

SQN Asset Finance Income Fund Limited

29 February 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.

February Investment Highlights

In February, the Company made five additional advances on existing transactions within the Ordinary share class. Within the C Shares, the Company made follow-on investments of \$0.99 million in the senior portion of a diversified portfolio of US dollar manufacturing and industrial leases.

The Company is pleased to announce the exit of a further AD Plant investment at a premium above the initially targeted yield. The Company received an annualized investment yield of 13.51% against the originally booked figure of 11.16%. This is the fifth AD Plant investment, of the fifteen made by the Company, to be exited at a premium.

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	48.20p
C Shares	75.25p

NAV per share¹

Ordinary Shares	71.33p
C Shares	97.90p

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 31 January 2020, which was paid on 27 March 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 – 29 February 2020

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

£276.8m

Market capitalisation

£389.9m

Net asset value

>9.3%

Weighted average portfolio yield¹

65 months

Weighted average remaining term¹

£8.6m

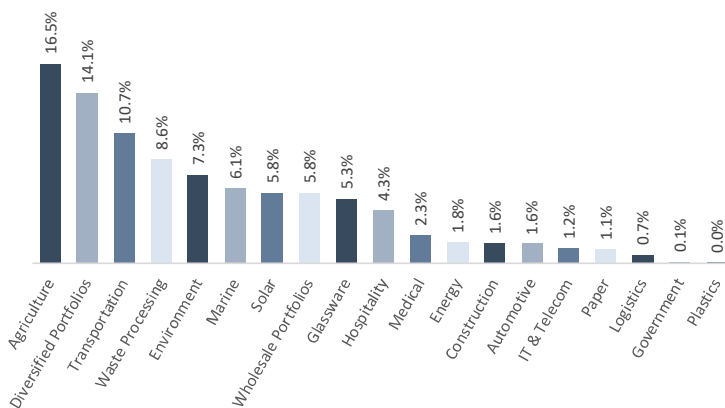
Average investment size

Ten Largest Group Exposures	Total Exposure ²	% of NAV	Industry
1 Vessels and Helicopters	£32,308,703	8.29%	Transportation
2 Equipment Leasing Portfolio - Insurance Company	£31,729,396	8.14%	Diversified Portfolios
3 Solar Manufacturing	£22,771,794	5.84%	Solar
4 Manufacturing	£20,800,118	5.33%	Glassware
5 Marine Equipment	£19,802,248	5.08%	Marine
6 Waste Processing Equipment	£18,687,594	4.79%	Environment
7 Combined Heat and Power Centre	£16,623,779	4.26%	Agriculture
8 Anaerobic Digestion Plant	£15,635,000	4.01%	Agriculture
9 Anaerobic Digestion Plant	£14,081,874	3.61%	Waste Processing
10 Equipment Leasing Portfolio - Leasing Company	£11,750,478	3.01%	Diversified Portfolios
	£204,190,983	52.37%	

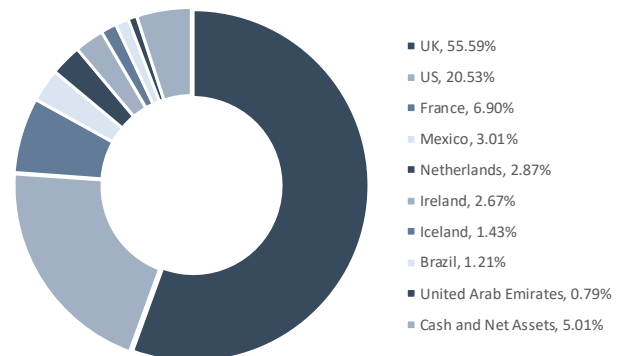
¹ This performance measure is calculated on performing investments only.

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

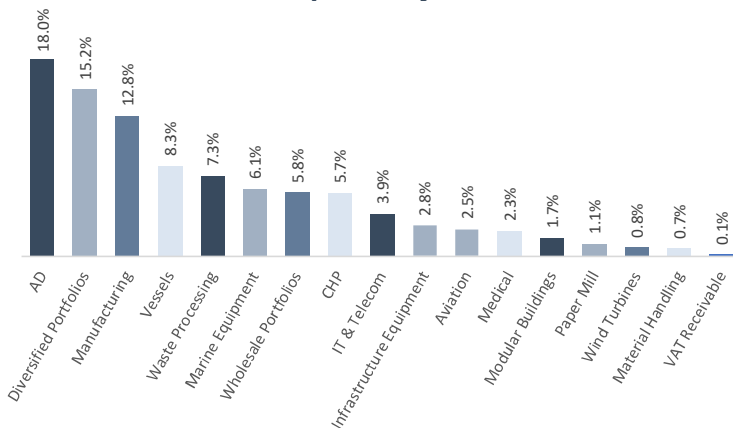
Portfolio Exposure by Industry



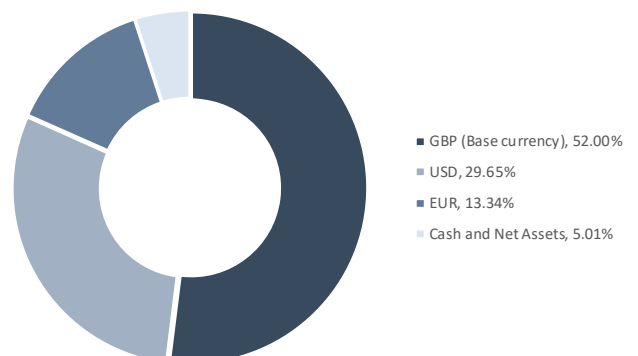
Portfolio Exposure by Geography



Portfolio Exposure by Asset Class



Portfolio Exposure by Currency³



³ 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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