

SQN Asset Finance Income Fund Limited

30 June 2018



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.

June Investment Highlight

In June, the Group made four additional advances on existing transactions within the Ordinary share class.

Furthermore, the Group made two new investments within the C share class. Firstly, an investment of \$6.19 million in the senior portion of a diversified portfolio of manufacturing and industrial leases. In addition to this, the Group entered a £3.38 million sale and lease back with an international civil engineering and building company for a variety of construction equipment and machinery. To date, more than 77% of the C Share capital has been deployed.

FUND INFORMATION

Share price

Ordinary Shares	90.80p
C Shares	93.79p

NAV per share¹

Ordinary Shares	97.72p
C Shares	97.62p

Gearing None

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

Charges

Ongoing charge figure² 1.18%

¹ This figure excludes the dividend for the period to 31 May 2018, which was paid on 18 June 2018.

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

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

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 – 30 JUNE 2018

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

£454.1m

Market capitalisation

£484.1m

Net asset value

>9.6%

Weighted average portfolio yield

77 months

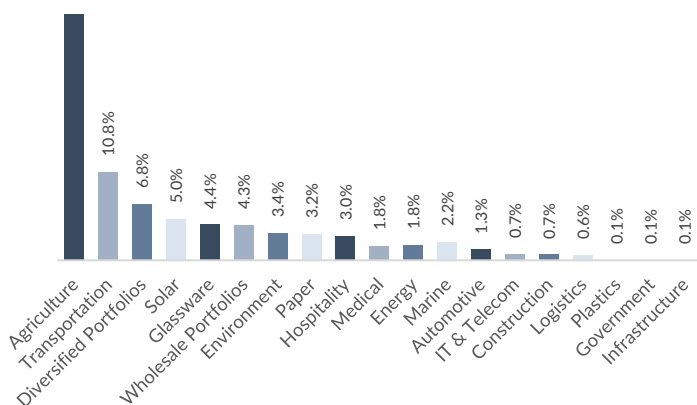
Weighted average remaining term

£7.7m

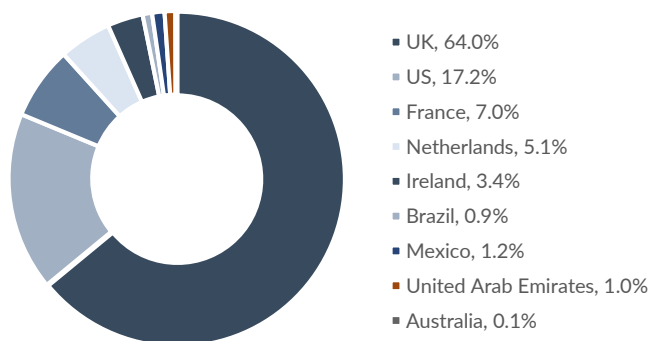
Average investment size

Ten largest group exposures	Principal balance outstanding (£)	% of NAV	Industry
1 Vessels and helicopters	£37,034,849	7.65%	Transportation
2 Anaerobic digestion plant	£32,244,907	6.66%	Agriculture
3 Portfolio interest	£30,767,936	6.36%	Diversified
4 Anaerobic digestion plant	£27,960,832	5.78%	Agriculture
5 Glass manufacturing facility	£24,408,443	5.04%	Glassware
6 Combined heat and power centres	£23,563,948	4.87%	Agriculture
7 Solar manufacturing lines	£22,717,734	4.69%	Solar
8 Anaerobic digestion plant	£20,102,754	4.15%	Agriculture
9 Anaerobic digestion plant	£17,997,681	3.72%	Agriculture
10 Paper production and processing plant	£15,429,935	3.19%	Paper
Total	£252,229,018	52.10%	

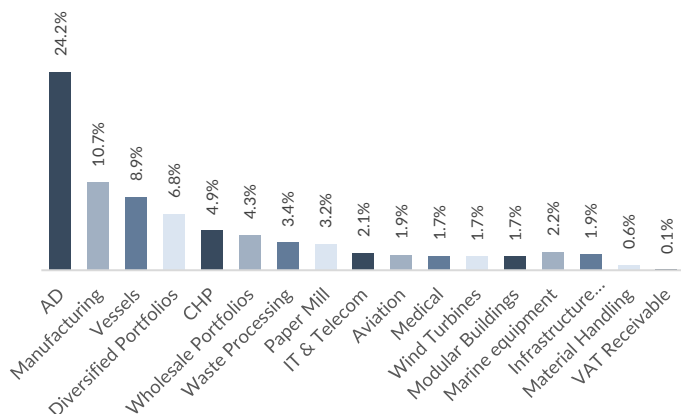
Portfolio Exposure by Industry



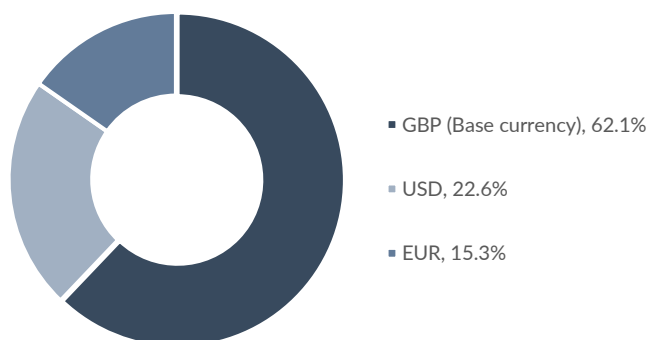
Portfolio Exposure by Geography



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.

Manager | SQN Capital Management, LLC
 Melita House, 124 Bridge Road, Chertsey, Surrey KT16 8LA | +44 (0)1932 575 888
 Neil Roberts | nroberts@sqncapital.com, Jeremiah Silkowski | jsilkowski@sqncapital.com

Company Broker | Winterflood Investment Trusts | +44 (0)20 3100 0000

This document is not intended to be an investment advertisement or sales instrument; it constitutes neither an offer nor an attempt to solicit offers for the securities described herein. This document was prepared using the financial information available to SQN as at the date of this document. This information is believed to be accurate but has not been audited by a third party.

