

SQN Asset Finance Income Fund Limited

30 September 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.

August Investment Highlights

In September, the Company successfully refinanced, through an MBO, its paper mill financing in Scotland. This transaction sees £11.9m of cash being returned over 3-4 months with a further £3.8m of asset finance provided to the new entity. The overall yield on the transaction is improved by 45bp over the original deal, as the result of a £900,000 premium the Manager was able to negotiate.

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	81.50p
C Shares	87.00p

NAV per share¹

Ordinary Shares	94.32p
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	1.21%
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¹ This figure is quoted before deducting the dividend for the period to 31 August 2019, which was paid on 25 October 2019.

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

INVESTMENT STATISTICS – 30 September 2019

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

£411.2m

Market capitalisation

£472.2

Net asset value

>9.4%

Weighted average portfolio yield

94 months

Weighted average remaining term

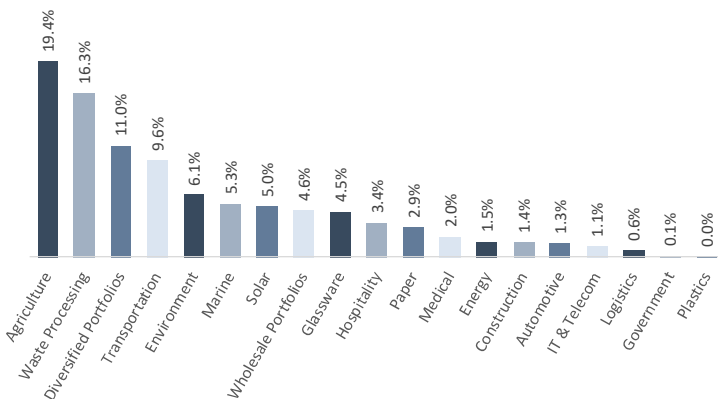
£8.4m

Average investment size

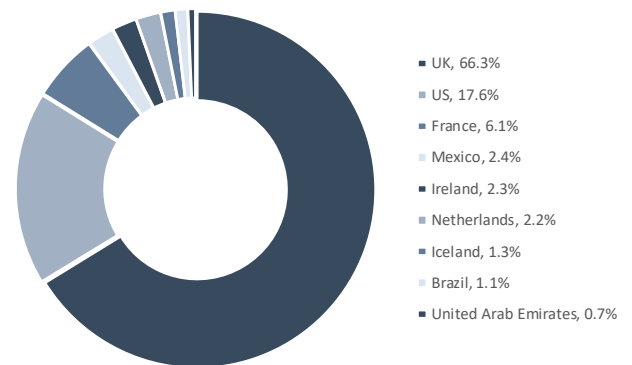
Ten Largest Group Exposures	Total Exposure*	% of NAV	Industry
1 Anaerobic Digestion Plant	£37,687,377	7.98%	Waste Processing
2 Vessels and Helicopters	£34,566,242	7.32%	Transportation
3 Portfolio Interest	£33,350,951	7.06%	Diversified Portfolios
4 Anaerobic Digestion Plant	£30,582,769	6.48%	Waste Processing
5 Anaerobic Digestion Plant	£25,616,670	5.42%	Agriculture
6 Solar Manufacturing	£23,599,252	5.00%	Solar
7 Combined Heat and Power Centres	£22,404,486	4.74%	Agriculture
8 Manufacturing	£21,432,511	4.54%	Glassware
9 Anaerobic Digestion Plant	£20,480,338	4.34%	Agriculture
10 Marine Equipment	£20,372,463	4.31%	Marine
	£270,093,057	57.20%	

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

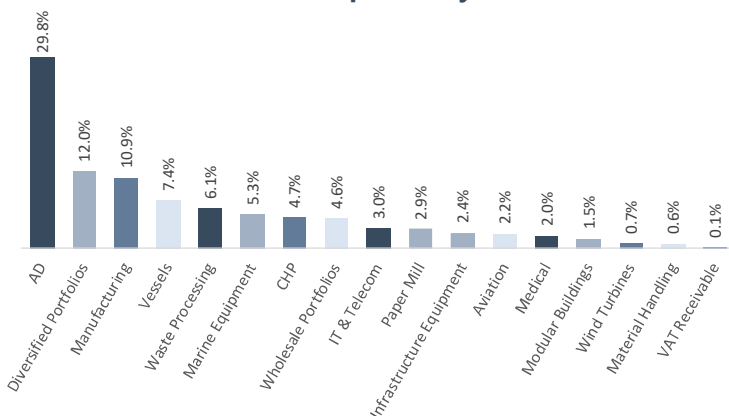
Portfolio Exposure by Industry



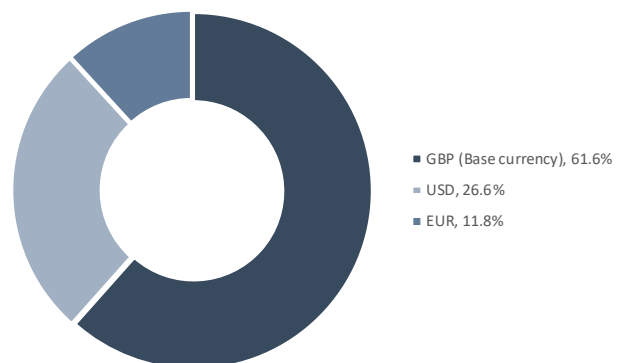
Portfolio Exposure by Geography



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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