

SQN Asset Finance Income Fund Limited

31 December 2019



ABOUT

SQN Asset Finance Income Fund is the only diversified equipment leasing and asset finance investment company traded on the London Stock Exchange.

The Fund's objective is to provide its Shareholders with regular, sustainable dividends and to generate capital appreciation through investment, directly or indirectly, in business-essential, revenue-producing (or cost-saving) equipment and other physical assets.

December Investment Highlights

In December, the Company made three additional advances on existing transactions within the Ordinary share class. Within the C Shares, the Company made follow-on investments of \$0.66 million in the senior portion of a diversified portfolio of US dollar manufacturing and industrial leases, and £3.83m in a portfolio of equipment leases and asset finance transactions through an insurance company.

The Company continues to pay a dividend of 0.6042 pence per Ordinary Share and per C share; reflecting an annualised dividend of 7.25 pence for each share class.

TARGETED ASSETS

- ✓ Business essential assets
- ✓ Revenue producing (or cost saving)
- ✓ High in-place value
- ✓ Relatively long economic life
- ✓ Active secondary markets
- ✓ Multiple industry applications
- ✓ Multiple levels of security

AVOIDED ASSETS

- ✗ Low margin / high volume assets
- ✗ Assets with limited secondary markets
- ✗ Assets tied to cyclical markets
- ✗ Assets subject to technological obsolescence
- ✗ Highly regulated assets
- ✗ Leveraged tax leases

FUND INFORMATION

Share price

Ordinary Shares	82.80p
C Shares	86.50p

NAV per share¹

Ordinary Shares	To be confirmed
C Shares	98.03p

Gearing

None

Management Fee

1.0% up to £300m / 0.9% over £300m to £500m / 0.8% over £500m

Charges

Ongoing charge figure ²	1.20%
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¹ This figure is quoted before deducting the dividend for the period to 30 November 2019, which was paid on 24 January 2020.

² The ongoing charge figure includes direct costs to the fund, annualised, against its average net asset value.

KEY INFORMATION

- Closed-ended Investment Company
- Domicile: Guernsey
- Launch Date: 14 July 2014
- Main Market of London Stock Exchange
- FTSE Small Cap Index constituent

	Ordinary Share	C Share (2016)
ISIN	GG00BN56JF17	GG00BFXYHJ13
Ticker	SQN	SQNX

Targeted annual dividend

7.25%



Frequency:
Monthly

Targeted annual return

8-10%

This is a target only, not a forecast, based on a number of assumptions which may not materialise. There can be no guarantee that this target can be met and this should be taken as an indication of the Company's expected or actual future results.

INVESTMENT STATISTICS (2016 C SHARES ONLY) – 31 December 2019

Information is unaudited and reflects positions connected to the 2016 C Shares only

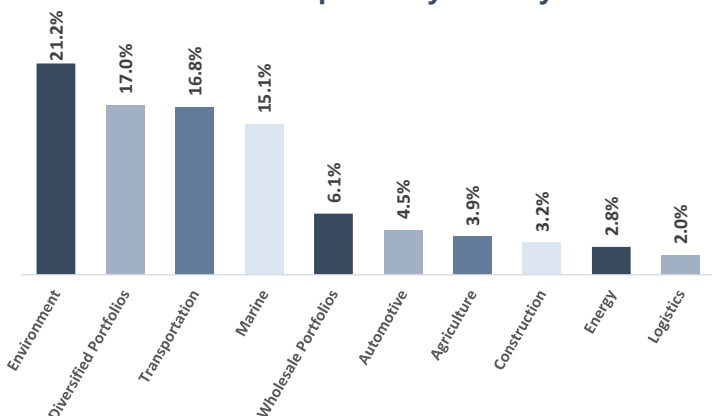
As announced on 20 January, the publication of the 31 December 2019 NAV for the Ordinary Shares has been delayed whilst the Company undertakes a third-party valuation of certain Anaerobic Digestion assets. In addition, the Company announced on 24 January a full strategic review including the provision of investment management services to the Company. Both of these initiatives are currently being progressed by the Board.

£120.2m Market capitalisation	£136.2m Net asset value	>9.6% Weighted average portfolio yield	64 months Weighted average remaining term	£6.6m Average investment size
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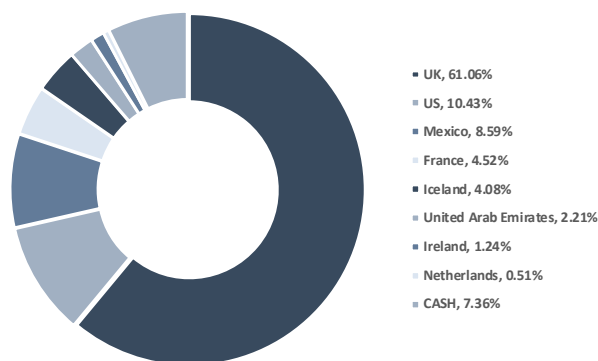
Ten Largest Group Exposures	Total Exposure*	% of NAV	Industry
1 Waste Processing Equipment	£19,191,895	14.09%	Environment
2 Vessels and Helicopters	£17,339,545	12.73%	Transportation
3 Marine Equipment	£16,461,066	12.09%	Marine
4 Equipment Leasing Portfolio - Leasing Company	£11,701,097	8.59%	Diversified Portfolios
5 Equipment Leasing Portfolio - Insurance Company	£11,487,625	8.44%	Diversified Portfolios
6 Wholesale Portfolios	£8,360,718	6.14%	Wholesale Portfolios
7 Manufacturing	£6,152,351	4.52%	Automotive
8 Aviation	£5,549,906	4.08%	Transportation
9 Infrastructure Equipment	£5,254,268	3.86%	Agriculture
10 Waste Processing Equipment	£4,873,669	3.58%	Environment
	£106,372,139	78.11%	

*Total Exposure is calculated as the present balance outstanding plus investment receivables less any impairment/expected credit loss provision.

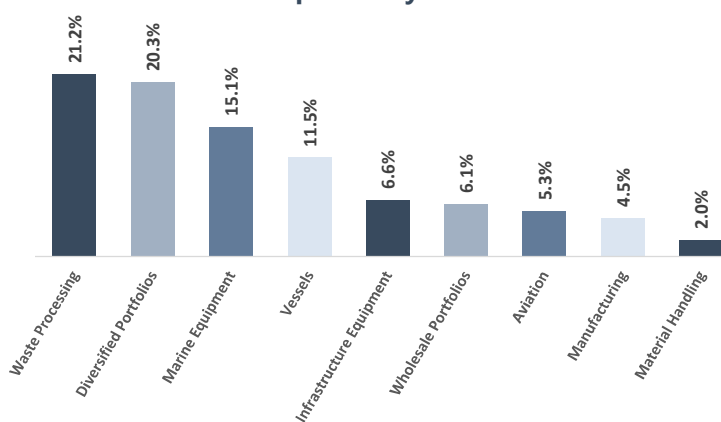
Portfolio Exposure by Industry



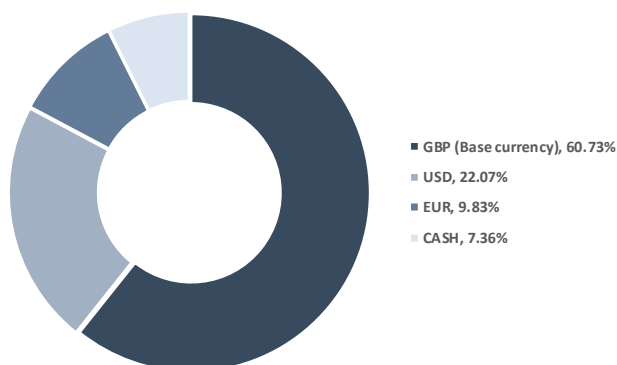
Portfolio Exposure by Geography



Portfolio Exposure by Asset Class



Portfolio Exposure by Currency*



*The Company seeks to hedge the principal of investments denominated in non-Sterling currencies.

For more information, please contact the issuer.

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