

# 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. During the quarter, the Board paid a £10.5 million capital distribution, bringing inception to date distributions to £55.8 million or 50% 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:              | 58.72p   |
| Share Price:                | 49.00p   |
| Share Price Discount to NAV | (16.6)%  |
| Market Cap.                 | £20.4m   |
| Total NAV                   | £24.5m   |
| No. of issuers              | 7  |
| Launch Date:                | 4 March 2014                                       |
| Base Currency:              | GBP  |
| NAV Frequency:              | Daily  |
| Domicile:                   | Guernsey   |
| Year End:                   | 31 December  |
| Management Fee:             | 1.5%   |
| Bloomberg Ticker:           | NBDG:LN  |
| ISIN:                       | GG00BMY71748                                       |
| Website:                    | <a href="http://www.nbddif.com">www.nbddif.com</a> |
| Fund Type:                  | Closed-ended<br>Investment Company                 |

## NAV BRIDGE: 30 JUNE – 30 SEPTEMBER 2020



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

As global virus outbreaks continue to occur, the COVID-19 virus remains the primary issue for investors. The outbreaks and calls for additional lockdowns diminish near term virus containment hopes, while also restricting behaviour and curtailing more robust economic activity. Consequently, investors continue to monitor therapeutic treatment improvements as well as the prospects and timing for a large-scale vaccine development and distribution. Given these circumstances, the 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. 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 95% and 159% of the 30 September 2020 market values of these investments, with a base case of 132%. Shareholders should, however, note that: (i) the realisable values of the investments are calculated on a gross basis and, in particular, do not reflect the investment manager's management fee and investment-related 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.

During the quarter, the Board of Directors paid a £10.5 million capital distribution by way of redemption, bringing total distributions to shareholders to £55.8million or 50% of original capital.

## Portfolio Update

NBDG ended the quarter with a NAV per share of 58.72p compared with 61.17p at the end of June 2020. NAV decreased 4% principally due to unrealised losses in the existing portfolio as a result of the economic impact of COVID-19. The remaining portfolio consists of 7 issuers across 6 sectors, including lodging & casinos, commercial mortgage, surface transport and shipping. At quarter-end, 87% of NBDG's NAV was invested in distressed assets (including net cash held in subsidiaries), with 13% held in cash and government securities.

NBDG had no exits in the quarter. Inception to date, the ratio of total value (capital distributions, dividends, share buy-backs and current NAV) to original capital is 72%.

There were no notable events<sup>2</sup> during the quarter.

Data as at 30 September 2020. 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

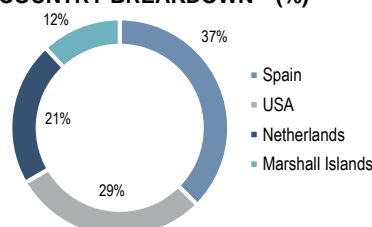
**Directors:**  
John Hallam (Chairman)  
Michael Holmberg  
Christopher Legge  
Stephen Vakil

## Portfolio Update (continued)

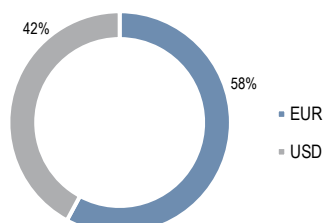
### Significant Value Change (+/- £150,000)<sup>3</sup>

| INDUSTRY          | INSTRUMENT                  | 2Q20 TOTAL RETURN (£ in millions) | MARKET VALUE (£ in millions) | QUARTERLY PRICE CHANGE | COMMENT   |
|-------------------|-----------------------------|-----------------------------------|------------------------------|------------------------|---|
| Shipping          | Secured Loan/Private Equity | - 0.24                            | 2.9                          | -8%                    | Vessel values declined with global slowdown       |
| Lodging & Casinos | Secured Loan/Private Equity | - 0.16                            | 5.9                          | -16%                   | Hotel operations continue to be affected by CV-19 |
| Oil & Gas         | Private Equity              | - 0.14                            | 1.2                          | -6%                    | Energy prices impacted by CV-19                   |

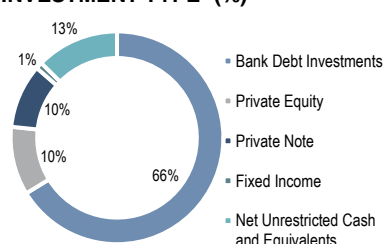
## COUNTRY BREAKDOWN<sup>4,5</sup> (%)



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



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



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

|                             |     |
|-----------------------------|-----|
| Lodging & Casinos           | 32% |
| Commercial Mortgage         | 21% |
| Surface Transport           | 14% |
| Shipping                    | 12% |
| Oil & Gas                   | 5%  |
| Auto Components             | 3%  |
| Net restricted cash         | 1%  |
| Net Unrestricted cash, U.S. |     |
| Treasury securities and FX  | 13% |

## Exits

There were no exits during the quarter. Inception to date, there have been 29 exits with a total return of (£5.5 million), weighted average IRR of (4%) and weighted average ROR of (5%).

## Distributions.

During the quarter, NBDG made a £10.5 million capital distribution via redemption of shares which, brings total distributions (dividends, redemptions and buy-backs) to £55.6 million or 50% 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 25-30% of 30 September 2020 NAV in 2021 and the remainder in 2022. For regulatory reasons, the final 10% of total return in respect of any class of participating shares in NBDDIF 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 investors. 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

NBDDIF repurchased 1,173,333 shares in NBDG during the quarter at a weighted average discount of 20% and a cost of £561,521. Since inception, a total of 15,563,033, or 14% of the original NBDG shares at a cost of £10.6 million, has been repurchased and cancelled.

The buyback programme was intended to narrow the discount, if any, during the investment period. At this point of the harvest period, our priority, based on investor feedback, is the return of capital. Going forward, we will 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.

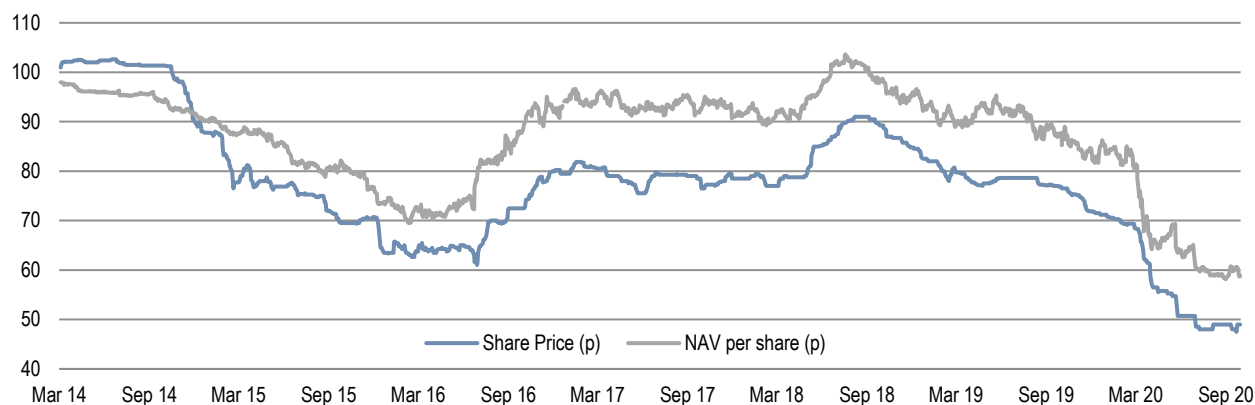
3. Industry categorisations determined by Neuberger Berman. Total Return determined by the Administrator and includes realised and unrealised gains and losses, expenses, FX gains and losses, and all income on investments according to US GAAP accounting. References in this factsheet to the market value 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 September 2020.

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            | 24%        | Hotel/Casino           |
| 2       | Commercial Mortgage    | Secured Loan                | Defaulted  | Netherlands      | 21%        | Commercial Real Estate |
| 3       | Surface Transportation | Secured Loan                | Defaulted  | Spain            | 14%        | Legal Claim            |
| 4       | Shipping               | Secured Loan/Private Equity | Post-Reorg | Marshall Islands | 12%        | Ships                  |
| 5       | Lodging & Casino       | Secured Notes               | Defaulted  | US               | 7%         | Hotel/Casino           |
| 6       | Oil & Gas              | Private Equity              | Post-Reorg | US               | 5%         | Ethanol Plant          |
| 7       | Auto Components        | Secured Loan                | Post-Reorg | US               | 3%         | Manufacturing Plant    |
|         |                        |                             |            |                  | <b>86%</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, 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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