ACG Group (2025: £nil).

The loans in place as at 31 March 2026 and 31 March 2025 are held indirectly through the Luxembourg Subsidiary's investment portfolio and hence are valued as part of the Company's valuation of this subsidiary. The loan values are as follows:

| Instrument | Cost £ million | Valuation £ million | Company |
|---|---|---|---|
| Senior secured debt | 50.6 (2025: 32.1) | 62.0 (2025: 39.3) | ACG BidCo Limited |
| Subordinated debt | 52.3 (2025: 52.3) | 35.8 (2025: 31.0) | Gadwall Holdings Limited |

The PIK interest rates on the loans are 11.25% + SONIA and 12% + SONIA for the senior secured and subordinated debt respectively.

During the year, the Company provided a further loan of £5.0 million to ACG BidCo Limited as part of a £7.4 million tranche of senior secured debt agreed in February 2026. Post the year end, the remaining £2.4 million was drawn down on the same terms.

The performance of the Company's investments in the ACG Group is subject to material risks including, but not limited to: the ability of ACG Group to meet its budget, including the rollout of private-pay neuro-rehabilitation services; its ability to dispose of non-core divisions and assets at suitable prices and on a timetable consistent with its business plan; its ability to manage its operating costs; its ability to manage its capital costs, including the cost of refurbishing and/or acquiring and/or redeveloping healthcare facilities; its ability to increase revenues from the public and private sectors in line with or faster than cost inflation; its ability to manage its working capital requirements; its ability to continue to maintain appropriate banking and other financing facilities; its ability to retain and attract high-quality employees; the tax regime in the United Kingdom, including taxes related to payroll; and the general macro-economic conditions of the United Kingdom.

## 18. Commitments

As at 31 March 2026, £387.5 million (2025: £193.4 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.

## 19. Subsequent events

On 17 April 2026, the Company declared a dividend of 1.71875p per Ordinary Share in respect of the quarter ended 31 March 2026. The dividend was paid on 22 May 2026.

In May 2026, the rating of the Fund's "Project Poland" investment, valued at £17.1 million at year end, was downgraded from "B2" to "D", and accordingly the loan has been reclassified as non-performing.

In May 2026, the Fund made a further advance of £2.4 million to ACG as the final part of a £7.4 million tranche of senior secured debt agreed in February 2026.

Subsequent to the year end, the Fund has advanced a total of £87.5 million in further new loans, and two loans in the sum of £10.4 million have repaid in line with their year end valuations.

Subsequent to the year end, the Company has bought back a further 12,398,637 Ordinary Shares at a cost of £9,817,324.

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

# Additional information

## Additional information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# Officers and advisers

**Directors**

James Stewart (Independent Non-Executive Chair)

Tim Drayson (Independent Non-Executive Director)

Paul Le Page (Independent Non-Executive Director)

Selina Sagayam (Independent Non-Executive Director, appointed 1 April 2025)

Nicola Paul (Independent Non-Executive Director, appointed 1 July 2025)

Margaret Stephens (Independent Non-Executive Director, retired 31 March 2026)

**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
4th Floor
10 Lower Grosvenor Place
London SW1W 0EN

**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
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey GY1 2HL

**Joint Broker**

Jefferies International Limited
100 Bishopsgate
London EC2N 4JL

**Joint Broker**

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)**

CMS 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
The Carter Building
11 Pilgrim Street
London EC4V 6RN

**Registrar**

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

**Independent Consultant**

Andrea Finegan (retired 30 June 2025)

**Finance Consultant**

Graeme McDonald (appointed 1 January 2026)

# 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 | |
| Tim Drayson | None | |
| Margaret Stephens (retired 31 March 2026) | VH Global Sustainable Energy Opportunities plc | London Stock Exchange – Main Market |
| | AVI Japan Opportunity Trust plc | London Stock Exchange – Main Market |
| Paul Le Page | 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 |
| Nicola Paul (appointed 1 July 2025) | Partners Group Private Equity 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 2026 | 31 March 2025 |
|---|---|---|
| NAV | £1,378,639,815 | £1,439,188,600 |
| Number of Ordinary Shares in issue | 1,479,731,915 | 1,555,061,936 |
| **NAV per Ordinary Share** | **93.17p** | 92.55p |

### 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 2026 | 31 March 2025 |
|---|---|---|
| NAV per Ordinary Share | 93.17p | 92.55p |
| Closing Ordinary Share price | 76.60p | 78.30p |
| **Ordinary Share discount** | **(17.8)%** | (15.4)% |

### 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 2026 | Total NAV return | Total share price return |
|---|---|---|
| Opening NAV/share price per share | 92.55p | 78.30p |
| Closing NAV/share price per share | 93.17p | 76.60p |
| Dividends paid during the year | 6.875p | 6.875p |
| Dividend adjustment factor | 1.0840 | 1.0944 |
| Adjusted closing NAV/share price per share | 101.00p | 83.83p |
| **Total NAV/share price return** | **8.4%** | **6.6%** |

# Appendix – Alternative Performance Measures continued

used in the Annual Report

### Total NAV/share price return continued

| Year ended 31 March 2025 | Total NAV return | Total share price return |
|---|---|---|
| Opening NAV/share price per share | 93.77p | 81.10p |
| Closing NAV/share price per share | 92.55p | 78.30p |
| Dividends paid during the year | 6.875p | 6.875p |
| Dividend adjustment factor | 1.0754 | 1.0906 |
| Adjusted closing NAV/share price per share | 99.53p | 85.39p |
| **Total NAV/share price return** | 6.1% | 5.3% |

### 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 72.

| Item | **Year ended 31 March 2026 Amount (£m)** | Year ended 31 March 2025 Amount (£m) |
|---|---|---|
| Cash interest received | **125.59** | 117.46 |
| Consent fees received in cash | **0.84** | 0.53 |
| Prepayment fees | **1.31** | 0.73 |
| Upfront fees/discounts amortised | **5.32** | 8.77 |
| Cash expenses | **(21.20)** | (18.41) |
| **Net cash income** | **111.86** | 109.08 |
| Dividends paid | **105.19** | 109.04 |
| **Dividend cash cover** | **1.06x** | 1.00x |

# 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 2026 was as follows:

| | Year ended 31 March 2026 | Year ended 31 March 2025 |
|---|---|---|
| Dividends per share paid in the year | 6.875p | 6.875p |
| Share price at the end of the year | 76.60p | 78.30p |
| **Annualised dividend yield** | **9.0%** | 8.8% |

### 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 2026 | 31 March 2025 |
|---|---|---|
| Investments exposed to construction risk | £168,864,014 | £176,222,310 |
| Total investments held in the Subsidiaries | £1,320,572,802 | £1,423,647,101 |
| **Construction risk** | **12.8%** | 12.4% |

### Average equity cushion

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

| | 31 March 2026 | 31 March 2025 |
|---|---|---|
| Total excess borrower collateral available | £504,522,729 | £548,826,768 |
| Total investments held in the Subsidiary | £1,320,572,802 | £1,423,647,101 |
| **Equity cushion** | **38%** | 39% |

# 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 2.3 (2025: 1.9) indicates that a 1% increase in interest rates would cause the value of the portfolio to fall by 2.3% (2025: 1.9%).

### 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 2026 | The Company £ | The Subsidiaries £ | Total £ |
|---|---|---|---|
| Total expenses | 19,555,797 | 963,391 | 20,519,188 |
| Non-recurring and excluded expenses | (6,073,213) | (122,590) | (6,195,803) |
| Total ongoing expenses | 13,482,584 | 840,801 | 14,323,385 |
| Average NAV | | | 1,417,373,433 |
| **Ongoing charges ratio (using AIC methodology)** | | | **1.01%** |

| 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% |

# 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 onboarded Altitude by AXA Climate to help to address data challenges and gaps, we are pleased to be able to report operational emissions for the Company and the following GHG metrics for the SEQI portfolio in line with the Partnership for Carbon Accounting Financials ("PCAF") standards[1] but using largely estimated data: financed emissions, carbon to investment, and Weighted-Average Carbon Intensity. The Company has also been able to conduct and report 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 the Alternative Investment Fund Manager ("AIFM") and the Investment Adviser ("IA"), review the sustainability risks and opportunities facing the portfolio, including in relation to climate change. As part of this review, the Investment Adviser 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 highlights 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 Sustainability 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 greenhouse gas 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 SFDR, TCFD, and the SDR Anti-Greenwashing Rule. The Company's SFDR disclosures are also made available on the website: **www.seqi.fund/sustainability/publications/**
- 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.

Selina Sagayam, Chair of the Sustainability 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 sustainability issues. Selina also chaired Gibson Dunn's UK Diversity & Inclusion Committee and sat on its Global Diversity Committee. She is a trustee and Chair of Cranstoun, and Vice Chair of the charity Refuge (and previously chaired its People, Nomination and Remuneration Committee). Selina also serves as trustee of Changeworks, a Scottish social enterprise involved in the decarbonisation of homes, 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.

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 Sustainable Development Goals ("SDGs").

Nicola Paul holds the ICAEW Sustainability Certificate and is a long-term advocate for social initiatives, serving for instance as Lieutenant for the Boys' Brigade for over 30 years. Nicola was formerly an Associate Partner at Deloitte LLP where she led teams providing audit and controls engagements to both listed and private investment funds and asset management entities, and also specialised in advising on accounting, corporate governance and risk management matters.

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 is currently a director of 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.

1. PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition

# 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 through the initial negative and positive screening of opportunities (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 Company 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 undertook a wholesale review of its approach to sustainability, including how it assesses and manages climate-related risks and opportunities. This comprised a detailed self-evaluation of the strengths and limitations of the Company's existing sustainability framework combined with an assessment of peer practices and the evolving regulatory landscape. It then moved on to conducting a stakeholder materiality assessment for the first time to collect views on the sustainability priorities of the Company's Shareholders and other key stakeholders. The results of this exercise were a key focus of the Board's Strategy Day, with various improvements being agreed and implemented as a result.
- For more information on this comprehensive review and SEQI's new sustainability framework, please refer to the Company's standalone Sustainability Report 2026 and Sustainability Policy 2026 published here: **www.seqi.fund/sustainability/publications/**
- The Sustainability and Stakeholder Engagement Committee met five times over the year ended 31 March 2026. The topics that were addressed by the Committee this year included the sustainability regulatory landscape developments, results of the stakeholder materiality assessment, Shareholder engagement including feedback from the Company's second ESG roundtable event, and a review and update of the Company's sustainability framework and policies.
- The Board of Directors undertook tailored sustainability training facilitated by Altitude by AXA Climate, which focused on climate scenario analysis. The session used a portfolio company as a case study to gain a deeper understanding of climate physical risks plus transition risks and opportunities, what they mean in practice, and how the analysis can be used within the investment process and engagement with borrowers.
- For the sixth year, the Company engaged KPMG to provide independent limited assurance under ISAE (UK) 3000 on the ESG metrics for the portfolio, this year covering negative screening and thematic investing, and prior years covering the portfolio ESG score.

## 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 flooding, water stress, extreme heat, storms, tropical cyclones, and landslide over the three different time horizons.

The analysis also identified increased cost of raw materials, regulation on energy efficiency and certification, shift in customer preferences, and increased pricing of GHG emissions as the biggest transition risks posed to the portfolio over all timespans. The top transition opportunities identified for the portfolio come in the form of expansion of low-emissions goods and services, shift in customer preferences, increased stakeholder concerns, and use of lower-emissions sources of energy.

#### 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 Company. First, some sectors within the infrastructure market may become uninvestible in the future, for example assets in the hydrocarbon value chain such as coal-fired power stations or upstream oil and gas assets may become stranded. 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 Company is excluding those sectors where there is a near-term or medium-term high-level risk of them becoming uninvestible. Therefore, this potential impact of more sectors becoming unviable for the Company can be considered long-term. Should it happen, the portfolio might over time become further and prematurely less diversified; however, in the opinion of the Investment Adviser, this risk is more than outweighed by the new and developing investment opportunities described above.

# 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 continued

Second, the credit quality of some of the borrowers that the Company 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 Company as lender can lose money.
- The Company'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.
- The IA undertakes comprehensive due diligence on each borrower that the Company lends to, and assessing their exposure to climate risk is part of the diligence process. In other words, the Company 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 Company 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 would increase the diversification of the portfolio and help it to deliver an attractive risk-adjusted return to Shareholders; however, this is a forward-looking expectation rather than a firm commitment as this is dependent on the credit profile of the deals in these sectors that enter the pipeline. Conversely, avoiding sectors where there is an unduly high level of climate-related risk, or even limiting the Company'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 Company's strategy based on the Investment Adviser's experience of investing through multiple cycles and global changes and events. This is also because the Company 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 Company 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. The Company had the goal for six years, taking account of the spread of its investments, to improve the portfolio's weighted average ESG score over time, which it has successfully accomplished.

#### 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 physical assets and only one employee who operates on a remote basis, the climate impacts on the Company's operations are limited, with the key indirect risks relating to companies that the Company lends to. If certain climate risks materialise, it could impact borrowers' revenues, OpEx and CapEx requirements, and thus their ability to repay lenders, including the Company. If such material climate risks were to play out across numerous companies in the portfolio, then the Company's performance and ability to generate income and deliver returns to investors may be adversely affected under certain scenarios.

SEQI is using the Altitude platform by AXA Climate to support its analysis of the physical risks 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 be taken into account when considering the analysis, which comes with an equity cushion that acts as a barrier of protection against the financial effects of certain risks manifesting. Further, the average loan maturity for the portfolio is 3.6 years as at year end, 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.

### Physical risks

SEQI 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 2050) 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

# 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 continued

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 |
| **Chronic risks** | | | | | | |
| 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 | Medium | Low |
| Water stress | High | High | High | High | High | High |
| Sea level rise | Low | Low | Low | Low | Medium | Medium |
| Soil erosion | Low | Low | Low | Low | Low | Low |
| Clay shrink-swell hazard | Low | Low | Low | Low | Low | Low |

| | 2030 | | | 2050 | | |
|---|---|---|---|---|---|---|
| | SSP1-2.6 | SSP2-4.5 | SSP5-8.5 | SSP1-2.6 | SSP2-4.5 | SSP5-8.5 |
| **Acute risks** | | | | | | |
| Extreme heat | High | High | High | High | High | High |
| Extreme cold – frost | Low | Low | Low | Low | Low | Low |
| Wildfire | Medium | Medium | Low | Medium | Medium | Medium |
| Tropical cyclone | High | High | High | High | High | High |
| Storm | High | High | High | High | High | High |
| Hailstorm | Medium | Medium | Medium | Medium | Medium | Medium |
| Drought | Medium | Medium | Medium | Medium | Medium | Medium |
| 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 |
| Avalanche | Low | Low | Low | Low | Low | Low |
| Volcanic eruption | Low | Low | Low | Low | Low | Low |

Based on the regional locations, the analysis has identified there is an elevated risk of flooding, landslides and wildfires occurring which could damage certain assets owned by our borrowers. Similarly, storms could damage the physical infrastructure at some of our European portfolio companies and tropical cyclones are a threat to certain US assets. Extreme heat could impact the operating ability of equipment 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. Similarly, water stress could result in disrupted operations for data centres and power generation assets that rely on water for their cooling systems. Generally, we consider that the impacts of these are unlikely to materially compromise the borrowers' ability to repay our loan, particularly for services investee companies that have less of a physical presence than tangible infrastructure projects.

**Risks heatmap**

- Low
- Medium
- High

# 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 SEQI portfolio. Altitude uses the 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 ("NDC")** – 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 |
| **Policy and legal** | | | | | | |
| Increased pricing of GHG emissions | High | Low | High | High | High | High |
| Mandates on and regulation of existing products and services | Low | Low | Low | Low | Low | Low |
| Regulation on energy efficiency and 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 |
| **Technology** | | | | | | |
| Cost to transition to lower-emission alternatives | Medium | 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 |
| **Market** | | | | | | |
| Shift in customer preferences | High | Low | Low | High | Medium | Low |
| **Reputation** | | | | | | |
| Increased stakeholder concerns | Low | Low | Low | Low | Low | Low |

The high risk of increasing raw materials costs mainly stems from SEQI's renewables exposure. As demand for renewables grows, this strains the demand for certain critical 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 Company seeks to gain a deeper understanding of the implications of volatile raw materials and carbon pricing on its borrowers and portfolio. The risk to the portfolio of shifting customer preferences relates to SEQI's gas-fired power plants; however, the Company believes that geopolitical and macro-economic events of the last year have contributed to shifting views on the importance of energy security and therefore the place for gas-fired power in countries' energy mix. Lastly, 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.

**Risks heatmap**

- Low
- Medium
- High

# 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 |
| **Policy and legal** | | | | | | |
| Favourable regulatory frameworks and public incentives | Low | Low | Low | Medium | Medium | Low |
| **Technology** | | | | | | |
| Promote more efficient buildings and operations | High | Low | High | High | High | High |
| Use of more efficient modes of transport | Low | Low | Low | Low | Low | Low |
| Use of more efficient production and distribution process | Low | Low | Low | Low | Low | Low |
| Use of lower-emission sources of energy | High | Medium | High | High | High | High |
| Use of recycling | Low | Low | Low | Low | Low | Low |
| Resource substitution or diversification | Low | Low | Low | Low | Low | Low |
| **Market** | | | | | | |
| Access to new markets | Low | Low | Low | Low | Low | Low |
| Increased reliability of supply chain | Low | Low | Low | Low | Low | Low |
| Expansion of low-emission goods and services | High | High | High | High | High | High |
| Shift in customer preferences | High | Low | High | High | High | High |
| **Reputation** | | | | | | |
| Increased stakeholder concerns | High | Medium | High | High | High | Medium |

**Opportunity score**

- Low
- Medium
- High

As economies transition towards lower-emission goods and services and consumer preferences follow, the Company plans to continue to explore and pursue related investment opportunities, which would be aligned with the Company's investment theme of "Enabling the transition to a lower-carbon world". Such thematic investments from the current portfolio include 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. The Company's new investments this year in solar PV portfolios and a wind turbine servicing company align with the growing opportunity related to increased demand for renewable energy and more generally increased stakeholder concerns about the climate.

### Key developments

- Sectors that are overly exposed to climate-related risks, such as thermal coal, continued to be excluded through the Company's negative screening criteria, with 100% compliance throughout year ended 31 March 2026, as assured by KPMG.Δ
- Two of the Company's positive investment themes are focused on climate-related opportunities: "Renewable energy" assets and "Enabling the transition to a lower-carbon world". During the year, SEQI completed two investments in the renewables sector. This included a €55.6 million senior secured loan to support Project Poland PV to finance the construction of a substantial portfolio of photovoltaic projects. The projects will be located in Poland and developed by GoldenPeaks Capital, an independent producer of green energy in Europe with a strong track record in owning and operating renewable power assets. SEQI also participated in a syndicated deal for the construction of a portfolio of seven fully permitted UK solar PV projects, with a total installed capacity of c.430MW.

Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2026 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: **www.seqi.fund/sustainability/publications/**

# Appendix – TCFD report continued

## 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 Investment Adviser's due diligence process.

Typically, third-party expert reports will be commissioned to assess key risks as part of the detailed credit analysis process. 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 are considered 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 comprehensive questionnaire including qualitative and quantitative topics which will assist the IA in updating its analysis. The IA 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 Company 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 our 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 Investment Adviser applies negative and positive screening and estimates 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.

SEQI is taking steps to improve the availability and quality of climate and emissions data from portfolio companies through engagement, for example embedding loan terms that require the borrower to complete our annual sustainability questionnaire, which includes climate and emissions information.

Subsequently, the investment is considered by the AIFM 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 Company's risks, including sustainability risks, with certain credit risks being escalated to it by the Investment Manager for approval.

The Sustainability 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

- This year, the Company introduced a new dual-scoring framework comprising a separate ESG Risk Score and an Externality Score, which it will roll out over the forthcoming year. The new ESG Risk Score will systematically assess climate physical risks present at assets, representing a notable step forward in providing a more structured, balanced and value-relevant assessment of climate-related risks within and across the portfolio.
- This year, the Investment Adviser again conducted 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.

# 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 ESG profile of the Company'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 intends to widen its range of metrics used, including potentially greenhouse gas 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 $tCO_2e$ | Year ended 31 March 2024 | Year ended 31 March 2025 | **Year ended 31 March 2026** |
|---|---|---|---|
| Scope 1 | nil | nil | **nil** |
| Scope 2 | nil | nil | **nil** |
| Scope 3: Operational | 44 | 44 | **48** |

Due to the nature of Company's business, it produces virtually no Scope 1 or 2 emissions; however, the Company's main impact comes from its investing activities, with the vast majority of its carbon footprint being made up of Scope 3 financed emissions which are presented just below. The Company's Scope 3 operational emissions have been estimated in consultation with a specialist adviser and are intentionally conservative by design. They increased slightly this year due to the hiring of SEQI's first employee who operates on a remote, part-time basis, as well as the full-year use of services from a second placement agent. The Company continues to take steps aimed at reducing its operational carbon emissions where possible. Many of the Company's suppliers already have their own emissions reduction and offsetting programmes in place. The Company has offset its operational emissions through the purchase of Gold Standard carbon credits and long-term carbon offsets via UK peatland restoration through a development project verified under the Peatland Code. The Company endeavoured to pursue high-quality offsetting schemes but even these are not without their limitations (potential lack of permanence, issues around standardisation, measurement and verifiability, etc.) and as such they are not equal to nor a substitute for a reduction in emissions produced in the first instance.

#### Company Scope 3 portfolio emissions

The following TCFD-recommended GHG emissions metrics have been estimated for the SEQI portfolio in line with the PCAF standards:

- Financed emissions
- Carbon to investment
- Weighted Average Carbon Intensity

There are some material limitations of this report and the data contained within it. 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. Additionally, where data for the specific project/asset being financed by SEQI was unavailable, company-level information has been used, which may have resulted in some reported figures being overestimates, though the Company has limited visibility as to the scale of this.

# 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

A full 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 | Year ended 31 March 2026 |
|---|---|---|---|
| Scope 3: Financed emissions ($tCO_2e$) | 724,250 | 783,447 | **562,161** |
| PCAF Data Quality Score (1-5) | 2.09 | 2.03 | **2.02** |
| Carbon to investment ($tCO_2e$/£m) | 443 | 502 | **366** |
| WACI ($tCO_2e$/£m revenue)<br>(% portfolio applicable to)[1] | 1,261<br>(85%) | 1,192<br>(95%) | **1,175**<br>**(88%)** |

1. 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 percentage of the portfolio for which the WACI number could be calculated has been indicated in brackets.

In response to Shareholder feedback, historic portfolio emissions have been calculated in order to improve comparisons over time. Additionally, for the year ended 31 March 2025, numbers have been restated to exclude portfolio companies' Scope 3 emissions; whilst initially striving to go beyond minimum requirements, the approach taken by SEQI this year is likely to result in more reliable data, less double counting, and better alignment with market practice for enhanced cross-fund comparability.

The year-on-year fluctuations can largely be attributed to the rise in portfolio company reporting, meaning reported figures replace estimates increasingly over time. It should also be noted that as there is meaningful, regular portfolio churn and movement, the 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. The decrease in financed emissions this year, for example, is mostly the result of the disposal of a high-emitting aircraft asset with no acquisition of an alternative asset in this sub-sector.

### C. Describe the targets used by the organisation to manage climate-related risks and performance against targets.

The Company had three ESG goals: 1) Comply with its negative screening criteria; 2) Progress thematic investing (positive screening); and 3) Improve the portfolio's weighted average ESG score over time.

### Key developments

- Historic portfolio emissions have been recalculated in order to improve comparisons over time.
- The Company maintained 100% compliance with its negative screening criteria during the year. This metric has been independently assured by KPMG.[Δ]
- Thematic investing covers 74% of the Company's investment portfolio for year ending 31 March 2026, up from 71% last year. This metric has been independently assured by KPMG. The remaining 26% of the portfolio sits within a diversified mix of infrastructure assets that do not necessarily fall within the definitions of the three sustainability themes.[Δ]
- The Company has improved its average portfolio ESG score from 64.70 last year to 66.12 as at 31 March 2026, largely as a result of its sustainability-focused investment strategy and active engagement work with companies that resulted in eight 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. From 1 April 2026, the Company will move to a new methodology that will no longer be comparable with this scoring framework.
- During the year, the Company undertook a comprehensive review of its sustainability approach and framework, which culminated in the seven-year-old ESG scoring methodology being fundamentally redesigned. This will be replaced with the introduction of a dual-scoring framework, comprising a new ESG Risk Score and a new Externality Score. Looking to the year ahead, the focus will be on rolling out the new sustainability framework in a disciplined yet adaptive way and embedding it consistently across the portfolio. This will be an important period of transition and review before new metrics or quantitative targets can be set. We believe these updates will also position the Company well for alignment with the adoption of emerging global sustainability standards, which the Board and IA will continue to monitor. In the interim period, the third goal has been temporarily updated to: 3) Provide transparent reporting on SEQI's scoring framework.

Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2026 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: **www.seqi.fund/sustainability/publications/**

# 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:

Last year, the Company also provided the total absolute (Scope 1–3) emissions produced by its portfolio companies. Following investor feedback, these additional datapoints have been removed this year to streamline reporting, enhance clarity, and make it easier to more clearly identify the Company's financed emissions number, which was highlighted as the most valued, decision-useful metric.

The portfolio emissions data reflects the latest available information, typically covering emissions produced by portfolio companies over the most recent calendar year (i.e. financial year ended 31 March 2026 reflects emissions from 1 January to 31 December 2025 to the fullest extent possible).

The PCAF Data Quality Score is a 1-to-5 rating system used by financial institutions to assess the accuracy, reliability and transparency of emissions data. An average has been calculated on an emissions-weighted basis.

### Reported emissions:

Reported emissions data are sourced from borrower disclosures. Some portfolio companies obtain external verification over their emissions (earning a PCAF Data Quality Score 1), whereas other portfolio companies report their emissions on an unverified basis (assigned PCAF Data Quality Score 2).

Where data for the specific project/asset being financed by SEQI 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 GHG metrics reported by SEQI may have been overestimated, though the Company has limited visibility as to the scale or implications of this. As our internal capacities evolve, we look to refine this methodology to improve the accuracy of GHG emissions data going forward.

### Estimated emissions:

Due to the diverse nature of SEQI's investments, it would not have been accurate to extrapolate reported emissions numbers to the rest of the portfolio. Instead, SEQI has been able to derive an estimate for each borrower's Scope 1 and/or 2 emissions based on sector and turnover using the third-party data provider Altitude by AXA Climate (PCAF Data Quality Score 4).

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 Company 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.

### Financed emissions:

This is the carbon footprint of the Company, 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 these are made to private companies. On the small number of occasions where SEQI has ended up with an equity stake in a position, this has been factored into the calculation of the "outstanding amount".

# Appendix – GHG emissions and climate scenarios methodology continued

## GHG emissions continued

### Financed emissions: continued

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.

### 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:

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

The scenario analysis provides a high-level, portfolio-wide perspective on potential physical and transition risks and opportunities, bringing together insights that may not otherwise be considered collectively. As with other aggregated portfolio metrics, the analysis is intended to highlight areas of exposure rather than to necessitate any prescribed action that needs to be enacted. It serves as a tool to identify themes or assets that may warrant further due diligence or consideration of potential risk mitigation measures. The Company uses the analysis to monitor such high-level trends and to identify areas for potential engagement with individual borrowers. It is also important to consider the Company's position as a lender when interpreting these results, as this generally provides certain structural protections against the direct impact of risks materialising at the asset level. In addition, the relatively short duration of the Company's investments, with an average loan maturity of 3.6 years as at year end, means that the relevance of long-term climate scenarios to the portfolio may be limited.

### 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 data set, 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 is 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.

# Appendix – SFDR product-level periodic disclosure

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

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.

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:** Sequoia Economic Infrastructure Income Fund Ltd

**Legal entity identifier:** 2138006OW12FQHJ6PX91

**Did this financial product have a sustainable investment objective?**

- ☐ It made **sustainable investments with an environmental objective:** ___%
  - ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ It made **sustainable investments with a social objective**: ___%
- ☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
  - ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - ☐ with a social objective
- ☒ It promoted E/S characteristics, **but did not make any sustainable investments** ___%

## To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Sequoia Economic Infrastructure Income Fund Ltd ("SEQI" or the "Fund", the "Company") incorporates the three following criteria in the selection of underlying assets for its portfolio:

- Negative Screening
- Thematic Investing (Positive Screening)
- ESG Scoring

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Through incorporation of the above criteria in its investment process, the Fund seeks to promote ESG characteristics, with a focus on environmental, by applying the following ESG principles:

- excluding certain positions determined to cause negative or adverse environmental impact based on negative screening;
- assessing the underlying asset's capability to contribute towards three pre-determined positive ESG themes; and
- making investment decisions which take into account ESG scores (based on the Fund's proprietary ESG scoring methodology) and prioritising transactions which achieve a higher ESG score.

The Fund's investment policy precludes investing in companies with a very low E score (<1), irrespective of the overall ESG score.

The ESG principles were applied to the portfolio in order to meet our three ESG goals: 1) Comply with negative screening criteria; 2) Progress thematic investing (positive screening); and 3) Over time, increase the portfolio weighted average ESG score.

The ESG characteristics promoted by the Fund were met as the exclusions continued to be fully applied; the percentage of thematic investments showed a small increase year-on-year; and ESG scores were taken into account in the investments process with respect to both potential investments and disposals, which resulted in an increase in the average ESG score for the portfolio.

## How did the sustainability indicators perform?

For the reference period 1 April 2025 to 31 March 2026, 100% of projects were compliant with the Fund's negative screening criteria[Δ]. During the period, the Fund did not finance any projects that initially do not meet the negative screening criteria but have the aim of transitioning to a more sustainable and compliant business model.

Thematic investing covered 72% of the Fund's investment portfolio as at 31 March 2026. Note, the portion of thematic investments this year measured by taking the average Net Asset Value ("NAV") across each quarter end (bringing the measurement more in line with the recommendation of SFDR) was 74%[Δ].

KPMG provided independent limited assurance under ISAE (UK) 3000 over the two indicators marked with a [Δ]. This confirmation is contained in the Company's 2026 Annual Report. The reporting criteria and KPMG's limited assurance opinion are available in the Sustainability Publications section of our website: **www.seqi.fund/sustainability/publications/**

# Appendix – SFDR product-level periodic disclosure continued

As at 31 March 2026, the average weighted ESG score for the Fund's portfolio was 66.12.

In light of the substantive reformation of the scoring framework and approach that SEQI is taking as of 1 April 2026, over the course of the full year ending 31 March 2027, SEQI will instead commission an independent pre-conditions review, assessing readiness for assurance and providing feedback on the methodologies of the revised scoring systems, with findings reported privately to the Company. This is with a view to the Company seeking to obtain the same level of rigour and scrutiny afforded by the limited assurance over the score(s) in the year to come.

Performance in line with these sustainability indicators does not necessarily equate to a guaranteed year-on-year increase in the ratio of investments that promote ESG 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, commenced in 2021 and 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 full year ended 31 March 2026.

The portion of the portfolio covered by thematic investing is measured as at 31 March each year, which had consistently increased over previous periods: 59% (2021), 61% (2022), 72% (2023), with a small drop in 2024 to 70%, then resuming the upward trend thereafter to 71% in 2025. This result represents a modest year-on-year increase as the Fund nears a well-weighted balance across the three sustainability investment themes.

The weighted average ESG score for the Fund's portfolio measured as at 31 March each year has consistently increased: 60.59 (2021), 61.88 (2022), 62.29 (2023), 62.77 (2024), 64.70 (2025). This year marks another year-on-year increase of this indicator:

| Year ending 31 March | 2022 | 2023 | 2024 | 2025 | **2026** |
|---|---|---|---|---|---|
| Negative screening | 100% | 100% | 100% | 100% | **100%** |
| Thematic investing | 61% | 72% | 70% | 71% | **72%** |
| Weighted average portfolio ESG score | 61.88 | 62.29 | 62.77 | 64.70 | **66.12** |

**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.

### What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

N/A – The Fund does not have a formal objective or commitment 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 did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

N/A – The Fund does not have a formal objective or commitment 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 pursuant to Article 4(1)(a) of SFDR for this financial product as the Fund is not subject to mandatory consideration and disclosure of principal adverse impacts under Article 4(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:

N/A – The Fund does not have a formal objective or commitment 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 did this financial product consider principal adverse impacts on sustainability factors?

The Fund does not consider the 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.

# Appendix – SFDR product-level periodic disclosure continued

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 1 April 2025 to 31 March 2026

## What were the top investments of this financial product?

| Largest investments | Sector | % Assets | Country |
|---|---|---|---|
| 1 | Digitalisation | 4.72 | US |
| 2 | Accommodation | 3.96 | UK |
| 3 | Renewables | 3.73 | US |
| 4 | Other | 3.66 | UK |
| 5 | Digitalisation | 3.56 | US |
| 6 | Utility | 3.39 | UK |
| 7 | Transport – vehicles | 3.36 | US |
| 8 | Power | 3.26 | Germany |
| 9 | Transport – vehicles | 3.19 | Spain |
| 10 | Digitalisation | 3.10 | Switzerland |
| 11 | Digitalisation | 3.09 | US |
| 12 | Transport – systems | 3.07 | Denmark |
| 13 | Digitalisation | 2.77 | US |
| 14 | Digitalisation | 2.74 | US |
| 15 | Utility | 2.73 | US |

These percentages have been calculated by averaging the NAV 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 mandate.

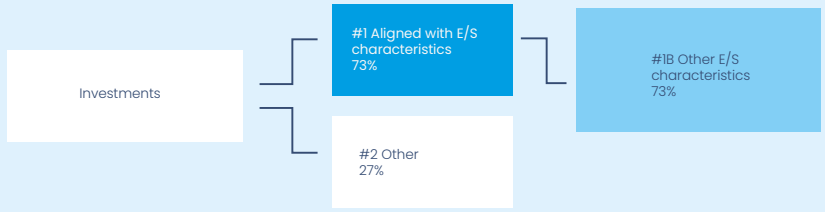
Note, there were no sovereign exposures.

## 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 London Stock Exchange listed fund investing exclusively in economic infrastructure debt.

SEQI considers the investments that fall in the lowest quartile of the portfolio's ESG scores not to be aligned with the promotion of environmental characteristics and therefore falls under #2 Other, which for the period was 29% of NAV. The remainder of the portfolio (71% of NAV as at 31 March 2026) is considered part of #1B Other E/S characteristics.

# Appendix – SFDR product-level periodic disclosure continued




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

## In which economic sectors were the investments made?

| Sector | | Sub-sector | |
|---|---|---|---|
| Accommodation | 8.1% | Healthcare | 6.6% |
| | | Student housing | 1.5% |
| Digitalisation | 25.4% | Telecom towers | 7.5% |
| | | Broadband & fibre | 7.4% |
| | | Data centres | 10.5% |
| Other | 10.0% | Private schools | 0.1% |
| | | Hospitality | 0.7% |
| | | Renewables equipment & services | 1.9% |
| | | Hospitals | 2.2% |
| | | Waste-to-energy | 3.7% |
| | | Residential infra | 1.2% |
| | | Smart metering | 0.2% |
| Power | 18.6% | PPA | 0.7% |
| | | Energy transition | 0.9% |
| | | Other electricity generation | 4.5% |
| | | Standby generators | 3.6% |
| | | Base load | 6.0% |
| | | Interconnector | 2.9% |
| Renewables | 9.4% | Solar & wind | 7.2% |
| | | Landfill gas | 2.2% |
| Transport – systems | 6.6% | Rail | 0.7% |
| | | Port | 2.5% |
| | | Ferries | 5.7% |
| | | Road | 0.1% |
| Transport – vehicles | 11.6% | Aircraft | 0.2% |
| | | Rolling stock | 2.5% |
| | | Specialist shipping | 5.7% |
| | | Health & safety | 3.2% |
| Utility | 10.1% | Electricity supply | 0.5% |
| | | Renewable electricity supply | 0.0% |
| | | Utility services | 4.7% |
| | | Midstream | 5.0% |

These percentages have been calculated by averaging the NAV as at each quarter end for the reference period.

During the reference period, the Fund had six investments across three 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 11.04% of the portfolio NAV over the year. Note, this includes for instance a port owner and operator that represents on average 2.72% of the portfolio; the borrower derives ~1.8% 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?

The Fund does not commit to a minimum share of "sustainable investments" with an environmental objective aligned with the EU Taxonomy.

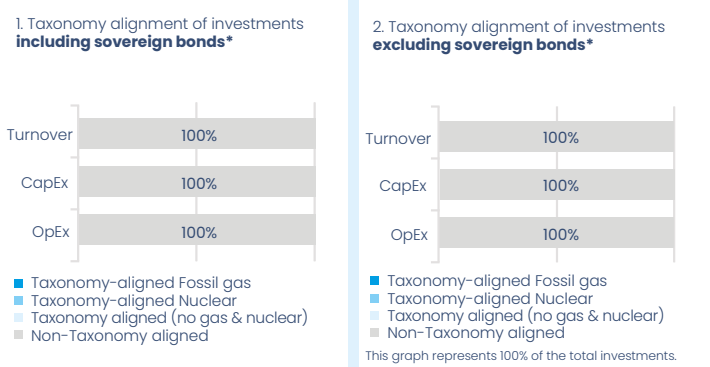
### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

☐ 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 by reference to EU Taxonomy compliance.

**The graphs below show 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.

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.

### What was the share of investments made in transitional and enabling activities?

The 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?

The 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?

The 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 29% of the Fund's portfolio by NAV as at 31 March 2026. 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 and the objective of diversifying across sector and investment type. Further, when considering disposals, the Fund aims to prioritise the lower ESG-scoring assets, whilst making 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. As certain sectors and sub-sectors are more aligned with environmental characteristics than others, there will always be a spread in ESG scores within the portfolio.

# Appendix – SFDR product-level periodic disclosure continued

Compliance with minimum environmental or social safeguards cannot be reliably measured, due to the unavailability of reliable data and evidence. Many investee companies still lack the sufficient resources and/or capabilities to be able to ensure compliance with minimum safeguards throughout their value chains.

Nonetheless, all potential investments undergo our three-part sustainability assessment 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 target to include covenants or repeated representations to ensure that the borrower complies with any stated ESG objectives and, where feasible, to encourage it to improve its sustainability credentials over time as per the Fund's Sustainability Policy. These could include obligations to meet minimum environmental safeguards.

Borrower engagement on sustainability matters is part of the ongoing monitoring process. For example, sustainability questionnaires are sent to all borrowers, which includes questions related to the maintenance of minimum safeguards. The responses are not mandatory but we encourage borrowers to do so and are committed to aiming to maintain our high response rate to our annual sustainability questionnaire.

### 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 ESG 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 ESG objectives where feasible and to encourage it to improve its sustainability credentials over time. In addition, where appropriate, loan terms included an obligation on the borrower to report selected ESG 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 invited to complete annual post-investment ESG questionnaires. These cover quantifiable ESG metrics/KPIs when appropriate, $CO_2$ emissions, health and safety records, etc, as well as confirmation of the borrower's overall sustainability policies and procedures. The Fund seeks 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 to support improvement of their sustainability credentials.

### How did this financial product perform compared to the reference benchmark?

The Fund does not use a specific index designated as an external 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

Sequoia Economic Infrastructure Income 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 Company recognises the importance of considering PAIs and is taking reasonable steps on making progress in the measurement of these metrics at the Company level. The Company's ability to measure and thus consider the adverse impacts is highly dependent on the availability and accuracy of data. 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 concentration in 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.

# Contacts

For further information, please contact:

**Sequoia Investment Management Company Limited**
+44 (0)20 7079 0480
Steve Cook
Dolf Kohnhorst
Randall Sandstrom
Anurag Gupta

**Jefferies International Limited (Joint Corporate Broker & Financial Adviser)**
+44 (0)20 7029 8000
Gaudi le Roux
Stuart Klein

**J.P. Morgan Cazenove (Joint Corporate Broker & Financial Adviser)**
+44 (0)20 7742 4000
William Simmonds
Rupert Budge

**Teneo (Financial PR)**
+44 (0)20 7353 4200
Robert Yates
Faye Calow

**Fund Rock Management Company (Guernsey) Limited (AIFM)**
+44 (0)20 3530 3600
Chris Hickling
Benjamin Snook

**Apex Fund and Corporate Services (Guernsey) Limited (Administrator)**
+44 (0)20 3530 3667
Aoife Bennett
James Taylor

**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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www.lyonsbennett.com

SEQI

1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey
GY1 2HL

www.seqi.fund