



INVESTMENT STRUCTURE OF THE COMPANY



SAMPLE CAPITAL STRUCTURE

LIBOR FLOOR

The minimum base rate of LIBOR even if LIBOR falls below that level

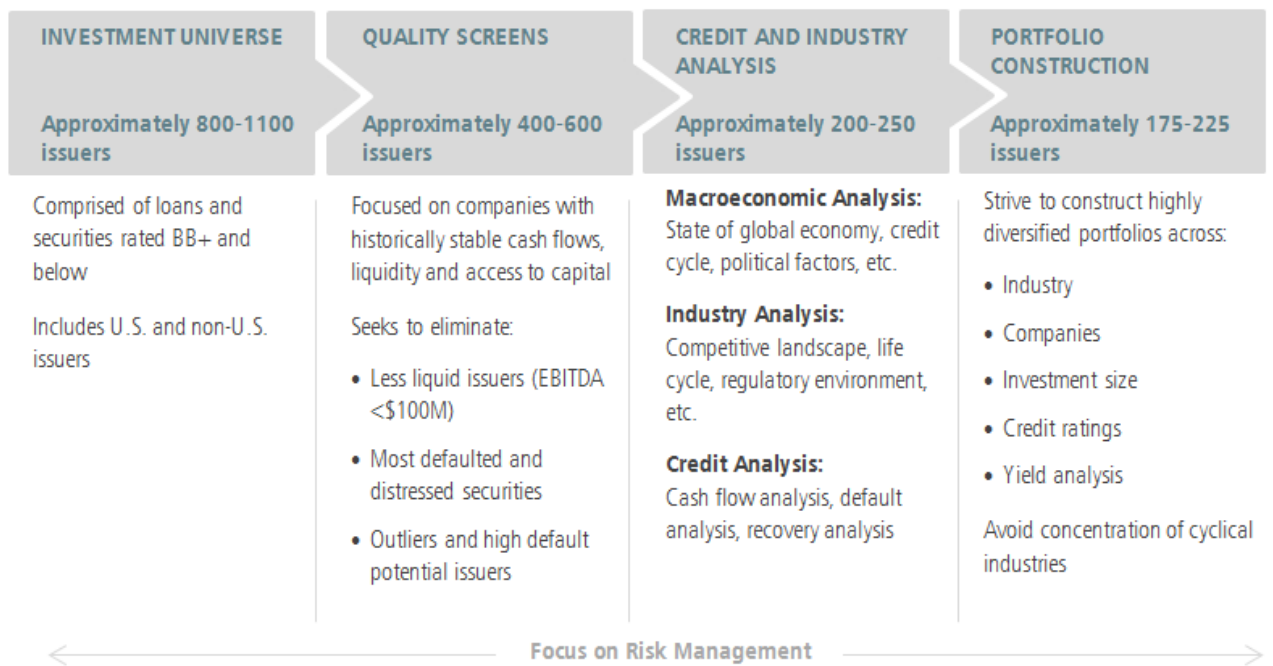
CREDIT SPREAD

The amount of interest paid over LIBOR to compensate an investor for the associated credit risk

DISCOUNT¹

The amount a loan is priced below par in the primary or secondary market e.g. if a loan is priced at 97 this equals a 3 percent discount.

INDICATIVE BREAKDOWN OF SENIOR SECURED LOAN RETURNS



Investment Process

ECONOMY: KEY DATA POINTS

- **Direction of Global Economy:**
 - Economic Indicators
- **Globalisation Trends:**
 - Regional GDP/economic forecasts
 - Global equity market movements
 - Currency fluctuations
- **Credit Cycle:**
 - Degree of cyclicity
 - Spreads relative to historic levels
 - Banking Industry
- **Political Factors:**
 - Budget surplus / deficit
 - Election / wars

INDUSTRY: KEY DATA POINTS

- Where are we in industry life cycle
- Competitive landscape
- Trend for industry consolidation
- Capacity levels
- Regulatory environment
- Competitor analysis
- Industry value chain
- Industry size and growth
- Rating agency trends
- Industry model / return
- Sensitivity to exogenous factors

Top-Down Analysis

BUSINESS FUNDAMENTALS	QUALITY OF CASH FLOW	SCENARIO ANALYSIS	CAPITAL STRUCTURE	LIQUIDITY	MANAGEMENT OWNERSHIP
<ul style="list-style-type: none"> Established businesses with longer-term track records Ability to de-lever Origination (roll-up vs. organic) Understand business and products 	<ul style="list-style-type: none"> Off-set business risk Cautious of large transforming acquisitions Quantify/evaluate CAPEX Ability to delay commitments Accounting practices 	<ul style="list-style-type: none"> Understand upside/downside in terms of credit ratios, spreads and ratings Benchmark company vs. industry and its own history 	<ul style="list-style-type: none"> Evaluate management's intention and ability to right size the capital structure Focus on senior structures in tight capital markets and slow growth periods 	<ul style="list-style-type: none"> Cash Bank lines Covenants Non-core asset sales Other sources of cash 	<ul style="list-style-type: none"> Understand any unusual equity ownership Evaluate management's abilities and incentives Consider turnover of senior management

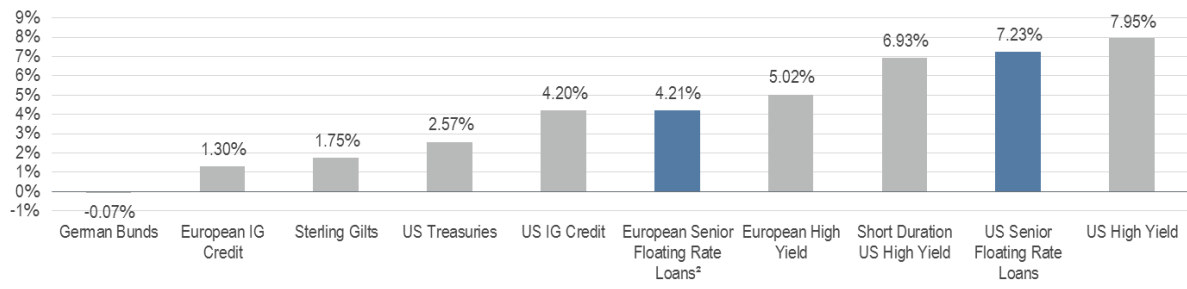
Bottom-Up Analysis



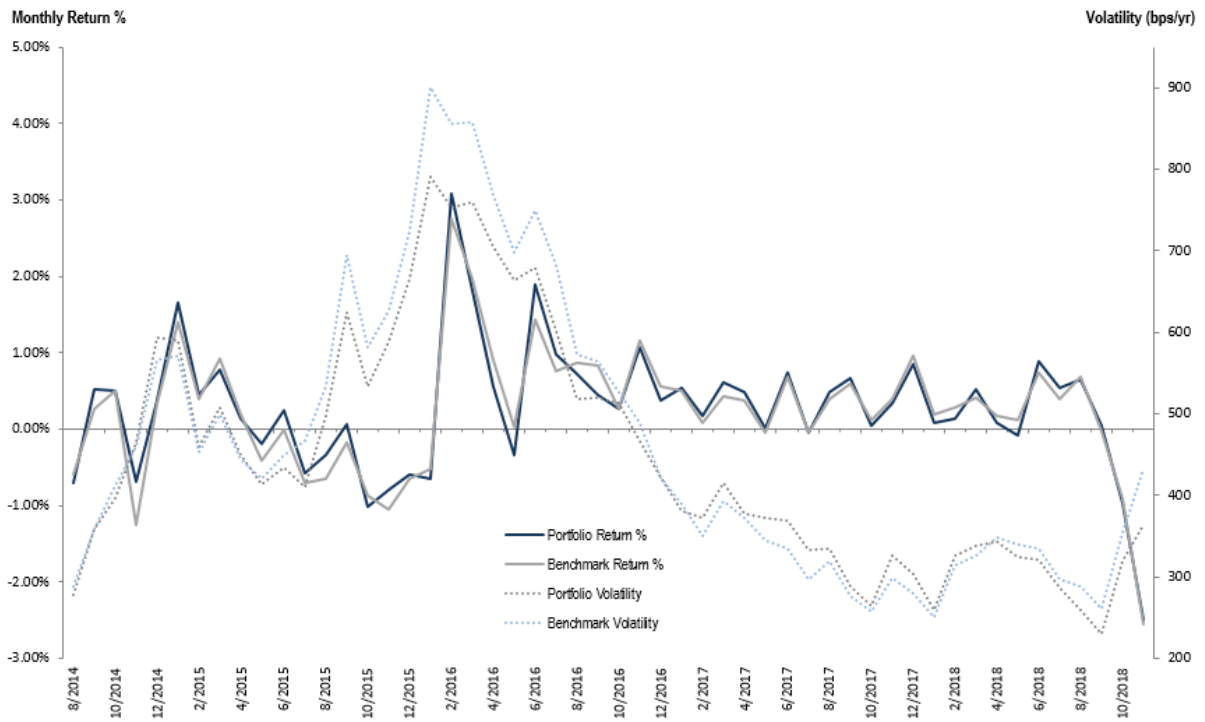
Investment Philosophy

CREDIT	VALUATION	SELL DISCIPLINE
<ul style="list-style-type: none"> • Process driven by longstanding "Credit Best Practices" checklist • Three financial models; upside, downside and base case modeling • Focus on cash flow for debt service • Assessment of management • Seek multiple sources of repayment • Bond indenture/credit agreement analysis • Vigilant and proactive monitoring using proprietary monitoring database 	<ul style="list-style-type: none"> • Internal Neuberger Berman credit rating • Relative Value spread analysis across industry and credit tier in light of Neuberger Berman rating • Potential for deleveraging and credit upgrade 	<ul style="list-style-type: none"> • Anticipation of deteriorating credit fundamentals • Unexplained shortfall relative to financial scenarios • Unexpected developments, including unanticipated change in management • Fundamental problems at an industry level • Holding reaches full valuation and Neuberger Berman Investment Advisers LLC ("NBIA") has identified a swap opportunity

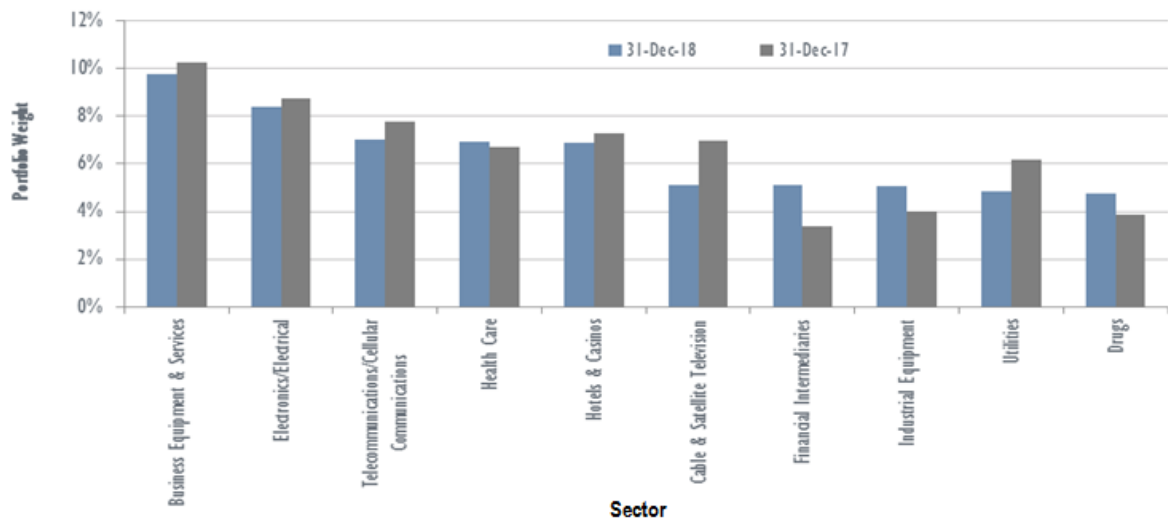
Selection Process



Asset Class Yield Comparison

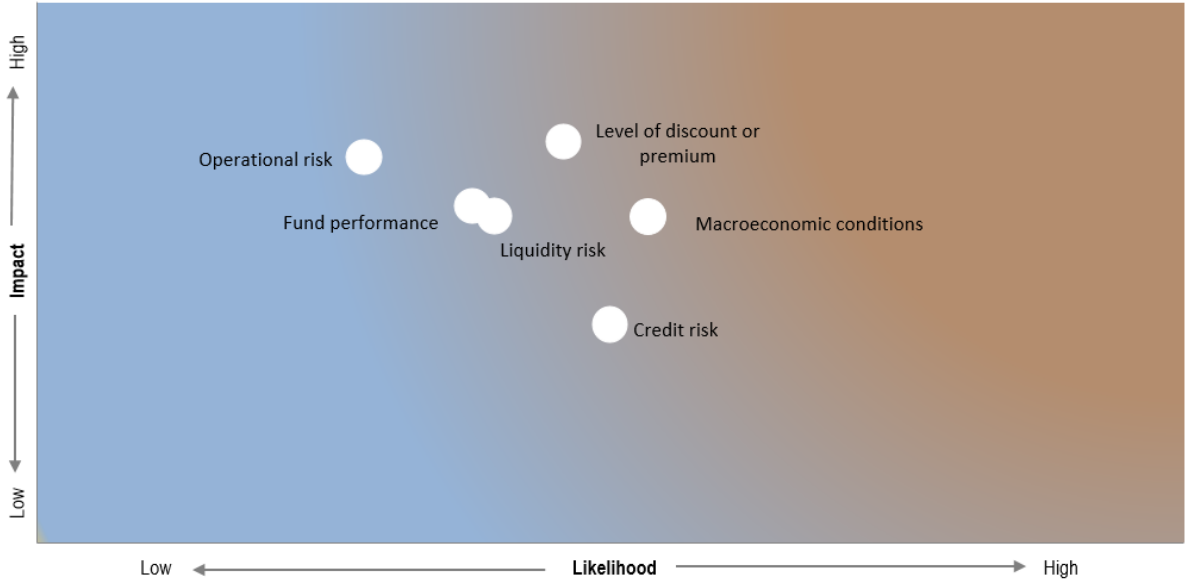


VOLATILITY VERSUS RETURN



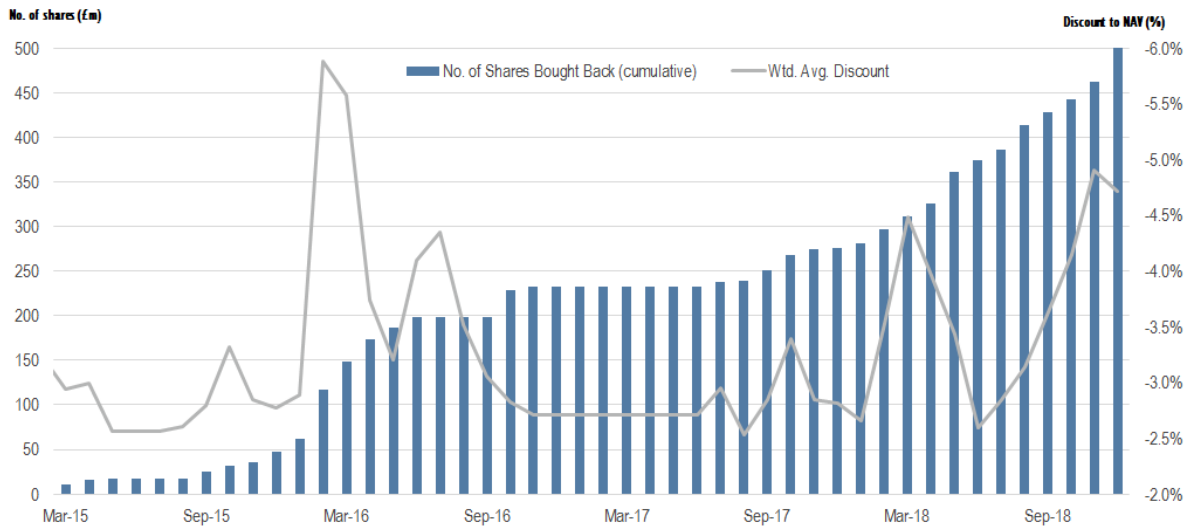
Top 10 S&P Sector Breakdown

HEAT MAP OF PRINCIPAL RISKS

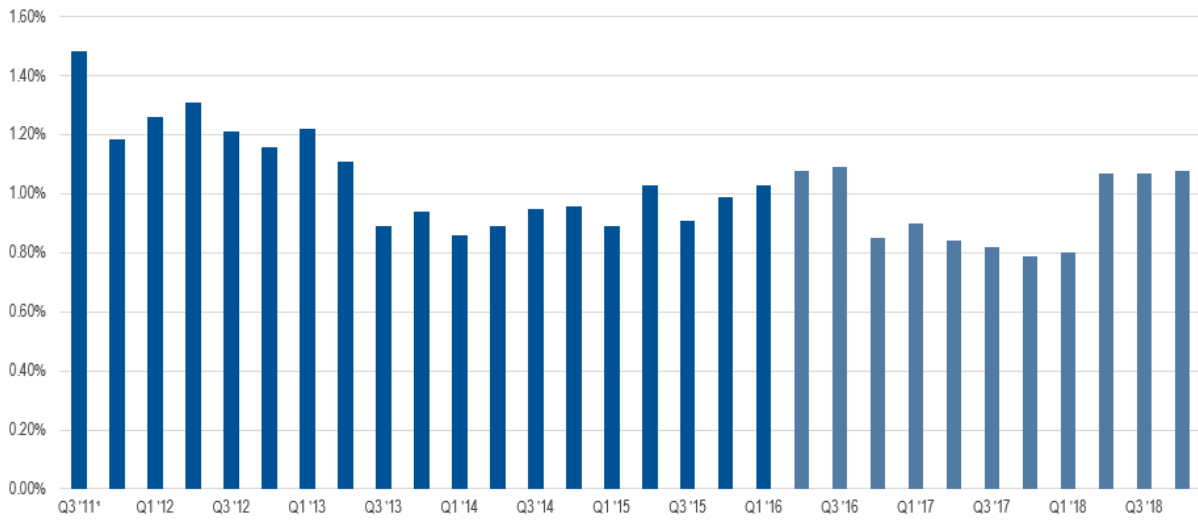


Heat Map of Principal Risks

CUMULATIVE SHARE BUYBACKS 1 March 2015 – 31 December 2018



Share Repurchases



Dividends Per Share (weighted average of NBLs and NBLU)

