

# SQN Asset Finance Income Fund Limited

31 January 2020



## 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.

### January Investment Highlights

In January, 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 \$0.95 million in the senior portion of a diversified portfolio of US dollar manufacturing and industrial leases.

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 | 51.20p |
| C Shares        | 75.00p |

### NAV per share<sup>1</sup>

|                 |        |
|-----------------|--------|
| Ordinary Shares | 71.98p |
| C Shares        | 98.00p |

### Gearing

None

### Management Fee

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

### Charges

|                                    |       |
|------------------------------------|-------|
| Ongoing charge figure <sup>2</sup> | 1.20% |
|------------------------------------|-------|

<sup>1</sup> This figure is quoted before deducting the dividend for the period to 31 December 2019, which was paid on 28 February 2020.

<sup>2</sup> 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 – 31 January 2020

Information is unaudited and reflects positions on a combined basis of the Ordinary and 2016 C Shares.

**£286.5m**

Market capitalisation

**£392.3m**

Net asset value

**>9.3%**

Weighted average portfolio yield<sup>1</sup>

**66 months**

Weighted average remaining term<sup>1</sup>

**£8.2m**

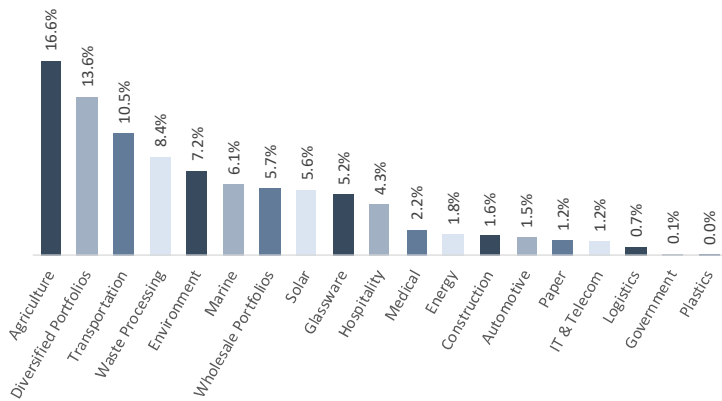
Average investment size

| Ten Largest Group Exposures                        | Total Exposure <sup>2</sup> | % of NAV      | Industry               |
|--|-----------------------------|---------------|------------------------|
| 1 Vessels and Helicopters                          | £31,527,130                 | 8.04%         | Transportation         |
| 2 Equipment Leasing Portfolio - Insurance Company  | £30,746,225                 | 7.84%         | Diversified Portfolios |
| 3 Solar Manufacturing                              | £22,066,184                 | 5.63%         | Solar                  |
| 4 Manufacturing                                    | £20,330,473                 | 5.18%         | Glassware              |
| 5 Marine Equipment                                 | £19,831,320                 | 5.06%         | Marine                 |
| 6 Waste Processing Equipment                       | £18,808,970                 | 4.80%         | Environment            |
| 7 Combined Heat and Power Centre                   | £16,623,779                 | 4.24%         | Agriculture            |
| 8 Anaerobic Digestion Plant                        | £15,629,541                 | 3.98%         | Agriculture            |
| 9 Anaerobic Digestion Plant                        | £14,081,874                 | 3.59%         | Waste Processing       |
| 10 Equipment Leasing Portfolio - Insurance Company | £11,487,625                 | 2.93%         | Diversified Portfolios |
|  | <b>£201,133,121</b>         | <b>51.28%</b> |                        |

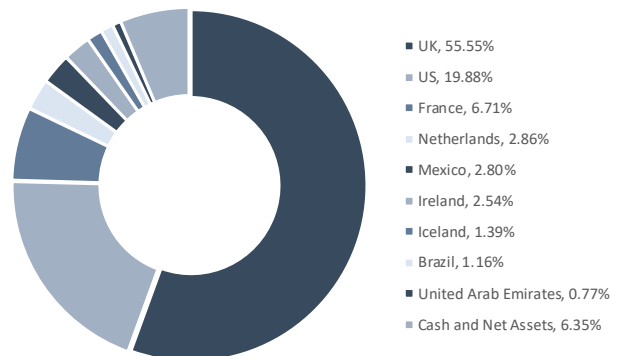
<sup>1</sup> This performance measure is calculated on performing investments only.

<sup>2</sup> Total Exposure is calculated as the present balance outstanding plus investment receivables less any impairment/expected credit loss provision.

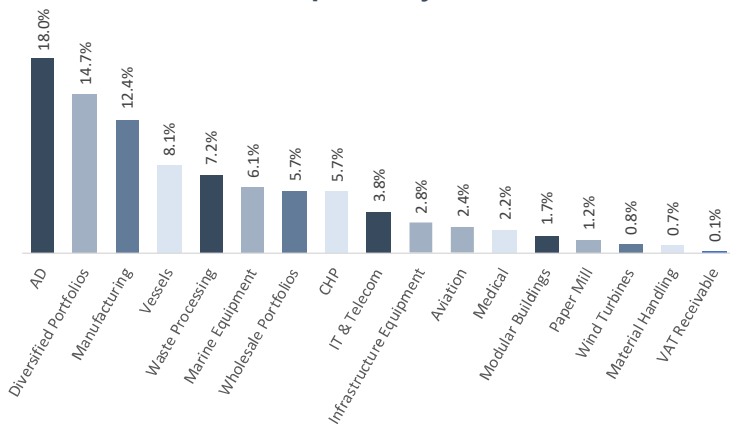
## Portfolio Exposure by Industry



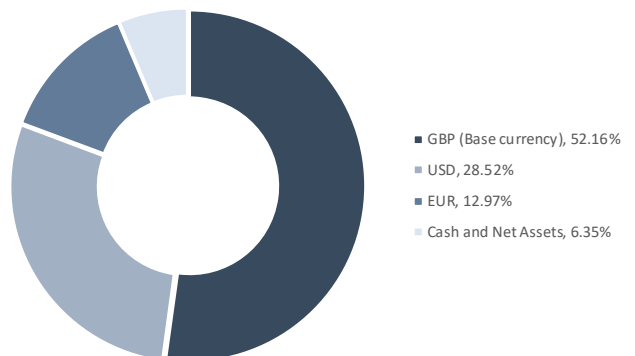
## Portfolio Exposure by Geography



## Portfolio Exposure by Asset Class



## Portfolio Exposure by Currency<sup>3</sup>



<sup>3</sup> 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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