

SQN Asset Finance Income Fund Limited



Fund Statistics at 31 December 2015

Ordinary Shares

<u>Share Price</u>	108.00p
<u>Market Capitalisation</u>	£193.3m
<u>NAV per Share (cum-dividend)</u>	99.84p
<u>NAV per Share (ex-dividend)</u>	99.24p
<u>Dividend per Share (December)</u>	0.6042p

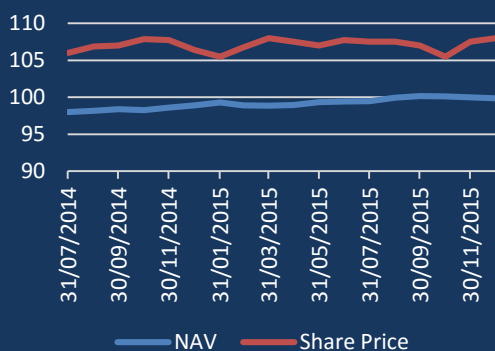
C Shares

<u>Share Price (C Share)</u>	102.25p
<u>Market Capitalisation</u>	£184.1m
<u>NAV per Share</u>	98.42p

All Shares

<u>Dividend Frequency</u>	Monthly*
<u>Targeted Annual Dividend</u>	7.25%
<u>Targeted Total Return</u>	8% - 10%
<u>NAV Publication</u>	Monthly

Ordinary Share Performance



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 generate regular income for investors through collateralised investments in business-essential equipment and hard assets and in asset-and-equipment-based project financings.

Key attributes of the Fund's Investment Strategy

- Direct ownership or security in business essential assets
- Income producing with predictable regular cash flow
- Non-correlated with equity markets
- Non-cyclical
- Focus on capital preservation

Equipment Lease and Asset Finance Investing Overview

- The Fund finances (leases/loans) assets to a range of corporate counterparties in exchange for payments over the term
- Each payment reflects income and partial capital repayment
- The income provides regular cash flows to cover operating expenses and pay dividends with the capital repayments reinvested
- Under certain leases, the Fund retains the residual value at the end of the lease term
- Residual value is realised through: (i) lease extension; (ii) sales to end user; or (iii) sale in secondary market

Target Assets

- ✓ Business essential assets
- ✓ Revenue producing/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
- ✗ Limited secondary markets
- ✗ Tied to cyclical markets
- ✗ Subject to obsolescence
- ✗ Highly regulated assets
- ✗ Tax-driven leases

Recent Events

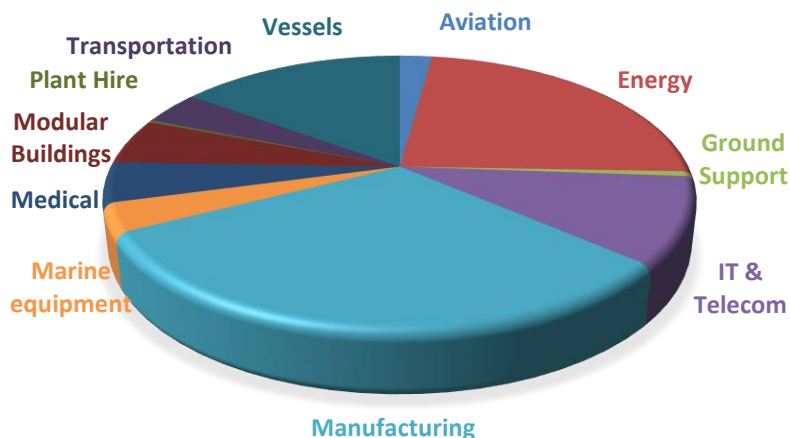
On 4 November 2015, the Company successfully raised £180,000,000 through the Placing, Open Offer and Offer for Subscription. This was the Company's third consecutive over-subscribed offering. *The C Share will pay dividends on a quarterly basis, as the portfolio builds out, for two quarters before commencing monthly dividends. The two share classes will be merged at the point each sustains a dividend of 7.25% annually.

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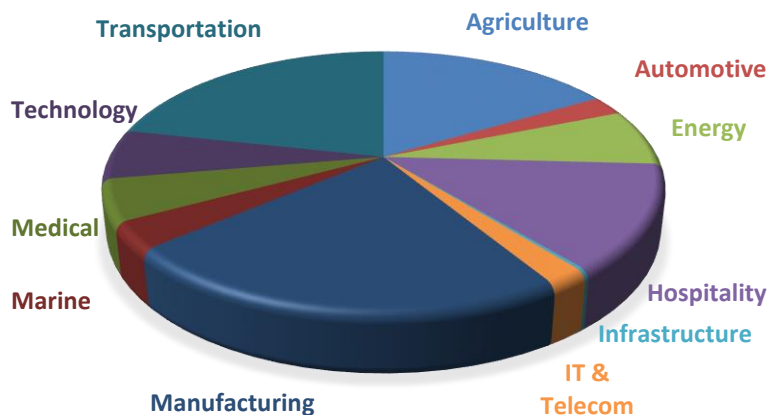


At 31 December 2015, investments in the portfolio were spread over 11 different asset classes and industries with manufacturing and manufacturing equipment accounting for both the largest single asset class (15.38%) and industry (11.15%) exposure on a consolidated basis as a percent of NAV. Energy assets (11.60%) and un-levered marine vessels (7.39%) round out the top three asset classes in the portfolio. Together with the manufacturing industry, the transportation (10.67%) and agricultural (8.15%) industries make up the top three industry exposures. The Company was holding a significant amount of cash at year end as a result of partially drawn project financings and the C Share proceeds raised in November. The intention is to deploy that capital over the balance of 2016. As this occurs, we expect some rebalancing among the portfolio concentrations including currency.

ASSET DIVERSIFICATION



INDUSTRY DIVERSIFICATION



Investment Manager

SQN Capital Management ("SQN") is an SEC registered investment advisor providing global alternative asset management services to a diverse array of investors including institutional and retail investors, insurance companies, hedge funds, private wealth managers, family offices, and funds of funds.

Consolidated Investment Statistics at 31 December 2015

Average Investment Size
£5.38m

Weighted Average Yield
9.84%

Weighted Average Remaining Term
71.26 months

Fund Leverage
None

Hedged Currency Exposure*

US Dollar	17.27%
Euro	9.84%

Base Currency
Sterling 72.89%

*The Company seeks to hedge principal and interest risk where appropriate.

Fund Information

- Closed-ended Investment Company
- Main Market of London Stock Exchange
- Ticker: SQN / SQNC
- Launch Date: 14 July 2014
- Domicile: Guernsey
- Management Fee: 1.00%
- Estimated Annual Charges: 1.38%
- Index Inclusion: FTSE SmallCap Index
- Fully Independent Board

Contact

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