

Equipment Finance

What is Equipment Finance?

Equipment finance is a form of asset-backed credit investing that provides businesses with funding to acquire essential equipment, such as machinery, vehicles, and technology. Structured as secured loans or leases, these transactions use the equipment itself as collateral, reducing credit risk. We focus on opportunities to lend against a diversified pool of these receivables, held in a bankruptcy-remote vehicle, which helps mitigate concentration risk.



Why invest?

- **Secured and collateralized:** Backed by tangible assets, reducing downside risk.
- **Attractive yield potential:** Offers higher risk-adjusted returns compared to traditional fixed income.
- **Diversified exposure:** Supports mission-critical assets across industries with consistent demand.
- **Predictable cash flows:** Short to medium-term loan durations (3-7 years) enhance portfolio stability.

Risks to consider

- **Residual value risk:** The financed equipment may depreciate faster than anticipated, reducing its resale value.
 - **Mitigation:** Conservative loan-to-value (LTV) ratios, end-of-lease buyout agreements, and preference for assets with high secondary market liquidity help manage depreciation concerns.
- **Technological obsolescence risk:** Rapid advancements in technology can render financed equipment obsolete before the loan term ends.
 - **Mitigation:** Favoring equipment with long useful lives, strong aftermarket demand, and including upgrade or replacement options in lease agreements can mitigate this risk.
- **Asset recovery and repossession risk:** If a borrower defaults, repossessing and liquidating equipment may be costly or complex.
 - **Mitigation:** Structuring agreements with clear repossession rights, maintaining strong documentation, and favoring assets with active secondary markets improve recovery potential.

Conclusion

Equipment finance is a compelling asset-backed credit opportunity that combines strong collateralization, consistent demand, and attractive yield potential. With its secured nature and diverse applications across industries, it serves as a resilient addition to private credit and alternative fixed income portfolios.

Common sectors or products in Equipment Finance



Transportation: Financing for trucks, aircraft, and rail assets



Healthcare: Leasing for imaging, diagnostic, and surgical equipment



Manufacturing and construction: Loans for heavy machinery, automation, and robotics



Technology and infrastructure: Financing for IT systems, data centers, and telecom equipment

About MA Asset Management

We have a 10+ year track record of investing in directly originated private asset-backed credit across differentiated lending strategies.

The team are focused on income generating assets that provide investors with a steady stream of monthly income. Beyond traditional private credit, we also negotiate both long-term loan flow agreements and credit facilities with originators.

MA Asset Management, LLC is a wholly owned subsidiary of MA Financial Group, a publicly listed company on the Australian Securities Exchange (ASX).

More information

Email	IR.US@mafinancial.com
Website	MAFinancial.com/us
LinkedIn	@MA-asset-management

IMPORTANT INFORMATION

Neither MA Asset Management, LLC (MA), MA Financial Group Limited, or any of its affiliates, officers or employees accept any liability whatsoever, whether direct or indirect, that may arise from the use of information in this material. This material is for distribution solely in permitted jurisdictions and to persons who may receive it without breaching applicable legal or regulatory requirements. The information in this document is provided for informational purposes only, and is not to be relied upon as advice or interpreted as a recommendation. MA may change the data, opinions, and estimates without notice. This document neither constitutes an offer to buy, nor a solicitation to sell a product, and shall not be considered an unlawful solicitation or investment advice. Past performance is not indicative of future results.

MA Asset Management, LLC, is an investment adviser registered under the Investment Advisers Act of 1940. Registration with the SEC does not imply any level of skill or training. For additional information about MA Asset Management, LLC, including fees and services, please contact us or refer to the Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov).