

# NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

## NBDD 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.

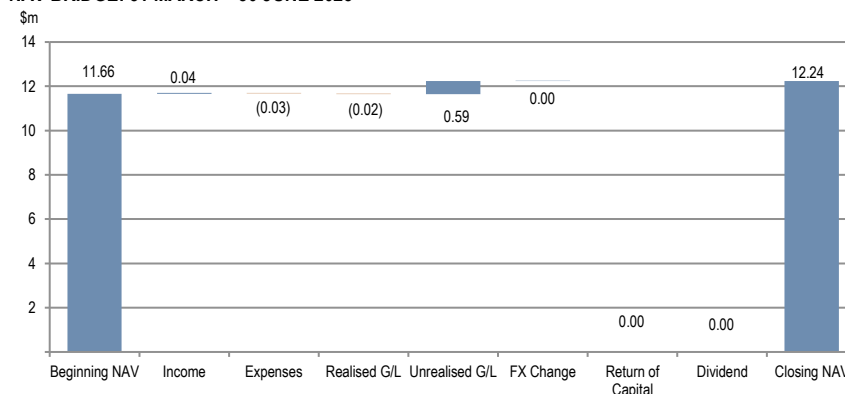
On 10 June 2013, the investment period of the NBDD Share Class (“NBDD”) expired and the assets of NBDDIF attributable to the Ordinary Shares were placed into the harvest period. \$132.8 million (equivalent to 107% of original capital) has been distributed (income by way of dividend and capital by way of redemption) to shareholders since the realisation phase for this share class began.

The Ordinary Share Class is one of three classes of shares in NBDDIF. The others are the Extended Life Share Class and the New Global Share Class, which both offered exposure to new opportunities in this asset class beyond 10 June 2013. The Extended Life Share Class was subject to an investment period which ended on 31 March 2015 and the New Global Share Class was subject to an investment period which ended on 31 March 2017. Separate factsheets are produced for those share classes.

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

NAV Per Share:	\$0.7959
Share Price:	\$0.7400
Share Price Discount to NAV	-7.02%
Market Cap.	\$11.4m
Total NAV	\$12.2m
No. of issuers	5
Launch Date:	10 June 2010
Base Currency:	USD
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	nil
Bloomberg Ticker:	NBDD:LN
ISIN:	GG00BDFZ6F78
Website:	<a href="http://www.nbddif.com">www.nbddif.com</a>
Fund Type:	Closed-ended Investment Company

## NAV BRIDGE: 31 MARCH – 30 JUNE 2023



Source: Neuberger Berman

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

Realised and Unrealised gain/loss include intraquarter adjustments that have no effect on YTD NAV.

FX Changes due to share class's exposure to foreign currencies. As detailed in its prospectus, the share class may, but is not required to, engage in currency hedging in connection with investments in assets not denominated in US dollars (the currency in which shares are denominated).

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

Public markets continue to be volatile as investors monitor multiple themes that could impact global growth. Dominant themes include tightening fiscal and monetary conditions, persistently higher inflation, supply chain disruptions, a tight labour market, the ongoing Russian war in Ukraine, and recent bank failures. All could lead to elevated volatility over the next 12 months and beyond. Given these circumstances, the timing and quantum of any financial impact on the portfolio remains 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. We have two investments which we believe may have material upside. However, the timing of any upside remains uncertain and, as we continue to seek liquidity, we will weigh the benefit of the timing of returning cash to investors relative to realising any additional upside.

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 of the outstanding shares of that class. As such, there will be no further distribution for NBDD until the final distribution to investors and the wind-down of the share class. The investment manager is evaluating options to wind down NBDD and will keep investors informed as there is more clarity.

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 80% and 164% of the 30 June 2023 market values of these investments, with a base case of 134%. The range decreased relative to last quarter mainly due to an increase in value of a packaging investment. 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

NBDD ended the quarter with a NAV per share of \$0.7959 compared with \$0.7580 at the end of March 2023. The NAV increased 5% during the quarter, principally driven by an increase in value in the containers & packaging investment. At quarter-end, 59% of NBDD's NAV was invested in distressed assets (including net cash held in subsidiaries), with 41% held in cash including U.S Treasury securities. Cash will build as assets are realised.

The portfolio consists of 5 issuers across 4 sectors. The largest sector concentrations were in containers & packaging, surface transport, and financial intermediaries. There were no exits during the quarter. The ratio of distributions, both income and capital, to original capital, is 107%. Including the current NAV, the figure rises to 116%. (continues)

Data as at 30 June 2023. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDD.

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 NBDD investment or a change in NBDD'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 – Ordinary Shares (“NBDD”)

## 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

## Notable Events<sup>2</sup>:

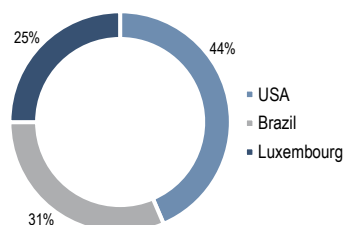
There were two notable events during the quarter:

- In May 2023, a containers & packaging investment received additional capital from its sponsor, raising liquidity for the company and establishing a higher valuation.
- In June 2023, a financial intermediary investment made a distribution to its surplus note holders of approximately \$33.4 million, of which NBDD received \$0.3mm.

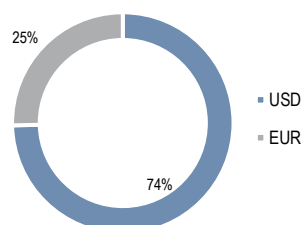
## Significant Value Change (+/- \$120,000)<sup>3</sup>

INDUSTRY	INSTRUMENT	2Q23 TOTAL RETURN (\$ in millions)	MARKET VALUE (\$ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Containers & Packaging	Private Equity	0.5	2.7	+24.8%	Sponsor equity injection

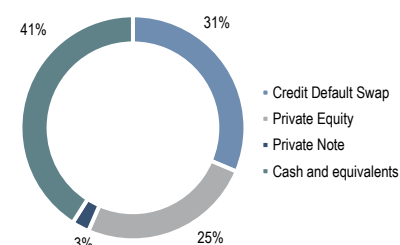
## COUNTRY BREAKDOWN<sup>4,5</sup> (%)



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



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



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

Surface Transport	31%
Containers and Packaging	25%
Financial Intermediaries	3%
Auto Components	0.1%
Net Cash and cash equivalents, U.S. Treasury securities and FX	41%

## Exits

There were no exits during the quarter. Inception to date, there have been 51 exits with a total return of \$35.4 million, weighted average IRR of 10% and weighted average ROR of 19%.

## Partial Realisations

There were no partial realisations during the quarter. The table below has been updated with current values.

PARTIAL REALISATION	SECTOR	QUARTER REPORTED	CASH INVESTED	CASH RECEIVED TO DATE	CURRENT VALUE OF INVESTMENT	TOTAL RETURN	CURRENT IRR	CURRENT ROR	MONTHS HELD
3	Containers & Packaging	2Q17	\$2.0 million	\$2.8 million	\$0.3 million	\$1.1 million	25%	59%	128
4	Containers & Packaging	2Q17	\$2.6 million	\$6.5 million	\$2.1 million	\$6.0 million	52%	256%	131

## Distributions

As explained above, due to 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 of the outstanding shares of that class. The next distribution for NBDD will be the final distribution to shareholders and will wind down the share class. The investment manager has undertaken a review of all the investments in the light of a changed market. The table below provides a comment on the liquidity and expected realisation for each of the remaining holdings in the portfolio.

We will continue to update shareholders as we gain clarity on the realisations.

HOLDING	INDUSTRY	% NAV	INVESTMENT STATUS
1	Surface Transport	31%	Awaiting results of litigation needed to unlock escrowed proceeds to pay claim
2	Containers and Packaging	22%	Profitability impacted by inflation; capital markets exit postponed until results regain momentum
3	Containers and Packaging	3%	Profitability impacted by inflation; capital markets exit postponed until results regain momentum
4	Financial Intermediaries	3%	Seeking balance sheet transaction that will facilitate substantial capital return in 2023
5	Auto Components	0.1%	Seeking secondary market buyer, requires healthy capital markets for reasonable value
		<b>59%</b>	

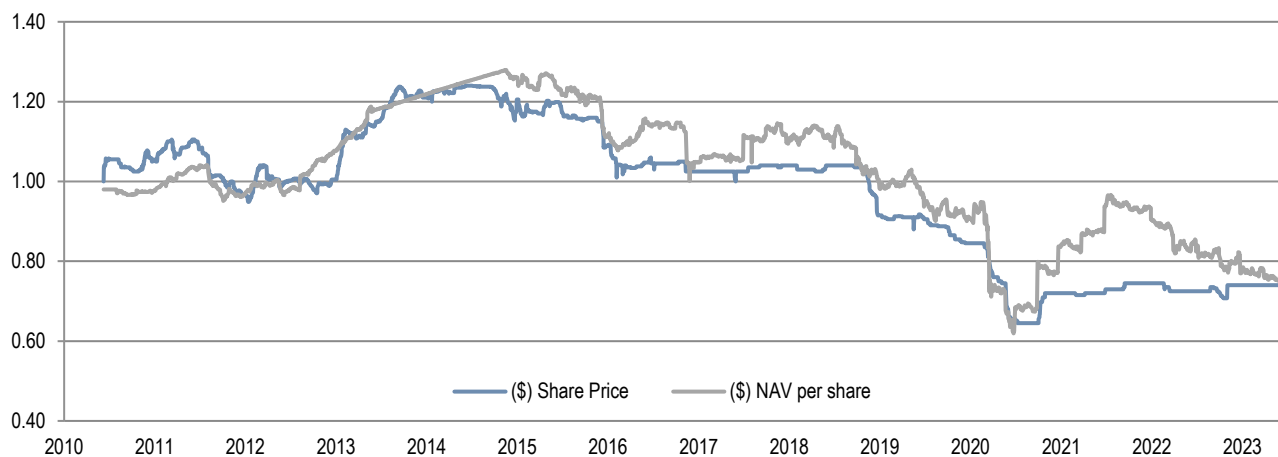
3. Industry categorisations determined by Neuberger Berman. Total Return determined by the Administrator and includes realised and unrealised gains and losses, expenses, FX gains and losses, and all income on investments according to US GAAP accounting. References in this factsheet to the market value of specific fund investments refers to the value determined in accordance with NBDD'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 2023.

5. Includes cash and accruals.

# NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

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



## PORTFOLIO COMPOSITION – TOP 5 HOLDINGS<sup>7</sup>

Holding	Industry	Current Instrument	Status	Country	% NAV	Primary Assets
1	Surface Transport	Trade Claim	Defaulted	Brazil	31%	Municipal Claim
2	Containers and Packaging	Private Equity	Post-Reorg	Germany	22%	Manufacturing Plant and Equipment
3	Containers and Packaging	Private Equity	Post-Reorg	Germany	3%	Manufacturing Plant and Equipment
4	Financial Intermediaries	Private Notes	Post-Reorg	US	3%	Cash & Securities
5	Auto Components	Secured Loan	Post-Reorg	France	0.1%	Manufacturing Plant and Equipment
					<b>59%</b>	

6. Source: Bloomberg

7. 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, NBDD’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 – Ordinary Shares (“NBDD”)

This document has been issued by NB Distressed Debt Investment Fund Limited (the “Company”), and should not be taken as an offer, invitation or inducement to engage in any investment activity and is solely for the purpose of providing information about the Company. This document does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any share in the Company or securities in any other entity, in any jurisdiction. This product is only suitable for institutional, professional and professionally advised retail investors, private client fund managers and brokers who are capable of evaluating the merits and risks of the product and who plan to stay invested until the end of the recommended holding period and can bear loss of capital. Due to the level of complexity and inherent risk of investment in the debt market, we believe that a professional investor would be able to understand the risks in such security type and the potential impact. An investor with reasonable knowledge of loans and alternative credit would need to be assessed by the advisor or distributor to establish suitability for this product.

Full product details, including Key Information Documents, are available on our website at [www.nbddif.com](http://www.nbddif.com)

Due to the inherent risk of investment in the debt market particularly related to alternative credit, it is expected that a qualified investor would be able to understand the risks in such security types and the potential impact of investing in the product. This product is designed to form part of a portfolio of investments.

The Company is a closed-ended investment company incorporated and registered in Guernsey and is governed under the provisions of the Companies (Guernsey) Law, 2008 (as amended), and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (“GFSC”). It is a non-cellular company limited by shares and has been declared by the GFSC to be a registered closed-ended collective investment scheme. The Company’s shares are admitted to trading on the Specialist Fund Segment of the London Stock Exchange’s Main Market for listed securities.

Neuberger Berman Europe Limited is authorised and regulated by the Financial Conduct Authority and is registered in England and Wales, at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ.

This document is presented solely for information purposes and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. We do not represent that this information, including any third-party information, is complete and it should not be relied upon as such. Any views or opinions expressed may not reflect those of the Company as a whole. All information is current as of the date of this material and is subject to change without notice. No part of this document may be reproduced in any manner without prior written permission of the Company.

An investment in the Company involves risks, with the potential for above average risk, and is only suitable for people who are in a position to take such risks. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of any investment, and should consult its own legal counsel and financial, actuarial, accounting, regulatory and tax advisers to evaluate any such investment. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. Investment in the Company should not constitute a substantial proportion of an investor’s portfolio and may not be appropriate for all investors. Diversification and asset class allocation do not guarantee profit or protect against loss.

**Past performance is not a reliable indicator of current or future results.** The value of investments may go down as well as up and investors may not get back any of the amount invested. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units.

The value of investments designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital.

Tax treatment depends on the individual circumstances of each investor and may be subject to change, investors are therefore recommended to seek independent tax advice.

This document, and the information contained therein, is not for viewing, release, distribution or publication in or into the United States, Canada, Japan, South Africa or any other jurisdiction where applicable laws prohibit its release, distribution or publication, and will not be made available to any national, resident or citizen of the United States, Canada, Japan or South Africa. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes must inform themselves about, and observe, any such restrictions. Any failure to comply with the restrictions may constitute a violation of the federal securities law of the United States and the laws of other jurisdictions.

The Company’s shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States. The shares may not be offered, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States, or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act). No public offering of the shares is being made in the United States.

The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the “Investment Company Act”) and, as such, holders of the shares will not be entitled to the benefits of the Investment Company Act. No offer, sale, resale, pledge, delivery, distribution or transfer of the shares may be made except under circumstances that will not result in the Company being required to register as an investment company under the Investment Company Act. In addition, the shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

The “Neuberger Berman” name and logo are registered service marks of Neuberger Berman Group LLC.

©2023 Neuberger Berman Group LLC. All rights reserved.