

SQN Secured Income Fund



Factsheet | 31 May 2020

Investment Objective

The SQN Secured Income Fund is designed to provide shareholders with attractive risk-adjusted returns predominantly through investment in a range of SME loan assets and secured lending opportunities, diversified by way of asset class, geography and structure.

Key Benefits

1. Diversified exposure to SME borrowers across key markets in the UK, Europe and USA
2. Targeted annual dividend of 7p per share paid monthly
3. Lending against business critical assets providing downside protection

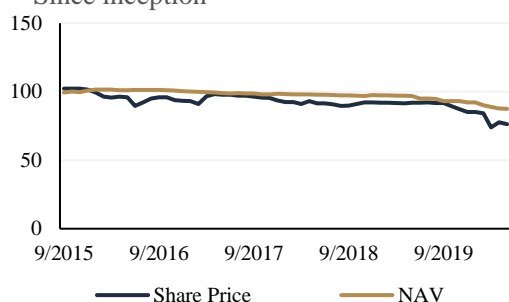
Fund Information

Key facts

Market Capitalisation	£40.1m
Share Price	76.25p
NAV	£46.2m
NAV per share	87.66p
Premium / (Discount)	-13.0%
Dividend cover	0.9x
Dividend yield	9.2%
Gearing	None
Management Fees	1.0% up to £250m
Ongoing charges	2.0%
Ticker	SSIF:LN
ISIN	GB00BYMK5S87

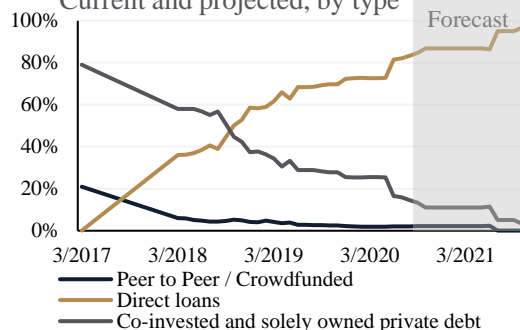
Share Price Performance

Since inception



Portfolio Exposure

Current and projected, by type



Performance¹

Total return, cum income, %

To 31/05/2020	SI	3y	1y	6m
Share price	0.81	-0.85	-10.05	-8.73
NAV	4.23	1.18	-2.47	-2.25

12M discrete	31/5/2016 – 31/5/2017	31/5/2017 – 31/5/2018	31/5/2018 – 31/5/2019	31/5/2019 – 31/5/2020
Share price	9.89	0.04	8.31	-10.05
NAV	5.35	5.29	6.20	-2.47

¹ Annualised for periods longer than one year.

Fund Portfolio¹

Top 10 Holdings (%)

Direct Loan	21.64%
Co-investment	14.01%
Direct Loan	10.52%
Direct Loan	8.89%
Direct Loan	6.00%
Direct Loan	5.83%
Direct Loan	5.55%
Direct Loan	5.38%
Direct Loan	4.46%
Direct Loan	3.25%
Total	85.51%

Total number of holdings 30

Average loan size £1.44m

Weighted average yield 9.98%

Portfolio exposure (%)

Direct Loans (SQN originated)	74.0
Co-invested and solely owned debt	17.7
Cash (incl. committed cash)	6.5
Peer-to-peer / Crowdfunded	1.8

Geographical breakdown (%)

UK	74.4
US	13.3
Europe	10.1
Offshore Britain	2.2

Maturity breakdown (%)

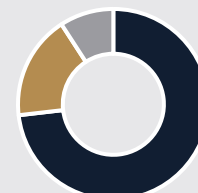
0-6 months	12.6
6-18 months	35.8
18-36 mos.	17.8
>36 months	33.8



Weighted average maturity 2.6 years

Currency breakdown (%)

GBP	73.2
USD	17.7
EUR	9.1



Currency hedged to GBP 100%

¹ Portfolio exposures are calculated as the present balance outstanding less any impairment/ expected credit loss provision.



Dawn Kendall
CIO & Lead Fund Manager

Dawn has 34 years' experience in financial services, including 25 years' experience managing fixed income portfolios at distinguished financial institutions, including in her role as Partner and Portfolio Manager at TwentyFour Asset Management, as CIO for IAM, a fund of hedge funds, and Portfolio Manager for The Codelouf Trust, a family office. Additionally, Dawn has held senior investment and management positions at Newton, Axa (Architas) and Investec Wealth. Dawn has a degree in European and English Law and an MBA.

May Investment Highlights

KKV was appointed as the portfolio manager of SQN Secured Income Fund Limited on 8th June 2020.

KKV is a newly formed investment management company, majority owned by Kvik Securities Ltd, the UK operating subsidiary of Kvik Banki hf., a Nordic publicly traded commercial bank focusing on asset management and investment services. The investment team at KKV will be led by Dawn Kendall as CIO, supported by Chris Greener and Christian Holder.

KKV offers a strong proposal which combines the expertise and considerable experience of individuals currently within the SQN Group with a newly recruited team of financial services professionals with significant expertise in the fields of credit and risk. Together with the infrastructure and governance associated with Kvik Banki and KSL, this proposition delivers the continuity and enhanced fund management capacity expected by shareholders.

The immediate focus for KKV will be on the existing portfolio, to work with borrowers that may require assistance as a result of the challenges presented by Covid-19.

The present environment has presented challenges and the business considers it a prudent approach to assess free cash flow as the primary short-term risk indicator for our book of loans. We consider the challenges presented by COVID-19 to be relatively short term and our focus is on supporting these companies so that they are able to recommence their normal trading pattern as soon as possible.

Disclaimer:

SQN Secured Income Fund plc (the "Company") is an investment company, incorporated in England with registered number 09682883, whose shares have been admitted to trading on the Specialist Fund Segment of the Main Market of London Stock Exchange plc. The Company is an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive. The Company has appointed Kvik Securities Limited ("KSL") as its alternative investment fund manager, and KKV Investment Management Limited ("KKV") has been appointed as the Company's portfolio manager. This Factsheet is provided for information purposes only and should not be relied on by any person in making an investment decision. The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back less than the original amount invested. Past performance is not a reliable indicator of future performance and investors may not get back the original amount invested. There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value. Whilst it is the intention to achieve the investment objectives of the Company, there can be no assurance that the objectives will be met. Any forecast, projection or target is indicative only and not guaranteed in any way, and any views expressed are those of KSL. KSL has used all reasonable endeavours to ensure the accuracy of information contained in this Factsheet, but it cannot guarantee the reliability, completeness or accuracy of such content. This material should not be considered as advice or an investment recommendation. No provider of information presented here, including index and ratings information, is liable for damages or losses of any type arising from use of their information. No warranty of accuracy is given and no liability in respect of any error or omission is accepted. For an overview of the terms of investment, risks and costs and charges please refer to the Annual Report and Key Information Document from which the risk indicator is taken. If you are in any doubt as to the suitability of the Company for your investment needs please seek investment advice. This Factsheet is a financial promotion and is not intended to be investment advice. It is issued and approved solely for the purpose of section 21(2)(b) of the Financial Services and Markets Act 2000 (as amended) by KSL which is authorised and regulated by the Financial Conduct Authority. It is entered on the Financial Conduct Authority's register under registered number 538806. KSL is a private limited company incorporated in England (registered no. 06801718) with its registered office at 25 Upper Brook Street, London, England, W1K 7QD. KKV is a private limited company incorporated in England (registered no. 12475228) with its registered office at 25 Upper Brook Street, London, England, W1K 7QD. Copyright © (2020) Kvik Securities Ltd. All rights reserved.



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Closed-ended Investment Company | Listing: London Stock Exchange Main Market Specialist Segment | Domicile: UK