

SQN Asset Finance Income Fund Limited



Fund Statistics at 30 June 2015

<u>Share Price</u>	107.75p
<u>Market Capitalisation</u>	£192.84m
<u>NAV per Share (cum-dividend)</u>	99.93p
<u>NAV per Share (ex-dividend)</u>	99.41p
<u>Dividend per Share (June)</u>	0.5625p
<u>Dividend Frequency</u>	Monthly
<u>Targeted Annual Dividend</u>	7.25%
<u>Targeted Total Return</u>	8% - 10%
<u>NAV Publication</u>	Monthly

Fund Information

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

Investment Manager

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

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 investor 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

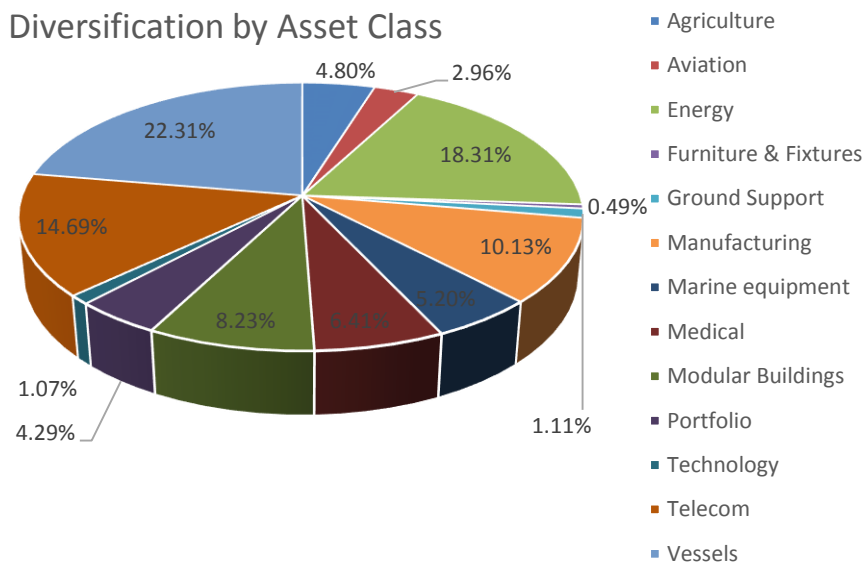
- ✗ Low margin/high volume
- ✗ Limited secondary markets
- ✗ Tied to cyclical markets
- ✗ Subject to obsolescence
- ✗ Highly regulated assets
- ✗ Tax-driven leases

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Through 30 June 2015, investments in the portfolio were spread over 11 different industries and 12 different asset classes with telecommunication equipment/technology infrastructure making up the largest single asset class followed by marine vessels, modular buildings and medical equipment. As the approved and committed transactions continue to draw down, it is expected that the agricultural and energy asset classes will account for a meaningful portion of the portfolio.

Diversification by Asset Class



Investment Statistics at 30 June 2015

Average Investment Size
£4.71m

Weighted Average Yield
9.84%

Weighted Average Remaining Term
67.81 months

Fund Leverage
None

Hedged Currency Exposure*

US Dollar	24.68%
Euro	15.50%

Base Currency
Sterling 59.59%

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

Contact

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Top 10 Assets	Investment Amount	Country	Term	Residual Exposure
Telecom Equipment / Tech Infrastructure	£14,487,448	EU/UK/US	60	None
Marine Vessels	£14,070,441	United Kingdom	48	None
Marine Vessels	£13,255,609	Netherlands	60	None
Modular Accommodations	£10,079,200	United Kingdom	72	None
Medical Equipment	£8,462,242	United States	60	None
Combined Heat and Power Centre (1)	£8,269,138	United Kingdom	120	None
Combined Heat and Power Centre (2)	£7,730,854	United Kingdom	120	None
Manufacturing Equipment	£5,391,233	US/Taiwan	24	None
Seasoned Portfolio	£5,259,525	United States	Variable	None
Marine Equipment	£5,041,944	United Kingdom	36	20%

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.