

# NB Distressed Debt Investment Fund Limited – Global Shares (“NBDG”)

## NBDG FUND OBJECTIVE

NB Distressed Debt Investment Fund Limited’s (“NBDDIF”) primary objective is to provide investors with attractive risk-adjusted returns through long-biased, opportunistic stressed, distressed and special situation credit-related investments while seeking to limit downside risk.

NBDDIF’s holdings are diversified across distressed, stressed and special situations investments, with a focus on senior debt backed by hard assets. The portfolio is managed by the Distressed Debt team at Neuberger Berman, which sits within what we believe is one of the largest and most experienced non-investment grade credit teams in the industry.

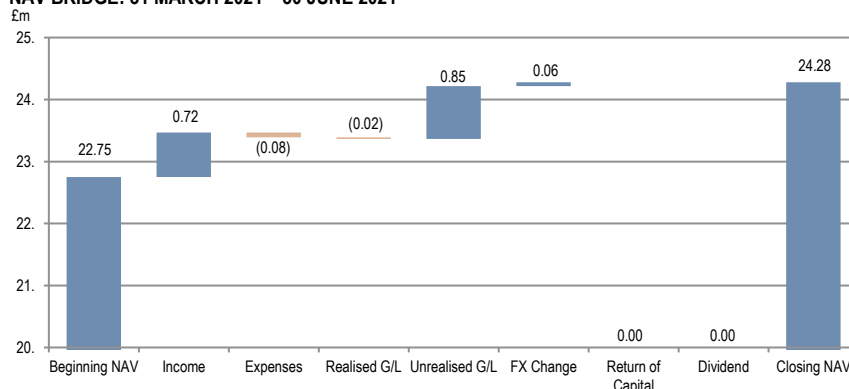
The New Global Share Class (“NBDG”) was created in March 2014 in order to capture the growing opportunity in distressed debt globally. NBDG’s investment period ended on 31 March 2017, following which the harvest period commenced. No shares were repurchased during the quarter – inception to date, distributions stand at £56.1 million or 51% of original capital (income by way of dividend, capital by way of redemption and share buy-backs), since the realisation phase for this share class began.

The New Global Share Class is one of three classes of shares in NBDDIF. The others are the Ordinary Share Class and the Extended Life Share Class. The Ordinary Share Class was subject to an investment period which ended on 10 June 2013 and the Extended Life Share Class was subject to an investment period which ended on 31 March 2015. Separate factsheets are produced for those share classes.

## FUND FACTS<sup>1</sup>

NAV Per Share:	59.04p
Share Price:	32.50p
Share Price Discount to NAV	(45.0)%
Market Cap.	£13.4m
Total NAV	£24.3m
No. of issuers	7
Launch Date:	4 March 2014
Base Currency:	GBP
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	nil
Bloomberg Ticker:	NBDG:LN
ISIN:	GG00BMY71748
Website:	<a href="http://www.nbddif.com">www.nbddif.com</a>
Fund Type:	Closed-ended Investment Company

## NAV BRIDGE: 31 MARCH 2021 – 30 JUNE 2021



Source: Neuberger Berman

Beginning NAV and Closing NAV are based on published NAVs for NBDG and not on a per share basis.

FX Changes due to share class's exposure to foreign currencies. As detailed in its prospectus, the share class generally does not intend to hedge the currency exposure between Sterling (the currency in which shares are denominated) and the currency of the investments made by the share class.

Return of Capital includes distributions and buy backs.

Figures presented are based on quarter-end published financial information and financial information provided by U.S. Bank Global Fund Services (Guernsey) Limited / U.S. Bank Global Fund Services (Ireland) Limited, as administrator to NBDDIF (the "Administrator"). This NAV bridge has not been audited and figures are subject to change.

## MANAGER COMMENTARY

The vaccine rollout has lifted public equity markets and provided investors and consumers with scope for renewed optimism. However, the pace of rollout has slowed down and there are continued worries that the spread of new COVID-19 variants could set back the economic recovery. There is ongoing debate about whether new variants might require a reassessment of the speed at which to lift restrictions, underscoring the continued uncertainty around consumer behaviour and economic prospects. Investors continue to monitor both the pace and coverage of large-scale vaccine development and distribution, as well as hospitalisation rates and therapeutic treatment improvements. Given these circumstances, the timing and quantum of any financial impact on the portfolio remains very difficult to predict. Despite the uncertainty, the investment manager remains committed to realising the investments in an orderly manner and winding down the share class as soon as practicable. For regulatory reasons, the final 10% of the total return (NAV plus cumulative distributions) in respect of any class of participating shares in NBDDIF will be returned to shareholders with a final compulsory redemption of all the outstanding shares of that class.

While uncertainty in markets remains, we have reviewed the remaining investments to provide guidance on their realisable values. The investment manager uses economic, industry and issuer specific data to estimate the gross realisable value in downside, base case and upside scenarios for each investment in the portfolio. It currently estimates that the range of the aggregated realisable value for the investments in the portfolio is between 93% and 139% of the 30 June 2021 market values of these investments, with a base case of 117%. The range decreased as the values of a shipping and an oil and gas investment increased. Shareholders should, however, note that: (i) the realisable values of the investments are calculated on a gross basis and, in particular, do not reflect any applicable third-party expenses; and (ii) this range of aggregate realisable values is an estimate only, with no guarantee that the value actually realised will be within this range. Further details on the risks relating to "forward looking information" are set out at the end of this announcement.

## Portfolio Update

NBDG ended the quarter with a NAV per share of 59.04p compared with 55.33p at the end of March 2021. NAV increased 7% principally due to a shipping investment benefiting from a stronger dry bulk market and an oil & gas investment benefiting from improved ethanol demand. The remaining portfolio consists of 7 issuers across 6 sectors, including lodging & casinos, commercial mortgage, surface transport and shipping. At quarter-end, 92% of NBDG's NAV was invested in distressed assets (including net cash held in subsidiaries), with 8% held in cash and US Treasury securities.

NBDG had no exits in the quarter. Inception to date, the ratio of distributions, both income and capital, to original capital, is 51%. Including the current NAV, the figure rises to 73%.

Notable Events<sup>2</sup> below describe activity in the investments during the quarter and post quarter-end:

- The lodging & casino investment in Spain continues to be closed due to the covid pandemic. NBDG provided its pro-rata share of a new €4 million loan in order to protect its existing investment from dilution. This loan will provide the hotel with additional liquidity until reopening. The total amount funded by NBDG was £535k.

Data as at 30 June 2021. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDG.

1. Source: Bloomberg, except where otherwise stated

2. Notable corporate events may or may not result in an increase or decrease in the value of an NBDG investment or a change in NBDG's NAV per share. An investment may experience a change in value (positive or negative) during the quarter whether or not it was subject to a notable corporate event. Not all events involving existing investments are disclosed. In addition, certain corporate events may not have been disclosed due to confidentiality obligations.

# NB Distressed Debt Investment Fund Limited – Global Shares (“NBDG”)

## FUND MANAGERS

**Michael Holmberg**  
32 years' investment experience

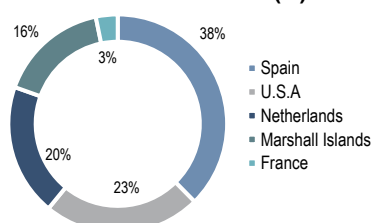
**Brendan McDermott**  
15 years' investment experience

**Ravi Soni**  
14 years' investment experience

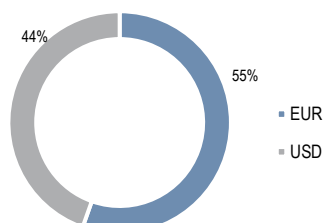
### Directors:

John Hallam (Chairman)  
Michael Holmberg  
Christopher Legge  
Stephen Vakil

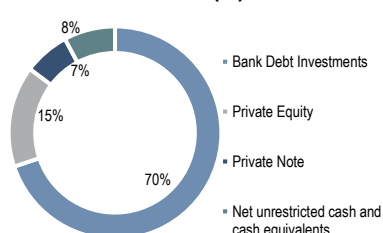
## COUNTRY BREAKDOWN<sup>4,5</sup> (%)



## CURRENCY BREAKDOWN<sup>4,5</sup> (%)



## INVESTMENT TYPE<sup>5</sup> (%)



## SECTOR BREAKDOWN<sup>4</sup> (%)

Lodging & Casinos	32%
Commercial Mortgage	20%
Shipping	16%
Surface Transport	13%
Oil & Gas	8%
Auto Components	3%
Net Cash and cash equivalents, U.S. Treasury securities and FX	10%

## Portfolio Update (continued)

### Significant Value Change (+/- £240,000)<sup>3</sup>

INDUSTRY	INSTRUMENT	2Q21 TOTAL RETURN (£ in millions)	MARKET VALUE (£ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Shipping	Secured Loan/Private Equity	0.9	4.0	+22.1%	Strength in the dry bulk market
Oil & Gas	Private Equity	0.3	1.9	+26.4%	Improvement in ethanol demand

### Exits

There were no exits during the quarter. Inception to date, there have been 30 exits with a total return of (£7.3 million), weighted average IRR of (5%) and weighted average ROR of (6%).

### Distributions

There were no distributions in respect of the quarter. Inception to date there have been distributions (dividends, redemptions and buy-backs) equal to £56.1 million or 51% of original capital.

The investment manager has undertaken a review of all the investments in the light of a changed market and we have updated the distribution schedule for the investments based on current expectations. The expectation is to distribute approximately 5-10% of 30 June 2021 NAV in 2021 and the remainder in 2022. The main driver for a reduction in distributions in 2021 is an update of the estimate in the expected realisation of a shipping investment, an auto components investment and a financial intermediary investment. For regulatory reasons, the final 10% of total return in respect of any class of participating shares in NBDIF will be returned to shareholders, with the final compulsory redemption of all of the outstanding shares of that class. In the harvest period, we continue to focus on restructuring and monetising our investments, balancing timely realisations with maximising proceeds to our shareholders. Changes to timing are expected based on current market conditions and investment developments, and will continue to be updated in the quarterly factsheets.

### Share Buybacks

NBDIF did not repurchase any shares in NBDG during the quarter. Since inception, a total of 16,114,533, or 15% of the original NBDG shares at a cost of £10.9 million, has been repurchased and cancelled.

The buyback programme was intended to narrow the discount during the investment period. At this point of the harvest period, our priority, based on shareholder feedback, is the return of capital. Going forward, the Board intends to make distributions from investment realisations and not hold back cash for future buyback programmes. Cash will be returned to shareholders through distributions from realisation of investments and not through buybacks.

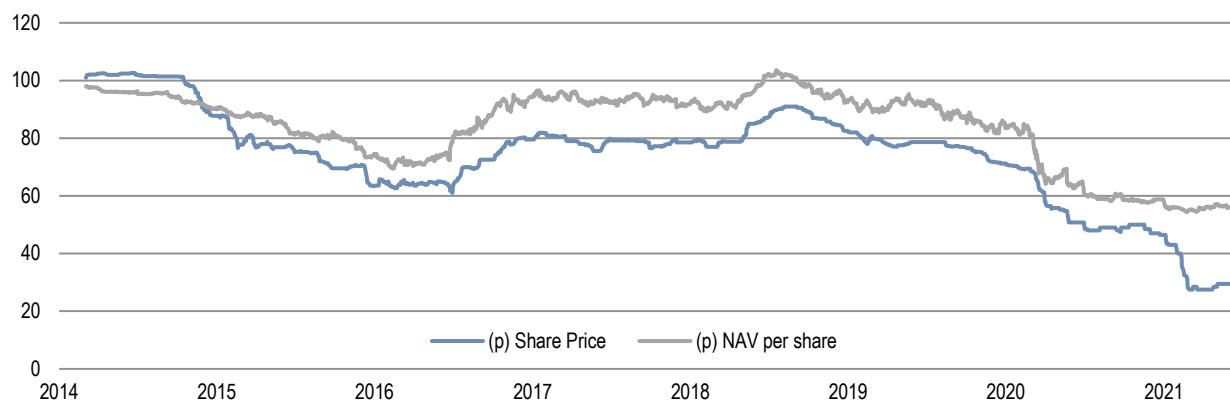
3. Industry categorisations determined by Neuberger Berman. Total Return determined by the Administrator and includes realised and unrealised gains and losses, expenses, FX gains and losses, and all income on investments according to US GAAP accounting. References in this factsheet to the market value of specific fund investments refers to the value determined in accordance with NBDG's valuation policy, which may include fair valued investments where third party prices are not available or are not considered accurate

4. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 30 June 2021.

5. Includes cash and accruals.

# NB Distressed Debt Investment Fund Limited – Global Shares (“NBDG”)

## FUND PERFORMANCE<sup>6</sup>



## PORTFOLIO COMPOSITION – TOP 7 HOLDINGS<sup>7</sup>

Holding	Industry	Current Instrument	Status	Country	% NAV	Primary Assets
1	Lodging & Casino	Secured Loan/Private Equity	Current	Spain	25%	Hotel/Casino
2	Commercial Mortgage	Secured Loan	Defaulted	Netherlands	20%	Commercial Real Estate
3	Shipping	Secured Loan/Private Equity	Post-Reorg	Marshall Islands	16%	Vessels
4	Surface Transportation	Secured Loan	Defaulted	Spain	13%	Legal Claim
5	Oil & Gas	Private Equity	Post-Reorg	US	8%	Ethanol Plant
6	Lodging & Casino	Secured Notes	Defaulted	US	7%	Hotel/Casino
7	Auto Components	Secured Loan	Post-Reorg	US	3%	Manufacturing Plant
					<b>92%</b>	

<sup>6</sup> Source: Bloomberg

<sup>7</sup> Categorisations determined by Neuberger Berman; percentages determined by Neuberger Berman and the Administrator. Please note that irrespective of the “sector” in which an investment is made, the underlying assets constituting the collateral for the investment comprise real estate assets in a majority of cases. As a result, NBDG’s overall exposure to the real estate sector may be more than its actual direct exposure to that sector.

# NB Distressed Debt Investment Fund Limited – Global Shares (“NBDG”)

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