NB Global Floating Rate Income Fund Limited

31 December 2019

FUND OBJECTIVE

The NB Global Floating Rate Income Fund Limited ("the Fund") targets income generation whilst seeking to preserve investors' capital and give protection against rising interest rates.

The Fund's managers seek to generate this yield by investing in a global portfolio of below investment grade senior secured corporate loans with selective use of senior secured bonds, diversified by both borrower and industry.

MANAGEMENT TEAM

Vivek Bommi
Senior Portfolio Manager
Joined 2007

Stephen J. Casey
Senior Portfolio Manager
Joined 2002

Joseph P. Lynch
Senior Portfolio Manager
Joined 2002

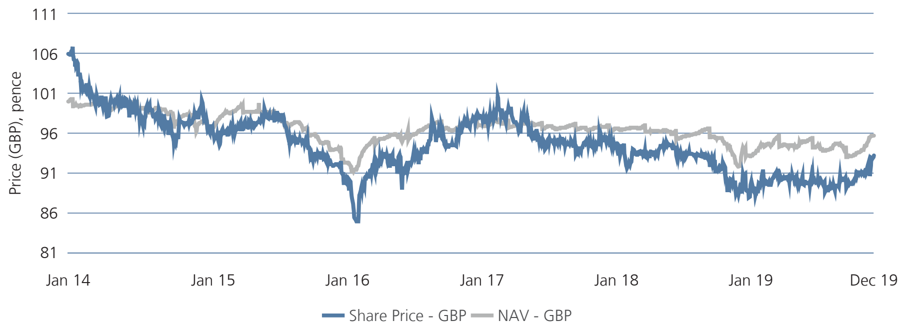
Simon Matthews
Senior Portfolio Manager
Joined 2019

The Fund is managed by experienced portfolio managers with an average 23 years' industry experience, backed by what we believe to be one of the largest and most experienced credit teams in the industry. Neuberger Berman has a large team of 173 fixed income investment professionals, with total fixed income assets of $160 billion.

FUND FACTS

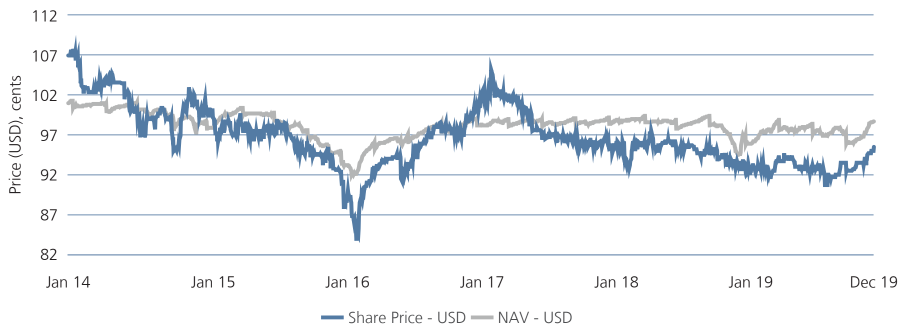
Annualised Dividend Yield (GBP) % as at 31-12-2019	5.14%
Annualised Dividend Yield (USD) % as at 31-12-2019	5.15%
Last Dividend (GBP) 31-12-2019	0.0102
Last Dividend (USD) 31-12-2019	0.0105
Share Price (GBP)	0.9280
Share Price (USD)	0.9525
Share Price Premium/Discount (GBP)	-3.27%
Share Price Premium/Discount (USD)	-3.57%
NAV (GBP)	95.94
NAV (USD)	98.72
Market Cap (USD million)	532.66
NAV Frequency	Daily
Dividend Policy	Quarterly
Admission Date	20 April 2011
Vehicle	Closed-ended Investment Company
Domicile	Guernsey
Market	Main market of London Stock Exchange
Year End	31 December
Management Fee	0.65%
Bloomberg (GBP)	NBLS:LN
Bloomberg (USD)	NBLU:LN
ISIN (GBP)	GG00B3KX4Q34
ISIN (USD)	GG00B3P7S359

SHARE PRICE MOVEMENT



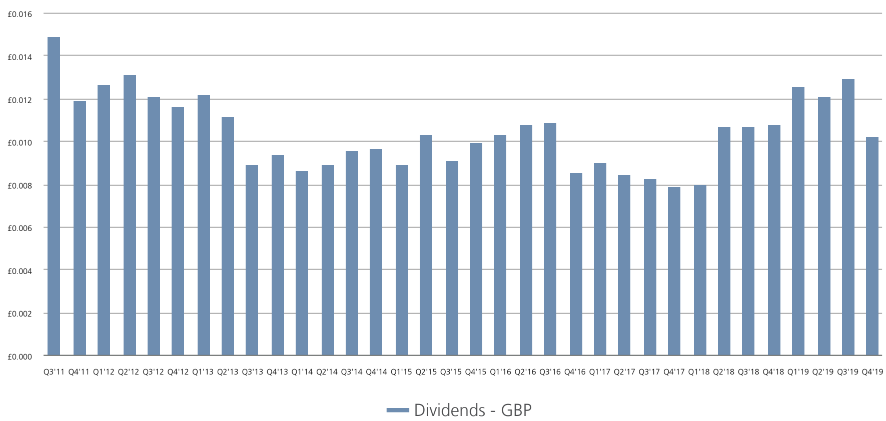
Share price and Net Asset Value (NAV) movement is representative of GBP.
Past performance is not a reliable indicator of future results.
Source: U.S. Bank Global Fund Services (Guernsey) Limited and Bloomberg.

SHARE PRICE MOVEMENT

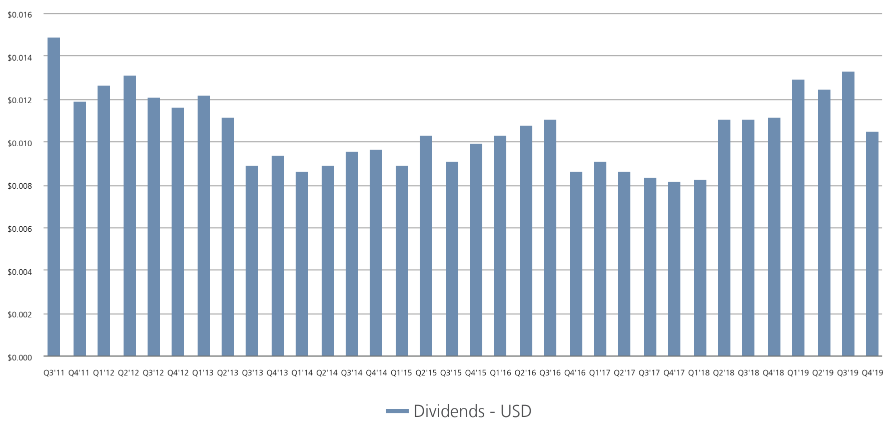


Share price and Net Asset Value (NAV) movement is representative of USD.
Past performance is not a reliable indicator of future results.
Source: U.S. Bank Global Fund Services (Guernsey) Limited and Bloomberg.

DIVIDEND AMOUNT



DIVIDEND AMOUNT



CONTACT

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NEUBERGER BERMAN

NB Global Floating Rate Income Fund Limited

31 December 2019

TOP 10 ISSUERS % (MV)

	Sector	Fund
Altice France	Cable Television	1.50
Euro Garages	Retailers	1.33
Intelsat	Telecommunication	1.31
Bass Pro	Retailers	1.22
Staples Inc	Retailers	1.20
Rackspace	Electronics	1.09
Berry Plastics	Containers & Glass	1.08
McAfee Inc	Electronics	1.07
MultiPlan	Health Care	1.04
iHeartCommunications	Broadcast Radio & Television	1.04

Holdings data excludes cash

CURRENCY ALLOCATIONS % (MV)

	Fund
Euro	4.93
British Pound	1.59
United States Dollar	93.48

Holdings data excludes cash

CREDIT QUALITY % (MV)

	Fund
BBB	3.56
BB	25.77
B	65.13
CCC and below	3.79
NR	1.75

Holdings data excludes cash

SECURITY BREAKDOWN % (MV)

	Fund
Secured Loans	93.91
Secured Bonds	4.46
Unsecured Bonds	0.31
Other	1.32

Holdings data excludes cash

KEY STATISTICS

	Fund
Current Portfolio Yield (%)	5.31
Weighted Average Yield to Maturity (%)	5.71
Duration (years)	0.33
Number of Investments	260
Number of Issuers	198
Average Credit Quality	B+
Weighted Average Price (USD)	97.72

Current Portfolio Yield is a market-value weighted average of the current yields of the holdings in the portfolio, calculated as the coupon (base rate plus spread) divided by current price. The calculation does not take into account any Fund expenses or sales charges paid, which would reduce the results. The Current Yield for the Fund will fluctuate from month to month. The Current Yield should be regarded as an estimate of the Fund's rate of investment income, and it may not equal the realised distribution rate for each share class. You should consult the Fund's prospectus for additional information about the Fund's dividends and distributions policy. **Past performance is not a reliable indicator of future results.**

TOP 10 S&P SECTORS % (MV)

	Fund
Health Care	10.55
Electronics	8.12
Business Equipment & Services	8.03
Telecommunication	6.88
Oil & Gas	6.86
Utilities	5.99
Hotels & Casinos	5.09
Retailers	4.94
Leisure	4.93
Cable Television	4.70

Holdings data excludes cash

QUARTERLY COMMENTARY*

Performance Highlights
The Neuberger Berman Global Floating Rate Income Fund's gross and net of fee returns for the 4th quarter were 2.32% and 2.13%, respectively, which outperformed the S&P/LSTA Leveraged Loan Index (the "Index") return of 1.73%.

From a sector perspective, the largest contributors for the quarter came from security selection within Electronics, Broadcast Radio & TV and Telecommunications. Conversely, the largest detractors came from security selection in Automotive, Retailers and Utilities.

Market Update
The U.S. senior floating rate loan market, as measured by the S&P/LSTA Leveraged Loan Index ended the year with a strong rally, returning 1.60% in the month of December and 1.73% in the fourth quarter, resulting in the total return of 8.64% for calendar year 2019. The fourth quarter was mixed with a sell-off in October, a modest positive return in November and a solid rally in December. Riskier assets and credits that had sold off throughout the year advanced in December as there was a sharp reversal of investor demand for quality. Single B (+1.94%) and CCC (+3.24%) outperformed BB-rated issuers (+0.88%) in the month. However, for the full year 2019, higher quality outperformed as BB issuers were up 9.31%, single B issuers were up 8.99% and CCC issuers lagged, up just 3.41%. The European Leverage Loan Index returned 0.83% for the fourth quarter and 4.92% for the full year 2019 (USD hedged). Despite the strong December bounce from oversold levels among issuers in more stressed sectors (e.g. Oil & Gas, Healthcare and Retail), there remains a widening gap in the lower quality tiers of the loan market when it comes to fundamentals versus higher quality. Industries with unsustainable capital structures in uneconomic parts of retail, energy, commodity- and/or cyclically-exposed businesses as well as companies facing increased regulatory scrutiny continue to disappoint on measures of operating performance. Despite these pockets of idiosyncratic risk, most of the loan market was supported by relatively constructive fundamentals of low-but-positive revenue growth, earnings that were generally in-line, good interest coverage at nearly 5 times and only a modest increase in leverage which was driven primarily by a subset of stressed issuers in the loan universe. Among the higher-quality loans, fundamentals remain relatively solid. Evidence of this bifurcation can be seen in the distress ratio which is the percentage of performing loans priced below $80. As of December 2019, the percentage of performing loans trading below $80 was 3.7%, down from a short-lived spike in November 2019 that reached 5.9%. For context, the historical average share of performing loans trading below $80 is 6.2%, based on monthly data according to S&P/LSTA.
While credit differentiation was a key theme in the second half of 2019, the bifurcation of price performance in the loan market that had persisted since the early summer of 2019 reversed course in the month of December. This shift in risk appetite was primarily fueled by specific events in the month in an overall supportive environment for risk assets: (1) the Fed and the ECB signaled that changes in monetary policy rates could remain on hold in the near term which may suggest that economists there are less concerned about the outlook for economic growth, which is an environment supportive of floating rate loans and (2) a phase-one trade deal with China was announced removing some uncertainty about tariffs. This resulted in a shift of investor expectations for future economic growth, thus fueling demand for risk assets.
On the technical side, the U.S. institutional loan market saw a supply shortage in December as the supply of loans fell more than demand. Supply, as measured by the par amount outstanding, fell by $576 million in December, the first time the index decreased since August. Issuance was low in the month of December at just $7.9 billion compared to an average monthly issuance rate of $25.8 billion. Growth of the loan market slowed in 2019 compared to 2018, expanding an average of $4 billion per month compared with 2018's $15.9 billion per month. Retail outflows slowed in December, averaging $221 million per week. On the demand side, there were $7.8 billion of new CLOs in the month, down from November's $9.7 billion.
Default activity remains relatively benign as well. The U.S. loan market ended the month with a par-weighted default rate of just 1.39% which is lower than the long-term average of 3.07%, based on annual default rates back to 1998. The European loan market ended December with a default rate of just 0.44%.

Portfolio Positioning
The portfolio has remained weighted toward USD issuance, which accounts for 93.5% of the portfolio at the end of the quarter. The bond allocation remained well below the 20% of NAV permitted, at 6.1%, as we remain focused on keeping duration low and limiting potential areas of volatility. Our current allocation to BBB/BB rated credits ended the quarter at 30.1% while our exposure to CCC rated names finished the quarter at 3.2%. Regarding sector allocation, we are overweight the Utilities, Oil & Gas and Financial Intermediaries sectors, and underweight the Electronics, Chemical and Food Service sectors.

Outlook
While we continue to see differentiation of credits based on fundamentals, we believe that yields in the loan market are generally compensating investors for a relatively benign default environment, especially when excluding the less than 4% of distressed issuers. Outside of the distressed parts of the loan market, we continue to see solid operating performance with positive revenue and earnings growth, stable to reduced leverage and very good interest coverage. While we continue to find ample opportunity in the loan universe on a credit selection basis, headline risks continue to exist, including uncertainty around global growth expectations, global trade policy and geopolitical event risk (including the upcoming U.S. Presidential elections) which could lead to periods of spread volatility. We believe our portfolio is well-positioned to provide downside protection as market volatility rises and that we will look to tactically take advantage of the increased volatility to add to credits with more stable and/or improving fundamentals and valuations.

NB Global Floating Rate Income Fund Limited

RISK CONSIDERATIONS

Market Risk: The risk of a change in the value of a position as a result of underlying market factors, including among other things, the overall performance of companies and the market perception of the global economy.

Liquidity Risk: The risk that the Fund may be unable to sell an investment readily at its fair market value. In extreme market conditions this can affect the Fund's ability to meet redemption requests upon demand.

Credit Risk: The risk that bond issuers may fail to meet their interest repayments, or repay debt, resulting in temporary or permanent losses to the Fund.

Interest Rate Risk: The risk of interest rate movements affecting the value of fixed-rate bonds.

Counterparty Risk: The risk that a counterparty will not fulfil its payment obligation for a trade, contract or other transaction, on the due date.

Operational Risk: The risk of direct or indirect loss resulting from inadequate or failed processes, people and systems including those relating to the safekeeping of assets or from external events.

Derivatives Risk: The Fund is permitted to use certain types of financial derivative instruments ("FDI") (including certain complex instruments) which can give rise to particular risks, including market risk, liquidity risk and counterparty credit risk. This may increase the Fund's leverage significantly which may cause large variations in the value of your share.

Currency Risk: Investors who subscribe in a currency other than the base currency of the Fund are exposed to currency risk. Fluctuations in exchange rates may affect the return on investment. The past performance shown is based on the share class to which this factsheet relates. If the currency of this share class is different from your local currency, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency.

IMPORTANT INFORMATION

Source of all data and charts (unless stated otherwise): Neuberger Berman Europe Limited.

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