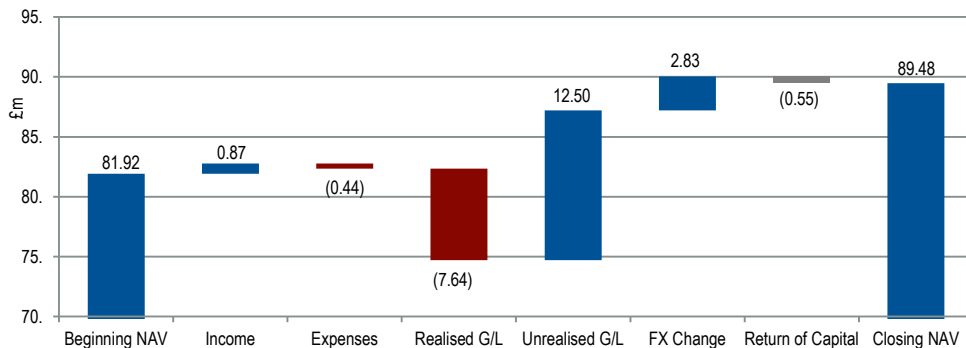


# NB Distressed Debt Investment Fund Limited Global Shares ("NBDG")

NEUBERGER BERMAN

30 September 2016

## NAV BRIDGE – 30 JUNE 2016 TO 30 SEPTEMBER 2016



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 further detailed in its prospectus, the share class generally does not intend to hedge the currency exposure between the 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. Bancorp Fund Services (Guernsey) Limited / Quintillion Limited, as administrator to NBDDIF (the "Administrator"). This NAV bridge has not been audited and figures are subject to change.

## MARKET UPDATE

During the third quarter markets generally recovered from the volatility following the UK's surprise June vote to leave the European Union while stable global economic data provided the catalyst for a continued recovery into October. Despite post-crisis lows in unemployment, potential US interest rate increases by the Federal Reserve appear to have been delayed until December at the earliest, giving investors a reprieve from the volatility that plagued the markets in early 2016. However, liquidity in our markets remains strained as investment banks continue to pull back their proprietary investing activities due to regulatory changes. We continue to evaluate and bid on what we believe to be attractive investment opportunities in the real estate, lodging and casinos, shipping, international infrastructure and energy sectors, and expect to be fully invested by the end of the first quarter of 2017.

## MANAGER COMMENTARY

During the quarter, NBDG's NAV increased 10.1% to 88.18p from 80.12p as a result of improving market conditions, specific events within the portfolio and foreign exchange gains. NBDG continues to benefit from the decline of Sterling against the US Dollar as a result of the UK's decision to leave the European Union. As described in the prospectus, NBDG generally does not hedge currency exposure and the FX market volatility contributed £2.8 million positively to the value of certain investments during the quarter. On 28 October 2016 the Board announced an income distribution of £1.0 million to be paid to shareholders. This is the first distribution for the New Global Share Class.

We continue to evaluate and bid on what we believe to be attractive opportunities in a number of sectors and remain committed to actively managing the existing investments to generate profitable realisations through significant events (e.g. asset sales, legal outcomes, foreclosures). We remain confident about the investments in the portfolio and hope to generate positive returns from the current valuations.

## Portfolio Update

As at 30 September 2016, 85.4% of NBDG's NAV was invested in distressed assets with 14.6% cash available for new commitments. NBDG has investments in 28 issuers and across 11 industries. The largest concentrations were in lodging & casinos, shipping, utilities, oil & gas and building & development. During the quarter we added to our investment in a US public shipping company through a private transaction, added to our investment in a Danish public shipping company and made a new investment in a US power plant. As part of the restructuring of a shipping investment, we participated in new incremental financing.

NBDG's NAV increased 10.1% in the third quarter to 88.18p from 80.12p. The NAV increase was principally due to improvements in the shipping, gaming and metals sectors as well as foreign exchange gains. Notable corporate events involving NBDG's existing investments are highlighted below<sup>2</sup>:

- To avoid dilution and protect NBDG's investment in a restructured shipping company, NBDG invested £1.4 million in the company.
- Through a restructuring of bank debt of a shipping company, NBDG and other lenders took possession of three vessels and brought in a new equity partner with operating expertise to manage the assets. NBDG continues to own bank debt secured by the vessels and equity in the new holding company.
- NBDG owns private equity in a non-ferrous metals/minerals company that announced a sale to a strategic buyer during the quarter. The price of the investment increased 18% during the third quarter with the sale expected to close in the first quarter of 2017.

Data as at 30 September 2016. 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. Please note that 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 above. In addition, certain corporate events may not have been disclosed due to confidentiality obligations.

## KEY STATISTICS<sup>1</sup>

NAV Per Share:	88.18p
Share Price:	72.50p
Share Price Discount vs. NAV	(17.8)%
Market Cap.	£73.6m
Total NAV	£89.5m
No. of issuers	28

## NBDG INFORMATION

Fund Type:	Closed-ended Investment Company
Launch Date:	4 March 2014
Base Currency:	GBP
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDG
ISIN:	GG00BH7JH183
Website:	<a href="http://www.nbddif.com">www.nbddif.com</a>

## NBDG 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 and aims to capture the growing opportunity in distressed debt globally. NBDG is subject to an investment period ending on 31 March 2017, following which the harvest period will commence.

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.

**MANAGER COMMENTARY CONTINUED**

**Significant Value Change (approximately 0.5% NBDG NAV or +/- £450,000)<sup>1</sup>**

Industry	Instrument	Q3 16 Total Return	Comment
Shipping	Public equity	£3.2 million	Shares appreciated from acquisition level
Lodging & Casinos	Private equity	£1.1 million	Operations at casino properties improving
Shipping	Secured bank debt	£0.7 million	Restructured term loan and took possession of 3 vessels
Non-ferrous metals/minerals	Private equity	£0.7 million	Company sold at premium to previous valuation
Surface Transportation	Secured bank debt	£0.5 million	Negotiations proceeding

**Exits**

There were no exits in this quarter.

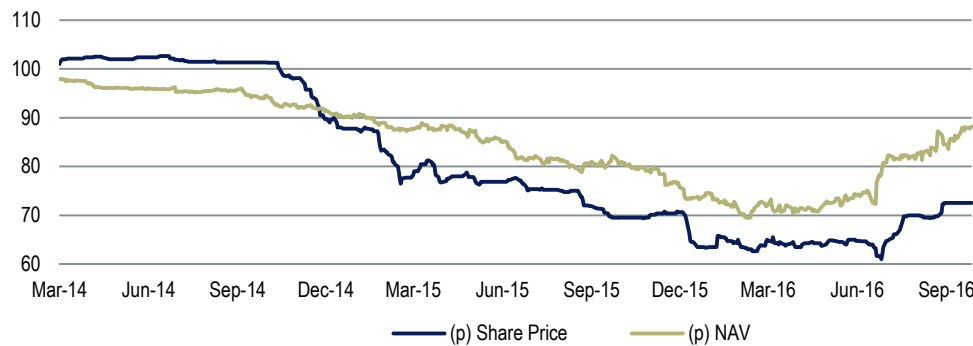
**Distribution**

On 28 October 2016 the Board announced an income distribution of approximately £1.0 million or £0.0102 per share, to be paid to shareholders. This is the first distribution for the New Global Share Class.

**Share Buy-Backs**

NBDG purchased 765,000 shares during the third quarter under the discount control policy at a total cost of £551,000 and an average discount to NAV of 16.40%<sup>2</sup>. The shares were put in treasury and total shares in treasury at quarter-end were 9,302,500 or 8.4% of total float.

**FUND PERFORMANCE<sup>3</sup>**



**PORTFOLIO COMPOSITION**

**TOP 10 HOLDINGS<sup>4</sup>**

Holding	Industry	Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casino	Post-Reorg Equity	Post-Reorg	US	11%	Casino
2	Shipping	Secured Loan	Post-Reorg	US	6%	Maritime vessels
3	Building & Development	Post-Reorg Equity	Post-Reorg	US	6%	Residential real estate
4	Commercial Mortgage	Secured Loan	Current	Netherlands	6%	Commercial real estate
5	Lodging & Casino	Secured Loan	Defaulted	Spain	6%	Hotels
6	Shipping	Secured Loan	Post-Reorg	Denmark	5%	Maritime vessels
7	Non-ferrous Metals/Minerals	Post-Reorg Equity	Post-Reorg	US	5%	Manufacturing/distribution real estate
8	Utilities	Secured Loan	Current	Australia	5%	Power plants
9	Lodging & Casino	Secured Loan	Current	US	5%	Casino/hotel real estate
10	Shipping	Secured Loan	Post-Reorg	Marshall Islands	3%	Maritime vessels
<b>Total</b>					<b>57%</b>	

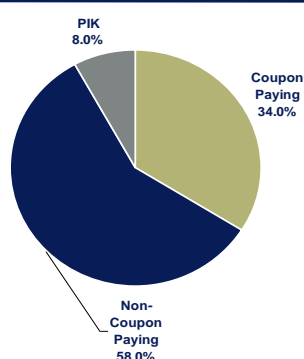
**COUNTRY BREAKDOWN<sup>5,6</sup> (%)**

USA	54.2%
Great Britain	15.7%
Spain	8.2%
Denmark	7.8%
Netherlands	5.9%
Australia	4.7%
Marshall Islands	3.4%

**CURRENCY BREAKDOWN<sup>5,6</sup> (%)**

USD	64.3%
EUR	14.6%
GBP	13.0%
DKK	4.8%
AUD	3.3%

**COUPON PAYMENTS (ex. cash)<sup>6</sup>**



**SECTOR BREAKDOWN<sup>5</sup> (%)**

Lodging & Casinos	23.5%
Shipping	14.6%
Utilities	12.0%
Oil and Gas	10.8%
Building & Development	5.9%
Commercial Mortgage	5.9%
Non-ferrous Metals/Minerals	4.7%
Auto Components	3.3%
Surface Transport	2.5%
Chemicals & Plastics	0.6%
Air Transport	0.4%
Restricted Cash net of accruals	1.1%
Unrestricted Cash	14.6%

**FUND MANAGERS**



**MICHAEL HOLMBERG**  
27 years investment experience



**BRENDAN MCDERMOTT**  
12 years investment experience



**RAVI SONI**  
11 years investment experience

**DIRECTORS**

John Hallam (Chairman)  
Sarah Evans  
Stephen Vakil  
Michael Holmberg  
Christopher Sherwell

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1. 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.  
2. Source: Stifel Nicolaus Europe Limited  
3. Source: Bloomberg.  
4. 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.  
5. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 30 September 2016.  
6. Includes cash and accruals.