

HORIZON TECHNOLOGY FINANCE CORP

FORM 8-K (Current report filing)

Filed 12/19/16 for the Period Ending 12/19/16

Address	312 FARMINGTON AVENUE FARMINGTON, CT 06032
Telephone	860-676-8654
CIK	0001487428
Symbol	HRZN
Industry	Closed End Funds
Sector	Financials
Fiscal Year	12/31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 19, 2016

HORIZON TECHNOLOGY FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

814-00802
(Commission File Number)

27-2114934
(I.R.S. Employer Identification No.)

312 Farmington Avenue
Farmington, CT 06032
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(860) 676-8654**

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 7 **Regulation FD**
Item 7.01 **Regulation FD Disclosure**

On December 19, 2016, Horizon Technology Finance Corporation (the “Company”) issued a press release announcing the potential positive impact to its investment portfolio of a rising interest rate environment following the Federal Open Market Committee’s increase in the federal funds rate target range by 25 basis points. A copy of this press release is attached hereto as Exhibit 99.1.

The information in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 furnished herewith, is being furnished and shall not be deemed “filed” for any purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liabilities of such Section. The information in this Current Report on Form 8-K shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Section 9 **Financial Statements and Exhibits**
Item 9.01 **Financial Statements and Exhibits**

(d) Exhibits.

99.1 Press release of the Company dated December 19, 2016.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 19, 2016

HORIZON TECHNOLOGY FINANCE CORPORATION

By: /s/ Robert D. Pomeroy, Jr.

Robert D. Pomeroy, Jr.

Chief Executive Officer



Horizon Technology Finance Investment Portfolio Positioned to Generate Additional Net Investment Income from Increase in Interest Rates

97% of Horizon's Debt Investments Priced at Floating Interest Rates as of September 30, 2016

FARMINGTON, Conn., December 19, 2016 – Horizon Technology Finance Corporation (NASDAQ: HRZN) (“Horizon”), a leading specialty finance company that provides capital in the form of secured loans to venture capital backed companies in the technology, life science, healthcare information and services, and cleantech industries, announced today the potential positive impact to its investment portfolio of a rising interest rate environment following the Federal Open Market Committee’s (“FOMC”) increase in the federal funds rate target range by 25 basis points. Horizon expects each 25 basis points increase in the LIBOR rate will contribute approximately \$264,000, or \$0.02 per share, of net investment income (“NII”) annually to its operating results, calculated on the basic weighted shares outstanding as of September 30, 2016.

“For some time, Horizon has been shifting its focus to floating rate loans in anticipation of higher interest rates,” said Robert D. Pomeroy, Jr., Chairman and Chief Executive Officer of Horizon. “As of September 30, 2016, 97% of the outstanding principal amount of our debt investments bore interest at floating rates with coupons that are structured to increase when interest rates rise. As a result, we believe Horizon is well positioned to experience both increasing income and expanding net interest margin in a rising interest rate environment, which the FOMC has signaled to in its comments.”

Based on Horizon’s September 30, 2016 consolidated statement of assets and liabilities (without adjustment for potential changes in the credit market, credit quality, size and composition of assets on the consolidated statement of assets and liabilities or other business developments that could affect net income), the following table shows the annual impact on the change in NII resulting from changes in interest rates, which assumes no changes in the Company’s investments and borrowings:

Change in basis points	Interest		Change in Net Investment		EPS ⁽²⁾
	Income	Expense	Income ⁽¹⁾		
	(In thousands, except per share data)				
25 basis points	\$ 277	\$ 13	\$ 264	\$	0.02
50 basis points	\$ 735	\$ 172	\$ 563	\$	0.05
75 basis points	\$ 1,199	\$ 332	\$ 867	\$	0.08
100 basis points	\$ 1,637	\$ 492	\$ 1,145	\$	0.10
200 basis points	\$ 3,217	\$ 1,131	\$ 2,086	\$	0.18
300 basis points	\$ 4,532	\$ 1,769	\$ 2,763	\$	0.24

(1) Excludes the impact of incentive fees based on pre-incentive fee net investment income.

(2) EPS calculated on basic weighted shares outstanding of 11,549,508 as of September 30, 2016.

The potential higher net interest income resulting from any increase in the LIBOR rate would materialize throughout the Company’s 2017 operating period.

For information on certain countervailing risks associated with rising interest rates to Horizon's business, financial condition and results of operations, please see "Risk Factors" in Horizon's annual report on Form 10-K, which may be accessed at www.horizontechfinance.com.

About Horizon Technology Finance

Horizon Technology Finance Corporation is a leading specialty finance company that provides capital in the form of secured loans to venture capital backed companies in the technology, life science, healthcare information and services, and cleantech industries. The investment objective of Horizon is to maximize its investment portfolio's return by generating current income from the debt investments it makes and capital appreciation from the warrants it receives when making such debt investments. Headquartered in Farmington, Connecticut, Horizon has regional offices in Walnut Creek, California and Reston, Virginia. Horizon's common stock trades on the NASDAQ Global Select Market under the ticker symbol "HRZN". To learn more, please visit www.horizontechfinance.com.

Forward-Looking Statements

Statements included herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance, condition or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in our filings with the Securities and Exchange Commission. Horizon undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this press release.

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