

# SQN Asset Finance Income Fund Limited

31 July 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.

### July Investment Highlight

Progress continues to be made on the C Shares; the Fund made two new investments and increased dividend for the month.

The new investments have been made at rates greater than 9.5% and include a £12.7 million investment in marine equipment and a €6.1 million investment for a helicopter.

In July, the Fund also made four additional advances on existing transactions within the Ordinary Share class and settled seven wind turbine investments which has resulted in returns ranging from 12.0% to 14.6%.

## FUND INFORMATION

### Share price

Ordinary Shares	91.60p
C Shares	90.99p

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

Ordinary Shares	97.35p
C Shares	97.59p

### 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>	1.11%
------------------------------------	-------

<sup>1</sup> This figure excludes the dividend for the period to 30 June 2018, which was paid on 16 August 2018.

<sup>2</sup> 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 – 31 JULY 2018

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

**£452.7m**

Market capitalisation

**£485.0m**

Net asset value

**>9.4%**

Weighted average portfolio yield

**81 months**

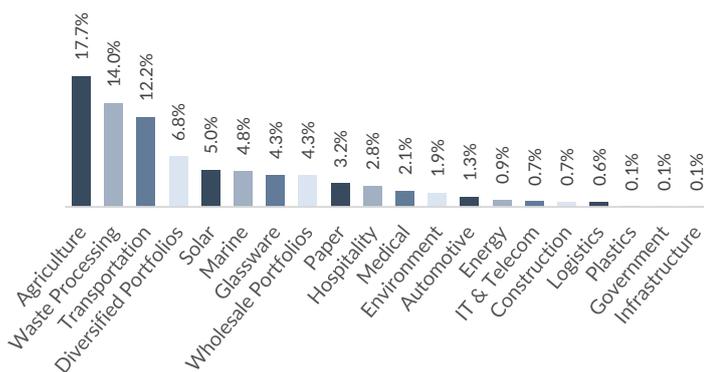
Weighted average remaining term

**£8.0m**

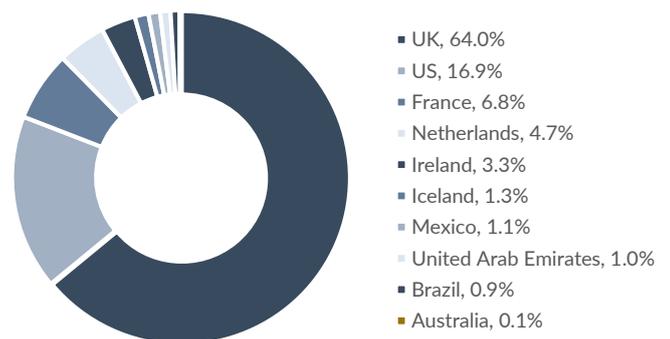
Average investment size

Ten largest group exposures	Principal balance outstanding (£)	% of NAV	Industry
1 Vessels and helicopters	£38,808,410	8.00%	Transportation
2 Anaerobic digestion plant	£32,663,937	6.73%	Waste Processing
3 Portfolio interest	£30,967,782	6.39%	Diversified
4 Anaerobic digestion plant	£27,960,832	5.77%	Waste Processing
5 Glass manufacturing facility	£24,619,586	5.08%	Glassware
6 Combined heat and power centres	£23,563,948	4.86%	Agriculture
7 Solar manufacturing lines	£22,865,292	4.71%	Solar
8 Anaerobic digestion plant	£20,305,398	4.19%	Agriculture
9 Anaerobic digestion plant	£18,150,538	3.74%	Agriculture
10 Paper production and processing plant	£15,429,935	3.18%	Paper
<b>Total</b>	<b>£255,335,657</b>	<b>52.65%</b>	

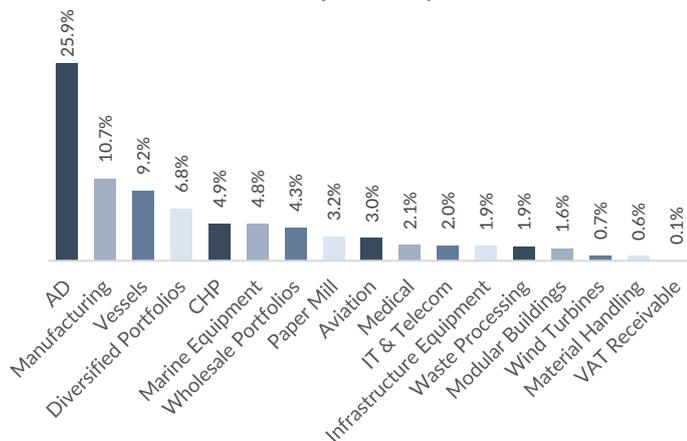
Portfolio Exposure by Industry



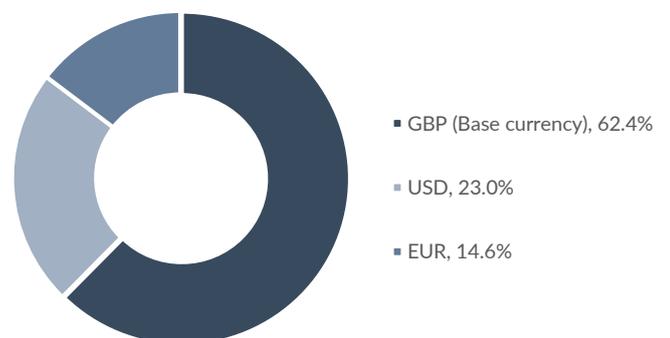
Portfolio Exposure by Geography



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.

